

**Indian Health Center of Santa Clara Valley**

Financial Statements  
and Single Audit Reports and Schedules

June 30, 2017  
(With Comparative Totals for 2016)



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Indian Health Center of Santa Clara Valley  
San Jose, California

We have audited the accompanying financial statements of Indian Health Center of Santa Clara Valley (a California nonprofit corporation) (the "IHCSVC"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indian Health Center of Santa Clara Valley as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2017, on our consideration of the IHCSCV's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the IHCSCV's internal control over financial reporting and compliance.

## **Report on Summarized Comparative Information**

We have previously audited Indian Health Center of Santa Clara Valley's 2016 financial statements, and our report dated October 7, 2016 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Armanino<sup>LLP</sup>  
San Jose, California

October 11, 2017

Indian Health Center of Santa Clara Valley  
Statement of Financial Position  
June 30, 2017  
(With Comparative Totals for 2016)

	2017	2016
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 6,511,002	\$ 4,546,632
Investments	252,828	1,751,621
Patient accounts receivable, net	2,782,928	2,485,759
Grants and contributions receivable, net	1,327,137	962,993
Capitation receivable	173,921	-
Deposits and prepaid expenses	384,105	200,089
Total current assets	11,431,921	9,947,094
Property and equipment, net	12,091,810	12,034,352
Total assets	\$ 23,523,731	\$ 21,981,446
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 875,349	\$ 299,139
Accrued expenses	723,538	286,882
Accrued personal time off	927,169	762,563
Note payable, current portion	48,922	47,005
Total current liabilities	2,574,978	1,395,589
Note payable, net of current portion	1,809,513	1,858,441
Total liabilities	4,384,491	3,254,030
Net assets		
Unrestricted	19,129,240	18,727,416
Temporarily restricted	10,000	-
Total net assets	19,139,240	18,727,416
Total liabilities and net assets	\$ 23,523,731	\$ 21,981,446

The accompanying notes are an integral part of these financial statements.

Indian Health Center of Santa Clara Valley  
Statement of Activities  
For the Year Ended June 30, 2017  
(With Comparative Totals for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
Revenues and support				
Patient service fees (net of contractual allowances and discounts)	\$ 16,799,698	\$ -	\$ 16,799,698	\$ 14,372,468
Provision for doubtful accounts	-	-	-	(474,423)
Capitation payments	1,622,211	-	1,622,211	1,743,687
Risk pool incentives	983,414	-	983,414	1,544,116
Grants	7,289,837	-	7,289,837	6,390,616
Contributions	261,084	170,161	431,245	322,736
In-kind contributions	-	1,188,946	1,188,946	179,966
Other revenue	262,464	-	262,464	323,387
Net assets released from restriction	<u>1,349,107</u>	<u>(1,349,107)</u>	<u>-</u>	<u>-</u>
Total revenues and support	<u>28,567,815</u>	<u>10,000</u>	<u>28,577,815</u>	<u>24,402,553</u>
Functional expenses				
Program services				
Medical services	16,104,319	-	16,104,319	13,885,946
Dental services	2,599,878	-	2,599,878	2,077,065
Nutrition services	860,043	-	860,043	832,610
Counseling services	1,995,019	-	1,995,019	1,891,420
Community wellness services	995,177	-	995,177	983,240
Total program services	<u>22,554,436</u>	<u>-</u>	<u>22,554,436</u>	<u>19,670,281</u>
Support services				
Management and general	<u>5,611,555</u>	<u>-</u>	<u>5,611,555</u>	<u>3,849,017</u>
Total support services	<u>5,611,555</u>	<u>-</u>	<u>5,611,555</u>	<u>3,849,017</u>
Total functional expenses	<u>28,165,991</u>	<u>-</u>	<u>28,165,991</u>	<u>23,519,298</u>
Changes in net assets	401,824	10,000	411,824	883,255
Net assets, beginning of year	<u>18,727,416</u>	<u>-</u>	<u>18,727,416</u>	<u>17,844,161</u>
Net assets, end of year	<u>\$ 19,129,240</u>	<u>\$ 10,000</u>	<u>\$ 19,139,240</u>	<u>\$ 18,727,416</u>

The accompanying notes are an integral part of these financial statements.

