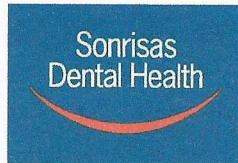


Board Meeting
November 15, 2018
6:30 PM
San Mateo Center Board Room
430 N. El Camino, San Mateo, CA 94401

AGENDA

- | | TAB |
|---|------------|
| 1. Call to Order and Roll Call – Chair Taverner | |
| 2. Introductions: Jayne Battey
Stuart Rogoff, new Development Director | |
| 2. Mission Moment – CEO Jue | |
| 3. Public Comment | |
| 4. Consent Calendar | A |
| A. Board Minutes for October 18, 2018 | |
| B. CFO Report | |
| 5. Financial Reports for FY 2019, Q1: Ms. Yee and Ms. Wang | B |
| A. Accounts Receivables and Write-offs | |
| B. Proposed Policy and Procedure Referrals to Collection Agency | |
| C. Audit – Draft for review and approval | |
| 6. Progress against Key Initiatives – CEO Jue | |
| A. IV Sedation Program Launching | |
| B. Grant Activity Summary Report | C |
| 7. Old Business | |
| A. PHCD Response to SDH Funding Request | |
| 8. New Business | |
| A. Samaritan House Dental Assistant Training Pilot Program | |
| 9. Fundraising – Director Hinshelwood | |
| A. “Night of Blue Sonrisas”- Net total | |
| B. Development Director’s work plan, November - January | |
| C. Fall Giving Campaign - Giving Tuesday | |
| 10. Board Nominating Committee – Director Young | |
| 11. Other Business | |
| 12. Suggested agenda items for December meeting – Chair Taverner | |
| 13. Adjourn | |

A



BOARD OF DIRECTORS

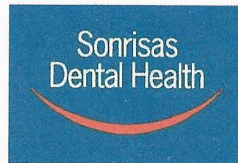
MEETING MINUTES

OCTOBER 18, 2018

1. **Call to Order:** The meeting was called to order by Chair Taverner at 18:32 hours.
2. **Present:** Chair Taverner and Directors Hinshelwood, Macias, Navarro, and Young.
Absent: Directors Cappel and Galligan. Also present: CEO Jue, CFO Fama, PHCD CBO Yee and Executive Assistant Santos
3. **Mission Moment:**
CEO Jue shared about a patient who has commercial insurance and can be seen by any dentist, but appreciates the service provided at Sonrisas Dental Health (SDH), so much that she commutes via public transportation (2 buses and BART) from San Francisco just to be seen in our office. Her effort to come to the center is a testament to the quality work and great staff at SDH.
4. **Public Comment:** No comments were offered.
5. **Consent Calendar:**
 - A. Board Minutes for September 20, 2018
It was moved by Director Young, seconded by Director Hinshelwood and approved unanimously to accept the Board Minutes for September 20, 2018 as written, 5/0/0
 - B. CEO Report
Directors agreed that receiving a written CEO report under Consent Calendar provides an opportunity to review activities and progress before the meeting.
6. **Approval of Agenda:** Chair Taverner noted that formal approval is not required.
7. **Financial Reports for July and August 2018:**

Ms. Yee noted Net Revenue was above budget 2.5% for the two months, Grant revenue was on budget and, while Direct Expenses were over by 2%, Indirect were under by 8% making Total Expenses on budget. Ms. Yee clarified that the \$2135 attributed to the "Night of Blue Sonrisas" fundraiser was in error. That was the remainder of the Giants raffle proceeds. The total raised from the September fundraiser will appear on the September financials.

 - A. **Audit Update** – Ms. Yee reported the Audit process went well and a draft should be ready for presentation at the Board's November meeting.
 - B. **Accounts Receivable** – Ms. Yee presented a summary of the progress to date: San Mateo's 90+ accounts have been reduced nearly in half. Coastside numbers needs further focus and staff training on the importance of collecting the cash up front per policy. SDH does have a collections agency and will be drafting a policy and procedure for when accounts should be turned over for Board approval. Pat and Lisa are reviewing Coastside accounts for possible referral to collections. CFO Fama noted the mission challenge the Coastside staff face given the number of patients that need care and even the affordable scale is a challenge for them. Pat is working with staff in both centers to find a balance of collecting and treating, given the sensitive nature of this issue.