Indian Health Center of Santa Clara Valley  
Statement of Functional Expenses  
For the Year Ended June 30, 2017  
(With Comparative Totals for 2016)

	Program services					Support services			2017 Total	2016 Total
	Medical Services	Dental Services	Nutrition Services	Counseling Services	Community Wellness Services	Total Program Services	Management and General	Total Support Services		
Personnel expenses										
Salaries and wages	\$ 7,600,005	\$ 1,659,194	\$ 515,547	\$ 1,169,491	\$ 507,389	\$ 11,451,626	\$ 2,663,810	\$ 2,663,810	\$ 14,115,436	\$ 11,934,184
Employee benefits	1,300,884	214,970	106,094	233,102	70,519	1,925,569	559,884	559,884	2,485,453	1,909,281
Payroll taxes	579,708	136,518	41,538	90,616	42,591	890,971	197,371	197,371	1,088,342	930,410
Total personnel expenses	9,480,597	2,010,682	663,179	1,493,209	620,499	14,268,166	3,421,065	3,421,065	17,689,231	14,773,875
Contractual services	2,052,061	21,948	1,364	15,237	119,404	2,210,014	794,518	794,518	3,004,532	2,612,913
Supplies	1,873,768	191,556	15,044	27,439	24,156	2,131,963	141,903	141,903	2,273,866	1,370,556
Rent and leases	629,906	7,399	110,679	107,730	4,264	859,978	216,305	216,305	1,076,283	1,181,701
Depreciation and amortization	744,859	75,678	2,314	65,781	65,166	953,798	28,311	28,311	982,109	674,432
Professional fees	241,269	53,154	1,629	36,523	36,481	369,056	164,415	164,415	533,471	380,966
Occupancy	285,035	58,989	16,001	28,978	25,356	414,359	66,704	66,704	481,063	507,387
Communications	219,157	42,222	28,199	50,924	25,571	366,073	45,534	45,534	411,607	314,811
Dues and subscriptions	101,700	21,053	3,706	38,262	25,499	190,220	93,197	93,197	283,417	360,043
Recruitment and training	100,503	22,419	3,929	15,201	4,407	146,459	98,347	98,347	244,806	140,157
Building renovation	94,446	20,966	1,856	21,962	14,109	153,339	23,828	23,828	177,167	246,980
Legal fees	143	-	-	-	-	143	164,300	164,300	164,443	94,998
Miscellaneous	28,691	513	921	38,546	5,108	73,779	79,320	79,320	153,099	137,927
Travel	17,307	8,638	6,676	29,683	12,522	74,826	76,656	76,656	151,482	81,414
Insurance	39,498	5,429	596	933	540	46,996	78,456	78,456	125,452	105,823
Food	19,978	4,094	953	18,081	3,793	46,899	75,834	75,834	122,733	72,630
Dental and laboratory fees	54,537	48,273	-	-	-	102,810	76	76	102,886	115,260
Interest	75,458	-	-	-	-	75,458	-	-	75,458	45,310
Equipment rental	10,692	4,565	2,283	3,063	2,283	22,886	4,551	4,551	27,437	151,593
Postage	6,555	-	-	48	24	6,627	18,895	18,895	25,522	22,945
Printing	8,544	1,650	714	593	3,133	14,634	9,859	9,859	24,493	30,567
Taxes, licenses and permits	17,858	650	-	2,826	2,862	24,196	(2,208)	(2,208)	21,988	40,373
Advertising	751	-	-	-	-	751	11,689	11,689	12,440	6,637
Building renovation	1,006	-	-	-	-	1,006	-	-	1,006	-
Bad debts	-	-	-	-	-	-	-	-	-	50,000
	<u>\$ 16,104,319</u>	<u>\$ 2,599,878</u>	<u>\$ 860,043</u>	<u>\$ 1,995,019</u>	<u>\$ 995,177</u>	<u>\$ 22,554,436</u>	<u>\$ 5,611,555</u>	<u>\$ 5,611,555</u>	<u>\$ 28,165,991</u>	<u>\$ 23,519,298</u>
Percentage of total	<u>57.2 %</u>	<u>9.2 %</u>	<u>3.1 %</u>	<u>7.1 %</u>	<u>3.5 %</u>	<u>80.1 %</u>	<u>19.9 %</u>	<u>19.9 %</u>	<u>100 %</u>	

The accompanying notes are an integral part of these financial statements.

Indian Health Center of Santa Clara Valley  
Statement of Cash Flows  
For the Year Ended June 30, 2017  
(With Comparative Totals for 2016)

	2017	2016
Cash flows from operating activities		
Changes in net assets	\$ 411,824	\$ 883,255
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	982,109	674,432
Provision for doubtful accounts	102,524	349,637
Changes in operating assets and liabilities		
Accounts receivable	(573,613)	(878,953)
Grants and contributions receivable	(364,144)	452,722
Deposits and prepaid expenses	(184,016)	18,160
Accounts payable and accrued expenses	1,012,866	(175,236)
Accrued personal time off	164,606	145,985
Deferred revenue	-	(8,340)
Net cash provided by operating activities	1,552,156	1,461,662
Cash flows from investing activities		
Purchase of property and equipment	(1,039,568)	(6,070,080)
Sale of investments	1,500,000	1,502,497
Purchase of investments - reinvestment of interest earned	(1,207)	-
Net cash provided by (used in) investing activities	459,225	(4,567,583)
Cash flows from financing activities		
Proceeds from note payable	-	1,905,446
Loan payments made	(47,011)	-
Net cash provided by (used in) financing activities	(47,011)	1,905,446
Net increase (decrease) in cash and cash equivalents	1,964,370	(1,200,475)
Cash and cash equivalents, beginning of year	4,546,632	5,747,107
Cash and cash equivalents, end of year	\$ 6,511,002	\$ 4,546,632

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 75,458	\$ 45,310
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The accompanying notes are an integral part of these financial statements.



Indian Health Center of Santa Clara Valley  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

1. NATURE OF OPERATIONS

Indian Health Center of Santa Clara Valley ("IHSCSV") is a California nonprofit community-based organization that helps ensure the survival of American Indian Families and the local community by providing quality health care, by supporting the healing process, by encouraging, educating, and empowering their clients in seeking and maintaining wellness and enhancing their quality of life, and by facilitating the equity and accessibility of comprehensive health care for the American Indian community. The services IHSCSV provides include medical, dental, counseling, community health services, and women, infant, and children (WIC) nutrition programs. The majority of IHSCSV's funding is from Federal, California and County of Santa Clara grants and programs.

IHSCSV provides the following comprehensive, culturally competent services:

- Medical Services: A full range of primary health services for low-income children, families, and adults including general medical care, immunization, comprehensive prenatal and postnatal care, cancer prevention and screening, chronic disease management, and geriatric health services.
- Dental Services: A full range of restorative, preventive, and general dentistry services.
- Nutrition Services - WIC (Woman-Infant-Children): Food vouchers, nutrition counseling, and breastfeeding support for low-income women and their children.
- Counseling Services: Individual and group mental health counseling, psychiatric care, a state-certified outpatient substance abuse program, and traditional American Indian ceremonies and gatherings.
- Community Wellness Services: Health education, an award-winning and evidence-based diabetes prevention program, fitness in a state-of-the-art facility, nutrition counseling, case management, community outreach, and integrated wellness and medical services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

IHSCSV prepares its financial statements on the accrual basis of accounting recognizing revenues when earned and expenses when incurred.

Financial statement presentation

The accompanying financial statements are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets.

Indian Health Center of Santa Clara Valley  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial statement presentation (continued)

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of IHCSCV and changes therein are classified and reported as follows:

- *Unrestricted net assets* - Net assets that are not subject to donor-imposed restrictions.
- *Temporarily restricted net assets* - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of IHCSCV and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. There were temporarily restricted net assets of \$10,000 at June 30, 2017, and zero at June 30, 2016.
- *Permanently restricted net assets* - Net assets subject to donor-imposed restrictions that they be maintained permanently by IHCSCV. Generally, the donors of these assets permit IHCSCV to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted net assets at June 30, 2017 and 2016.