8. Old Business: None

9. New Business

A. AEGD Residency Program – CEO Jue had previously reported that due to new program requirements, SDH could not participate in this program starting July 2019. However, the program director called last week and informed Dr. Jue that New York University Langone would like SDH to participate for an additional year, July 2019 – June 2020; and, they changed their requirement for accommodating two dentists to just one dentist at our Coastside Center which works well and provides cost savings to the Center. It is the hope that eventually the San Mateo Center can utilize residents, as well.

B. Mobile Program Development – CEO Jue

1. Farmworker Health Mobile Dental Program

The County Health System unilaterally – without requesting an RFP submission - awarded SDH a contract renewal for January-December 2019. This means no lapse in program services and smooth continuation in scheduling patients in the upcoming year.

2. County School-based Mobile Dental Program Proposal

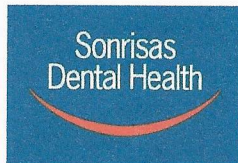
CEO Jue and CFO Fama met with the Dental Director of the County Oral Public Health Program, Dr. Shakalpi Pendukar, to pursue a collaborative approach with SDH to offer school-based services to schools serving low-income students; Belle Air Elementary School in San Bruno and Hoover in the Redwood City have been identified as priorities. Dr. Pendukar has county funding available to provide SDH with the supplies and the portable equipment. SDH would provide a dental provider such as hygienist or dentist to perform the services. Preventative dental treatment would be rendered on-site.

3. Virtual Dental Home (VDH) Mobile Program Proposal

CEO Jue, CFO Fama and Dr. Pendukar met with Dr. Paul Glassman, the Director of the VDH Program, to determine if this Program would be of benefit to SDH. VDH is an innovative model of delivery, also known as Tele-Dentistry, that allows a dentist at another location to view radiographs and images via electronic transmission/email and to make a diagnosis remotely. The dentist can then make any recommendations and give approval to the dental hygienist to proceed with a dental cleaning. Dr. Jue noted that she is an instructor for Registered Dental Hygienists in Alternative Practice (RDHAP), and these credentialed professionals would be considered for this program.

C. Request for Continued Funding Support for PHCD

Chair Taverner presented his draft letter that outlined the need for continued support from PHCD. He noted the terms and conditions of the May 2018 funding that requested progress reports on adhering to initiatives. The letter provided a detailed summary of SDH's accomplishments in FY 2018 and outlined new/continuing strategic initiatives intended to address sustainability. Chair Taverner opened the floor to Director discussion on the letter content and amount to request. There was agreement that the amount requested should cover the projected negative run rate of \$75,000/month. There was discussion about the merits of asking for coverage for 6 months (Jan-June 2019- remainder of FY 2019), 12 months (Calendar year 2019), or 18 months (FY 2019 and all of FY 2020). Chair Taverner noted the Board's plan to improve the run rate with an



FQHC partnership and to reduce reliance on PHCD funding with the success of a fulltime professional development director. Director Young requested that more detail be provided in the section on “sustainability plan”. CFO Fama shared that she and CEO Jue will be drafting quarterly performance milestones for approval by both boards and then used to make quarterly reports. There being no further discussion,

It was moved by Chair Taverner, seconded by Director Navarro and approved unanimously to submit to PHCD a letter of request for funding of \$1.3M to cover the projected negative run rate from January 2019 through June 2020. The draft letter will be revised and include with more detail on the sustainability plan. 5/0/0

10. Fundraising: Director Hinshelwood

Director Hinshelwood reported the planning for the April 2019 Paella fundraiser is already underway. He also reminded Directors that he is still waiting to receive five referrals of folks that may be potential donors.

A. Annual Center Report and Donor Page

Both documents are now complete and ready to be hand-delivered to potential donors: The Annual Report is to be given out as a topic piece, and the Donor Page will be a useful in securing donations.

B. Development Director Hiring Status

Chair Taverner summarized that there is a qualified candidate that has been interviewed by himself and Director Hinshelwood, as well as CFO Fama and CEO Jue, and he will meet with Director Young on October 23rd. A pivotal factor in any hiring decision is accommodating the candidate’s request of a full-time position. Comparable salaries in our area for a Development Director range between \$115k-150k per year. Performance milestones will be set, and he will be reviewed against those on a quarterly basis. It was the Board’s expectation that he will be able to produce an amount equal to his salary during his first year.