Cash and cash equivalents

IHCSCV considers all highly liquid instruments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

Investments

Investments consist of certificates of time deposit with maturities of more than three months at the date of acquisition.

Patient accounts receivable

IHCSCV's patient accounts receivable consist of amounts owed by various governmental agencies, insurance companies and private patients. IHCSCV manages the receivables by regularly reviewing its accounts and contracts and by providing appropriate reserves for contractual allowances and uncollectible amounts, based upon historical and expected net collections from each major payor source. Significant concentrations of net patient accounts receivables reside in receivables from Medi-Cal as of June 30, 2017. Management believes there is minimal credit risk associated with receivables from government programs.

Indian Health Center of Santa Clara Valley  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Patient accounts receivable (continued)

Patient accounts receivable are reported in the financial statements at their expected realizable amounts and adjusted for an allowance for doubtful accounts. Bad debts are provided for using the reserve method and are calculated based on historical payment trends and specific account information. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, IHCSCV analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). Accounts are written off to the bad debt allowance from receivables when confirmation is received that an account has been determined to be uncollectible. At June 30, 2017, IHCSCV estimates that a reserve for doubtful accounts of \$918,623 is necessary for its outstanding patient receivables.

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), IHCSCV records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Allowance for doubtful accounts

The allowance for doubtful accounts is maintained at a level believed adequate by management to absorb probable losses in the patient accounts receivable and grants receivable. Management's determination of the adequacy of the allowance is based on periodic evaluations of its receivables, its composition, past loss experience, current economic conditions, and other relevant factors and circumstances, which may affect the ability of patients to meet their obligations. At June 30, 2017, management has determined that allowances for doubtful accounts are adequate to reduce receivables to expected net realizable value.

Property and equipment

Property and equipment are stated at cost at the date of acquisition less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 20 years. Leasehold improvements are amortized over the shorter of the term of the lease or useful life of the improvement usually over 7 years. Repairs and maintenance are expensed as incurred while major improvements that extend the useful life of an asset are capitalized.

Indian Health Center of Santa Clara Valley  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Upon sale or retirement of property and equipment, the costs and related accumulated depreciation and amortization from the accounts are removed. Any resulting gains and losses are included in the determination of changes in net assets. Items received by donation, gift or bequest are stated at fair value at the date of donation.

IHCSCV capitalizes items with costs greater than or equal to \$5,000. Assets purchased with government grants are expended in accordance with government program guidelines.

Concentration of credit risk

Financial instruments that potentially subject IHCSCV to concentrations of credit risk are primarily cash and cash equivalents, investments, accounts and grants receivable.

IHCSCV deposits its cash accounts with several financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to legal limits. IHCSCV places its cash deposits with high-credit, quality financial institutions and has certificate of deposit placement programs with two financial institutions, which, by policy, limit its credit exposure. IHCSCV has not experienced any losses in such accounts and believes it is not exposed to significant credit risk.

Fund accounting

To ensure observance of certain constraints and restrictions placed on the use of resources by the grantors, the accounts are maintained internally in accordance with principles of fund accounting.

Accrued personal time off

Unpaid vacation benefits are recognized as liabilities of IHCSCV in the unrestricted general fund.

Revenues and support

Government grant revenue is funded primarily by Federal, State, and County grants which generally limit the use of such funds to cover the operating expenses directly related to providing primary care services under contracts and grants. IHCSCV recognizes revenues from grants and contracts to the extent of expenditures incurred but not exceeding the actual grant and contract awards. These grants are recognized as revenues over the periods specified in the related grant award agreements or as earned.

Service revenues are recorded during the period in which services are rendered.

Indian Health Center of Santa Clara Valley  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and support (continued)

IHCSCV receives revenues from third-party payors and patients. IHCSCV has agreements with third-party payors that provide for payments at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs and discounted charges. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Since the net realizable amounts are estimates, the ultimate settlement may be more or less than the amount included in the financial statements. The methods of establishing the estimates are continually analyzed, updated and reviewed and the difference between the estimated net realizable amounts and the related actual settlements are recognized in the period the revenues are settled.