It was moved, seconded and approved to authorize CEO Jue, pending Director Young’s input, to extend a job offer to the candidate for a fulltime position at an amount not to exceed \$125K/year. The motion passed 5/0/0.

C. Fall Giving Campaign

CEO Jue reported that the marketing consultant team will draft an annual appeal letter to send to potential and former donors. CEO Jue, CFO Fama, Ms. Arevalo and Ms. Santos will be working together on this project. Director Hinshelwood is working with Ms. Santos in compiling mailing lists.

D. Review of Grant Activity Matrix

CEO Jue reviewed the summary report included in the Board materials noting there is \$247K currently available from grants in addition to the PHCD funding support. She has received positive feedback from Sequoia Hospital/Dignity Health and hopes to hear back soon. She then if Director Young could offer suggestions on how to approach the Sobrato Foundation.

11. Board Nominating Committee – Director Young

The Board has been working to identify potential candidates to replace Director Macias who submitted her resignation from the board effective the end of 2018. The Board will be approaching their top candidates to invite them to the November Board Meeting. The Board would like for them to present their Bio that evening.



12. Progress against Key Initiatives – CEO Jue

CEO Jue reported on SDH's increased recruitment and use of volunteers; duties range from translating at local health fairs to assisting with both clinical and administrative duties at the centers. Director Macias suggested creating T-shirts for our volunteers and helpers.

A. Revenue Initiatives (FQHC Update)

A site visit to the County's Fair Oaks Dental Clinic is scheduled for October 23. Dr. Jue will observe clinical operations details to better assess preparations required at SDH to accept their patients and to better prepare for negotiating clear responsibilities and terms of the final partnership agreement.

B. IV Sedation

Contracts are being negotiated with the Dental Specialists and anesthesiologist and Website development is understudy. A new complication was uncovered. Denti-Cal will not pay for IV Sedation unless the anesthesiologist is a Medi-Cal provider; however, this does not affect the ability to serve patients with no insurance or commercial insurance. The equipment has arrived at the warehouse and is scheduled to be installed in early November. We are waiting for Patterson Dental to perform their logistics to get an exact build date.

13. Other Business:

A. Sonoma County Dental Health Strategic Plan report

CFO Fama reported she and Director Galligan attended a program the Sonoma County Dental Health Network program "Leaders of Action". This half-day program was very informative; CFO Fama stated she was impressed by the relevance to both SDH and to PHCD on services, particularly the effective community collaborations in place in Sonoma County, as well as the importance of a more robust oral health literacy program. In response to her comment on the importance of fluoride in the water, Director Macias noted that not all Coastside cities have fluorinated water!

B. Date of future Board Meetings so that all Board Members can attend

It was the consensus of the Directors that Thursday evenings work best.

C. Suggested agenda items for September meeting

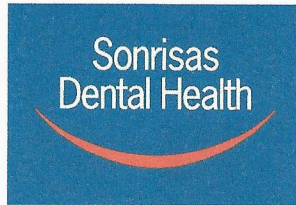
Chair Taverner noted the next two Board Meetings will be 11/15 and 12/20.

B. Adjournment

There being no further business, the meeting was adjourned by Chair Taverner at 18:37 hours.

Written by Teresa Santos, Executive Assistant

Approved: Nigel Taverner, Board Chair



DATE: November 9, 2018

TO: SDH Board of Directors

FROM: Cheryl Fama, CFO

CC: Dr. Bonnie Jue, CEO
Tina Wang, Senior Accountant
Vickie Yee, PHCD CBO

RE: CFO REPORT – FY 2019 Q1

1. Financial Performance:

- Net income, minus depreciation and deferred expenses, was **(\$3,482)** or 54% better than budget.
- Visits for first quarter were down 253 visits or 9% compared to budget; with 199 of those occurring in September due to lack of dentist availability because of vacations and personal matters. 81% of the decrease in visits were in Denti-Cal and affordable scale patients which reduced the average uncompensated care per visit resulting in a *positive* impact to Net Revenue.
- Revenue does not reflect the 10% fee increase as that went into effect October 1st.
- Performance indicates management flexed to adjust to lower visit volumes resulting in total expenses coming in under budget by \$38,348.