While actual revenues could differ from those estimates, management does not expect the variances, if any, to have a material effect, on the financial statements.

As a Federally Qualified Health Center (FQHC), IHCSCV is reimbursed on an interim basis for the difference between its tentative Prospective Payment System (PPS) rate and its Medi-Cal Managed Care reimbursement. The estimated amount reimbursed may differ from the actual amount paid when the final settlement is determined by the California Department of Health Care Service after submission of annual PPS reconciliation reports by IHCSCV. An annual reconciliation is required for the total interim reimbursements against the calculated amount of the actual number of encounter visits furnished by IHCSCV multiplied by the adjusted PPS rate. IHCSCV does not recognize the resulting adjustments on an accrual basis, as they cannot be reliably estimated or assured to be collected. Instead, IHCSCV recognizes the actual settlement payments or refunds when received or paid.

IHCSCV participates in the Medicare program as a Federally Qualified Health Center (FQHC), which provides for cost reimbursement as an all-inclusive provider. This program provides reimbursement at a single rate for all types of services provided by IHCSCV on an encounter-reporting basis. IHCSCV also provides discounted medical services to self-pay patients on a sliding fee scale based on the patient's gross income. Sliding fee discounts are included in net service revenues in the accompanying statement of activities.

Donations and contributions that have been received for a specified purpose but have not yet been spent are classified as temporarily restricted net assets. When the services are rendered, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. In-kind contributions are recognized as revenues at the amount that IHCSCV would have to pay for similar items, which approximates its fair value. For the years ended June 30, 2017 and 2016, IHCSCV received in-kind donations in the form of vaccines amounting to \$1,188,946 and \$179,966, respectively, from the State of California which is reported as in-kind contributions in the statement of activities.

Indian Health Center of Santa Clara Valley  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and support (continued)

IHCSCV received contributed services from unpaid volunteers performing a variety of tasks that assist IHCSCV with specific assistance programs and various committee assignments. The value of this contributed time is not reflected in the financial statements since it does not meet the criteria for recognition.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities by function. Accordingly, certain costs and expenses have been allocated based on direct expenditures incurred among the programs and support services benefited.

Income tax status

IHCSCV is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code. It is only required to submit annual federal and state information returns and no provision for Federal and State income taxes is required.

IHCSCV has adopted the accounting guidance related to uncertain tax positions, and has evaluated its tax positions and believes that all of the positions taken by IHCSCV in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. IHCSCV's returns are subject to examination by federal and state taxing authorities generally for three years (federal) and four years (state) after they are filed.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles require the use of management estimates and assumptions that affect certain reported amounts of assets and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the accounting period. Actual results could differ from those estimates and disclosures in these financial statements. The most significant estimates relate to depreciation and amortization and allowance for doubtful accounts on patient accounts receivable and grants and contributions receivable.

Indian Health Center of Santa Clara Valley  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. IHSCCV determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

- *Level 1* - quoted market prices are available in active market for identical assets or liabilities as of the reporting date. Certificates of time deposits held by IHSCCV are considered to be level 1 investments.
- *Level 2* - pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- *Level 3* - pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Prior year summarized information

The financial statements include certain prior year summarized comparative information in total but not by net asset class to facilitate financial analysis. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with IHSCCV's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Subsequent events

Management has evaluated subsequent events through October 11, 2017, the date on which the financial statements were available to be issued. In July and August 2017, IHSCCV renewed several facility leases with future lease termination dates in the years ending June 30, 2018 and 2022.

Indian Health Center of Santa Clara Valley  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events (continued)

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending June 30,</u>	
2018	\$ 175,921
2019	206,857
2020	213,063
2021	219,454
2022	226,038
Thereafter	<u>76,272</u>
	<u><u>\$ 1,117,605</u></u>

There were no subsequent events, other than disclosed above, that would have a material impact on the financial statements of IHCSVC as of June 30, 2017.

3. PATIENT ACCOUNTS RECEIVABLE

Patient accounts receivable consist of the following:

	<u>2017</u>	<u>2016</u>
Medi-Cal	\$ 1,731,049	\$ 1,385,758
Medicare	290,585	395,572
Child Health and Disability Prevention (CHDP)	97,099	254,866
Santa Clara Family Health Plan (SCFHP)	702,048	869,051
Third party and other health plans	723,983	296,851
Sliding scale	<u>156,787</u>	<u>99,760</u>
	3,701,551	3,301,858
Allowance for doubtful accounts	<u>(918,623)</u>	<u>(816,099)</u>
	<u><u>\$ 2,782,928</u></u>	<u><u>\$ 2,485,759</u></u>

4. PATIENT SERVICE FEES

IHCSCV has agreements with third-party payors that provide payments to IHCSCV at amounts different from its established rates. A summary of the payment arrangements with third-party payors is as follows:



Indian Health Center of Santa Clara Valley  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

4. PATIENT SERVICE FEES (continued)

- Medicare: Medical services rendered to Medicare program beneficiaries are paid the lower of cost-based reimbursement or the FQHC cap per visit. IHSCCV is reimbursed at a tentative ("interim") rate, with final settlement determined after submission of an annual cost report by IHSCCV and audit thereof by the fiscal intermediary. In the opinion of management, any final settlement of the associated cost reports will not materially affect the financial statements of IHSCCV.
- Medi-Cal: Medical, dental and behavioral health services rendered to Medi-Cal beneficiaries are paid under a Prospective Payment System, using rates established by IHSCCV's "Base Years" cost reports filed under the previous cost-based reimbursement system. These rates are adjusted annually according to changes in the Medicare Economic Index and any approved changes in IHSCCV's scope of service. IHSCCV is required to file a payment reconciliation report with the state annually.

Patient service fees for the year ended June 30, 2017 consist of the following:

	Patient Fees	Contractual Adjustments	Total
Medi-Cal	\$ 12,951,361	\$ 68,304	\$ 13,019,665
Medicare	2,202,094	(996,768)	1,205,326
Santa Clara Family Health Plan (SCFHP)	3,784,060	(2,838,316)	945,744
Child Health and Disability Prevention (CHDP)	1,666,936	(779,256)	887,680
Third party and other health plans	442,934	(120,286)	322,648
Self-pay	583,602	(458,706)	124,896
FQHC PPS settlement	293,739	-	293,739
	<u>\$ 21,924,726</u>	<u>\$ (5,125,028)</u>	<u>\$ 16,799,698</u>

Indian Health Center of Santa Clara Valley  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

4. PATIENT SERVICE FEES (continued)

Patient service fees for the year ended June 30, 2016 consist of the following:

	<u>Patient Fees</u>	<u>Contractual Adjustments</u>	<u>Total</u>
Medi-Cal	\$ 11,439,366	\$ (119,578)	\$ 11,319,788
Medicare	1,882,701	(1,012,683)	870,018
Santa Clara Family Health Plan (SCFHP)	3,881,399	(2,718,558)	1,162,841
Child Health and Disability Prevention (CHDP)	1,354,820	(920,817)	434,003
Third party and other health plans	743,247	(441,955)	301,292
Self-pay	529,695	(217,185)	312,510
FQHC PPS settlement	<u>(27,984)</u>	<u>-</u>	<u>(27,984)</u>
	<u>\$ 19,803,244</u>	<u>\$ (5,430,776)</u>	<u>\$ 14,372,468</u>

5. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist of the following:

	<u>2017</u>	<u>2016</u>
County of Santa Clara	\$ 628,967	\$ 501,811
Federal - Indian Health Services	47,967	99,059
Federal - HRSA Section 330 grant	213,086	79,240
Federal - Women, Infants, and Children Program	376,382	287,908
Others	<u>148,806</u>	<u>83,046</u>
	1,415,208	1,051,064
Allowance for doubtful accounts	<u>(88,071)</u>	<u>(88,071)</u>
	<u>\$ 1,327,137</u>	<u>\$ 962,993</u>

Indian Health Center of Santa Clara Valley  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2017	2016
Land	\$ 2,254,126	\$ 2,254,126
Buildings and improvements	8,867,617	8,867,617
Furniture and equipment	492,121	227,859
Vehicles	77,173	54,434
Leasehold improvements	5,146,478	4,033,407
Work in progress	3,967	364,405
	16,841,482	15,801,848
Accumulated depreciation and amortization	(4,749,672)	(3,767,496)
	\$ 12,091,810	\$ 12,034,352

Depreciation and amortization expense for the years ended June 30, 2017 and 2016, amounted to \$982,109 and \$674,432, respectively.