2. Audit:

- Vavrinek, Trine, Day & Co., LLC performed the audit. The resulting opinion was a clean audit with no recommendations.
- Auditor verbally reported he found Internal Control Policy comprehensive and being followed. He acknowledged that handling cash always creates the need for close oversight and stated the electronic dental system in use provided an effective mechanism to monitor this.
- Auditor also commented the staff was professional, helpful and pleasant.

3. Accounts Receivable:

- This remains an area of concern for many reasons:
 - Positive trend from June to August reversed in September with AR higher than June.
 - Staff is still working on delinquent accounts that had not been addressed when the billing function was the responsibility of ATD's management services.
 - There is not a clear policy and/or practice on the use of a collections agency.
 - Most of outstanding payments are from low income, affordable scale patients.
- Plan to address concerns:
 - Develop a formal policy for Accounts Receivable that addresses when to turn accounts over to collections and when to write-off losses. This will be brought to the Board for approval.
 - Re-engage WIPFli Financial Consultants to do a Revenue Cycle assessment. Ms. Gwynn Smith will be visiting the first week in December. She visited during the FY 2018 Q1 transition from Minnesota and proved to be knowledgeable and helpful. Her report and recommendations will be presented to the Board. (Introduction to Ms. Smith attached.)

4. Strategic Initiatives:

- San Mateo County FQHC Partnership
 - Frequency of productive interactions has picked up. County's CFO, Dave McGrew, is responding to calls and emails within 24 hours. Most recent communication was 11/7/18 in which he reported that he "anticipates getting a draft agreement to me within a week."
 - Dr. Jue and team made a site visit at the County's Fair Oaks Clinic to get 'into the weeds' on the patient flow, electronic record, etc. Dr. Jue has also been invited to participate in regular County dental staff calls. This will be helpful in assuring the Agreement defines random assignment of patients vs. adverse delegation and that all parties have a clear understanding of roles and responsibilities at launching and going forward.
 - Participating SDH dentists will need to be credentialed at San Mateo Medical Center. I challenged this requirement and was shown the County's policy that applies to all provider partners regardless of where the service is provide. Application process will start ASAP since credentialing could take 3-6 months!

- Samaritan House (SH) Partnership
 - Debriefed on pilot project 10/31/18. Number of SH patients treated at the SDH San Mateo Center averaged 6 a month on 2-half days/month. Dr. Rideau, SH Dental Director, calculated the value of this free dental care was \$2,000 per half day.
 - Productive discussion then turned to the shortage of Dental Assistants and the impact on numbers served. Opportunities for follow up included:
 - Meeting with CSM to make the SDH Centers dental assistant internship sites
 - Contact school counselors to promote the DSM dental assistant program
 - Reach out to SH clients for possible translator volunteers and perhaps candidates for the CSM program
 - Pursue tuition assistance program from PHCD for these students
 - Reach out to pre-dental students for volunteer opportunities

- Health Plan of San Mateo Medical/Dental Integration Pilot
 - Two meetings have been held with Pat Curran, Deputy Chief Executive Officer of the health plan to discuss the Health Plan of San Mateo's (HPSM) integration of adult Dental services under the plan and how SDH can participate. Discussion focused on:
 - San Mateo Center's total capacity with existing equipment and capacity if fully equipped and staffed.
 - Efficiencies to SDH in serving HPSM's patients with HPSM serving as the third-party administrator.
 - The current survey being conducted by the San Mateo Dental Society to determine community dentists' willingness to participate.
 - We agreed a SDH and HPSM partnership could be a 'win-win'. Discussions to continue.

- Mobile Program:
 - Silverado's 100+ unit Alzheimer/dementia facility in Belmont reached out to Dr. Jue to activate their service agreement with SDH.
 - Director Hinshelwood submitted a request to Claremont McKenna College seeking an intern from one of three programs they offer. Could have a candidate this January.

Wipfli, LLP, Financial Consultants

GWYNN SMITH, Partner



Partner

Gwynn Smith is a partner in the firm's health care consulting practice. She leverages more than 10 years of expertise in health care consulting to provide top-notch services to health care entities. Gwynn has a proven track record of bringing significant organizational change while maintaining a strong focus on business decisions. Clients appreciate the value she brings to their business operations in helping them stay agile and competitive.

Professional Memberships and Activities

- Healthcare Financial Management Association (HFMA) - Member

Areas of Focus

- Implementation of business development strategies and systems
- Revenue cycle management
- Reimbursement and compliance evaluations
- Medicare Part A and Part B billing

Industries

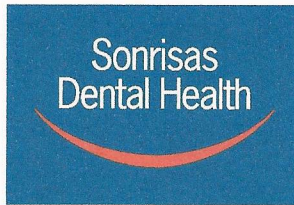
Health Care

Education

New Mexico State University

- Bachelor of arts degree in business administration with a specialty in marketing
- California State University, Fresno
- Bachelor of science degree in industrial engineering

B



DATE: November 11, 2018

TO: SDH Board of Directors

CC: Cheryl Fama, CFO

FROM: Tina Wang, Senior Accountant, Vickie Yee, PHCD CBO

RE: September Unaudited Financials and YTD Performance to Budget

SEPTEMBER PERFORMANCE:

- A. Revenue:** Net Patient Revenue was **\$164,134** (9% more than prior month)
 1. 745 visits – 199 down from previous month of 944 visits due to vacation schedules and unexpected unavailability of a dentist due to personal reasons.
 2. Total deductions from gross revenue were 36% (15% better than prior month) due to greater reimbursements received for Denti-Cal visits.
 3. Net patient revenue was \$14K higher than prior month and highest YTD.

- B. Donations/Grants & Other Income:** **\$19,891** down \$69,851 from prior month (\$75K received from PHCD in prior month, no PHCD support needed in current month). An item to note - \$916 was received from the Blue Sonrisas event

- C. EXPENSES:**
 1. **Direct Expense: \$137,703** -\$13,211 less than prior month due to lower visit volume which resulted in a decrease in salaries, dental supplies, and lab fees.
 2. **Indirect Expense: \$108,136** -\$3,827 decrease from the prior month due to lower payroll expense from two fewer business days in the month.

NET INCOME: <\$61,814>

YTD PERFORMANCE TO BUDGET (July-September): YTD net income is **\$7,336** better than budget. Cash-flow is **\$4,140** better than budget. PHCD grant received to date is \$150,000 (two months), no support needed from PHCD in September.

	YTD Actual	Budget	Performance
<i>Visits</i>	2,635	2,888	(253)
Gross Patient Revenue	\$828,920	\$842,548	-2%
Uncompensated Care (Deductions)	<\$443,417>	<\$405,249>	-9%
Grants/Donations/Other Income	\$191,784	\$263,124	-27%
Direct Cost	\$437,396	\$440,307	+1%
Indirect Cost	\$332,425	\$367,862	+10%
Net Income	<\$132,010>	<\$139,346>	+5%
<i>non-cash items adj.</i>			
Depreciation	\$66,837	\$69,837	+4%
Deferred Expenses	\$61,691	\$61,887	+1%
Est. Cash-flow	<\$3,482>	<\$7,622>	+54%