7. NOTE PAYABLE

Note payable is detailed as follows:

	2017	2016
<u>First Republic Bank Promissory Note</u> - A fixed term / adjustable loan payable in monthly installments with a maturity date of November 1, 2025. Fixed rate interest (3.95%) period is until September 1, 2020. Following September 1, 2020 until the maturity date, lender shall increase or decrease the Note Rate in accordance with the loan's terms and conditions. The new Note Rate which becomes effective on each Interest Change Date shall be equal to the Current Index applicable to the Interest Change Date plus 2.80% per annum rounded upward to the next highest 0.125%, unless the result of such addition is equal to a number which is a multiple of 0.125%. The note is collateralized by real property at 2039 Forest Avenue, Unit 105, 204 and B2, San Jose, California 95128.	\$ 1,858,435	\$ 1,905,446
Current portion	(48,922)	(47,005)
	\$ 1,809,513	\$ 1,858,441

Indian Health Center of Santa Clara Valley  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

7. NOTE PAYABLE (continued)

The future maturities of the note payable are as follows:

<u>Year ending June 30,</u>		
2018	\$	48,922
2019		50,918
2020		52,630
2021		13,442
Thereafter		<u>1,692,523</u>
	<u>\$</u>	<u>1,858,435</u>

8. LEASE COMMITMENTS

IHCSCV leases several office facilities under non-cancelable operating leases that expire at various times through 2020. These leases provide for annual escalation charges and renewal options.

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending June 30,</u>		
2018	\$	590,826
2019		497,206
2020		275,327
2021		<u>4,250</u>
	<u>\$</u>	<u>1,367,609</u>

IHCSCV has other month-to-month operating leases and equipment rentals. Total rent expense for the years ended June 30, 2017 and 2016 amounted to \$968,262 and \$1,111,334, respectively.

Subsequent to June 30, 2017, IHCSCV renewed several of its facility leases and the future commitments under those leases are not reflected in the table above. See Subsequent Events for disclosure of these future lease commitments.

9. RECLASSIFICATIONS

Certain reclassifications of prior year amounts have been made to confirm to the current year presentation.

Indian Health Center of Santa Clara Valley  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

10. PENSION PLAN

IHCSCV maintains a 401(k) pension plan ("Plan") covering all employees who are eligible to participate in the plan. All regular employees who have completed 60 days of service are eligible to enroll in the Plan on the first day of the month following eligibility. An eligible employee may contribute up to a maximum of 100% of compensation subject to the maximum dollar limit determined by Internal Revenue Service each year. The Plan provides for a match of \$1 for \$1 on the first 3% of compensation, and \$.50 for \$1 on the next 2% of compensation. The match is fully vested immediately. IHCSCV contributed \$172,637 and \$99,816 during the years ended June 30, 2017 and 2016, respectively, accounted for in employee benefits.

11. MALPRACTICE INSURANCE

IHCSCV as an eligible Federally Qualified Health Center (FQHC) is covered under the Federal Tort Claims Act (FTCA) through submission of an annual renewal requiring application to the U.S. Department of Health and Human Services, Health Resources and Services Administration, Bureau of Primary Health Care. IHCSCV, their employees, and eligible contractors are considered federal employees for medical malpractice claims while acting within the scope of their employment. In addition to coverage under the FTCA, IHCSCV insures privately for professional liability coverage for any claims that may not be covered under FTCA. Under the policy, insurance premiums cover those claims asserted within policy limits. Management does not believe there are any material uninsured malpractice costs at June 30, 2017 and 2016.