SONRISAS DENTAL HEALTH, INC.
Profit & Loss Budget Performance
September 2018

	Sep 18	Budget	Jul - Sep 18	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
Program Revenue					
Patient Services					
4103 · Commercial Insurance	14,612.00	13,412.00	37,123.00	46,198.00	171,380.00
4102 · PPO	54,972.00	63,036.00	184,712.00	192,040.00	754,966.00
4100 · Public Dental Insurance	149,057.00	175,251.00	492,629.00	505,085.00	2,071,049.00
4106 · Private Pay	6,868.00	4,940.00	21,696.00	17,290.00	134,190.00
4101 · Affordable Scale	19,791.00	21,000.00	68,135.00	65,332.00	258,996.00
4104 · Farmworker	10,674.00	5,153.00	24,625.00	16,603.00	69,357.00
Total Patient Services	255,974.00	282,792.00	828,920.00	842,548.00	3,459,938.00
Uncompensated Care					
5020 · Prior Period Adjustment	13,893.12	(2,000.00)	35,075.36	(6,000.00)	(24,800.00)
5005 · Commercial Insurance	(608.20)	(454.00)	(2,646.80)	(1,564.00)	(5,802.00)
5004 · PPO	(19,440.00)	(23,740.00)	(63,695.20)	(72,324.00)	(284,326.00)
5009 · Public Dental Insurance	(72,239.00)	(116,576.00)	(312,515.80)	(335,038.00)	(1,371,383.00)
5006 · Private Pay	0.00	0.00	0.00	0.00	(31,500.00)
5007 · Affordable Scale	(6,530.20)	(7,191.00)	(21,972.50)	(22,373.00)	(88,692.00)
5003 · Farmworker Program	(2,708.40)	0.00	(5,947.10)	0.00	0.00
5001 · Fee Adjustments	(4,206.90)	0.00	(13,800.40)	0.00	0.00
Total Uncompensated Care	(91,839.58)	(149,961.00)	(385,502.44)	(437,299.00)	(1,806,503.00)
Total Program Revenue	164,134.42	132,831.00	443,417.56	405,249.00	1,653,435.00
Donations and Incentives					
5100 · Donations	872.60	1,500.00	1,098.09	4,500.00	27,500.00
5103 · Incentives	0.00	0.00	0.00	0.00	50,000.00
Events/Fundraisers					
5105 · Raffle	0.00	1,500.00	2,215.00	4,500.00	4,500.00
5106 · Other Events	916.70	0.00	916.70	0.00	9,000.00
Total Events/Fundraisers	916.70	1,500.00	3,131.70	4,500.00	13,500.00
5150 · PHCD Grants	0.00	62,500.00	150,000.00	187,500.00	750,000.00
5199 · Net Assets Released from Restri	16,093.95	22,208.00	37,554.26	66,624.00	267,996.00
Total Donations and Incentives	17,883.25	87,708.00	191,784.05	263,124.00	1,108,996.00
Total Income	182,017.67	220,539.00	635,201.61	668,373.00	2,762,431.00
Gross Profit	182,017.67	220,539.00	635,201.61	668,373.00	2,762,431.00
Expense					
Direct Program Costs					
Personnel					
5250 · Direct Program Salaries	106,094.42	109,880.00	334,689.85	329,640.00	1,441,179.00
5260 · Payroll Taxes	7,977.06	8,248.00	25,102.92	24,737.00	111,208.00
5261 · Unemployment Taxes	654.87	1,147.00	1,711.29	3,393.00	15,210.00
5270 · Benefits	1,710.52	4,339.00	5,353.89	13,073.00	56,713.00
5275 · 401k Match	662.25	1,248.00	2,211.17	3,760.00	16,307.00
5278 · Worker's Comp.	1,144.33	1,371.00	3,432.99	4,092.00	16,548.00
5280 · Continuing Educ.	25.00	100.00	25.00	300.00	1,200.00
5281 · Licenses and Registrations	204.49	0.00	326.31	0.00	0.00
Total Personnel	118,472.94	126,333.00	372,853.42	378,995.00	1,658,365.00
5320 · Dental Supplies	10,211.94	11,056.00	34,005.38	32,924.00	135,040.00
5325 · Small Dental Equipment	0.00	162.00	0.00	488.00	1,938.00
5326 · Dental Equipment Repair	278.00	812.00	1,239.07	2,448.00	9,711.00
5330 · Lab Fees	7,665.98	7,788.00	26,402.15	23,356.00	98,421.00
5331 · Uniforms	0.00	0.00	468.63	0.00	1,600.00
Contracted Services					
5301 · Contract Employees	0.00	0.00	0.00	0.00	13,800.00
5303 · Sterilization Services	1,012.37	631.00	2,241.11	1,901.00	7,544.00
5304 · Pathogen Testing	0.00	0.00	0.00	0.00	0.00
5305 · Shredding	62.00	65.00	186.00	195.00	780.00