12. CONTINGENCIES

Future funding for IHCSCV's program is contingent upon the availability of funds from Federal, State, County and other sources, as well as the operating performance of the programs.

IHCSCV has received Federal, State, and County funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, management does not anticipate any material questioned costs for the contracts and grants administered during the period.

Indian Health Center of Santa Clara Valley  
Notes to Financial Statements  
June 30, 2017  
(With Comparative Totals for 2016)

12. CONTINGENCIES (continued)

The health care industry is subject to numerous laws and regulations of Federal, State, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, and government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While IHSCCV is subject to similar regulatory reviews, there are no reviews currently underway, and management believes that the outcome of any potential regulatory review will not have a material adverse effect on IHSCCV's financial position.

13. CONTINGENT GRANT EXPENDITURE ADJUSTMENTS

Grants and contracts require the fulfillment of conditions, as set forth in the terms of the grant or contract agreements, and are subject to audit by the grantor. Failure to comply with these conditions could result in the return of funds to the grantor. Although this is a possibility, IHSCCV believes that it has complied with the conditions of the grants and no significant liabilities are expected to result from an audit.

SINGLE AUDIT REPORTS AND SCHEDULES



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Indian Health Center of Santa Clara Valley  
San Jose, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Indian Health Center of Santa Clara Valley (a California nonprofit corporation) (the "IHSCCV"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 11, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the IHSCCV's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the IHSCCV's internal control. Accordingly, we do not express an opinion on the effectiveness of the IHSCCV's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the IHSCCV's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the IHSCCV's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the IHSCCV's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Armanino<sup>LLP</sup>  
San Jose, California

October 11, 2017



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE

To the Board of Directors  
Indian Health Center of Santa Clara Valley  
San Jose, California

**Report on Compliance for Each Major Federal Program**

We have audited Indian Health Center of Santa Clara Valley (a California nonprofit corporation) (the "IHCSCV")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the IHCSCV's major federal programs for the year ended June 30, 2017. The IHCSCV's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the IHCSCV's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the IHCSCV's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the IHCSCV's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the IHCSCV complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## Report on Internal Control Over Compliance

Management of the IHSCCV is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the IHSCCV's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the IHSCCV's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Armanino<sup>LLP</sup>  
San Jose, California

October 11, 2017

Indian Health Center of Santa Clara Valley  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>Expenditures of Federal Awards</u>			
U.S. Department of Health and Human Services			
Direct awards			
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Primary Care)	93.224		\$ 2,623,939
Urban Indian Health Services	93.193		889,583
Special Diabetes Program for Indians Diabetes Prevention and Treatment Projects	93.237		280,654
Special Diabetes Program for Indians (SDPI) Diabetes Prevention and Healthy Heart Initiative	93.442		115,041
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		400,839
Pass-through program from:			
Native American Health Center			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		223,994
Substance Abuse and Mental Health Services Projects of Regional and National Significance - Native Youth Wellness Initiative	93.243		<u>5,752</u>
Total U.S. Department of Health and Human Services			<u>4,539,802</u>
U.S. Department of Agriculture			
Pass-through program from:			
California State Department of Health and Human Services			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		<u>846,529</u>
Total Expenditures of Federal Awards			<u>\$ 5,386,331</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards  
are an integral part of this schedule.

Indian Health Center of Santa Clara Valley  
Notes to Schedule of Expenditures of Federal Awards  
June 30, 2017

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Indian Health Center of Santa Clara Valley ("IHCSCV") under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of IHCSCV, it is not intended to and does not present the financial position, changes in net assets, or cash flows of IHCSCV.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- Expenditures reported on the Schedule are reported on the accrual basis of accounting.
- Expenditures of federal awards made on or after December 26, 2014 are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Expenditures of federal awards made prior to December 26, 2014 are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

Indian Health Center of Santa Clara Valley has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Indian Health Center of Santa Clara Valley  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Indian Health Center of Santa Clara Valley  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

SECTION IV - STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings.

SECTION V - CORRECTIVE ACTION PLAN

There is no corrective action plan required.