SONRISAS DENTAL HEALTH, INC.
Profit & Loss Budget Performance
September 2018

	<u>Sep 18</u>	<u>Budget</u>	<u>Jul - Sep 18</u>	<u>YTD Budget</u>	<u>Annual Budget</u>
Total Contracted Services	1,074.37	696.00	2,427.11	2,096.00	22,124.00
Total Direct Program Costs	137,703.23	146,847.00	437,395.76	440,307.00	1,927,199.00
Indirect Costs					
Administrative Personnel					
5450 · Salaries/Wages	27,212.46	39,209.00	96,576.07	117,627.00	515,508.00
5460 · Payroll Taxes, Admin/Mgmt	985.85	2,941.00	6,137.06	8,823.00	40,656.00
5461 · Unemployment Taxes	230.77	392.00	749.99	1,176.00	5,154.00
5470 · Benefits	(292.61)	2,745.00	2,652.11	8,235.00	36,090.00
5475 · 401k Match, Admin/Mgmt.	256.25	510.00	873.60	1,530.00	6,705.00
5478 · Worker's Comp.	286.09	350.00	858.27	1,050.00	4,200.00
Total Administrative Personnel	28,678.81	46,147.00	107,847.10	138,441.00	608,313.00
Business Taxes					
5520 · Property Taxes	250.00	0.00	250.00	0.00	0.00
Total Business Taxes	250.00		250.00		
Facilities Expenses					
5600 · Auto Expenses	305.60	600.00	736.67	1,800.00	7,200.00
5610 · Building Maintenance	727.60	700.00	2,283.80	2,100.00	8,400.00
5611 · Janitorial Service	1,655.00	1,859.00	4,965.00	5,577.00	22,308.00
5670 · Rent	19,129.00	19,184.00	56,787.00	57,552.00	233,058.00
5672 · Phone / Internet	1,502.76	1,100.00	3,892.04	3,300.00	13,200.00
5680 · Utilities	2,042.42	2,200.00	6,484.08	6,600.00	26,400.00
Total Facilities Expenses	25,362.38	25,643.00	75,148.59	76,929.00	310,566.00
Office Exp.					
5502 · Claims Processing	117.74	120.00	337.96	360.00	1,440.00
5504 · Payroll Processing / BG Checks	628.66	500.00	2,273.85	1,500.00	6,400.00
5616 · Patient Notification	485.00	500.00	1,474.90	1,500.00	6,000.00
5660 · Office Supplies	2,436.04	800.00	4,138.26	2,400.00	9,600.00
5665 · Postage and Shipping	286.07	150.00	859.13	450.00	1,800.00
5668 · Printing Costs	64.31	200.00	449.41	600.00	2,400.00
Total Office Exp.	4,017.82	2,270.00	9,533.51	6,810.00	27,640.00
Equipment Expenses					
5507 · Computer Support	4,322.60	3,500.00	11,110.93	10,500.00	42,000.00
5608 · Software Support	844.00	600.00	2,376.00	1,800.00	7,200.00
5630 · Office Equip. Maintenance	0.00	100.00	0.00	300.00	1,200.00
Total Equipment Expenses	5,166.60	4,200.00	13,486.93	12,600.00	50,400.00
Insurance					
5635 · Auto Insurance	610.48	450.00	1,831.44	1,350.00	5,400.00
5636 · Malpractice (Prof. Liab.)	416.66	420.00	1,249.98	1,260.00	5,040.00
5637 · Liability & Property	935.50	925.00	2,806.50	2,775.00	11,100.00
5638 · Directors & Officer Liability	280.50	300.00	755.50	900.00	3,600.00
Total Insurance	2,243.14	2,095.00	6,643.42	6,285.00	25,140.00
Outsourced Services					
5503 · Consultants	0.00	0.00	0.00	0.00	5,700.00
5508 · Professional Fees	0.00	0.00	0.00	0.00	200.00
Total Outsourced Services	0.00	0.00	0.00	0.00	5,900.00
Fundraising Expenses					
5632 · Fundraising Expenses	(42.10)	110.00	150.00	330.00	2,700.00
5633 · Fundraising Consulting	5,762.00	4,000.00	15,637.50	12,000.00	48,000.00
Total Fundraising Expenses	5,719.90	4,110.00	15,787.50	12,330.00	50,700.00
Fees and Interest					
5605 · Service Charges	0.00	75.00	0.00	225.00	900.00
5641 · Finance Charges	24.42	0.00	247.23	0.00	0.00
5642 · Loan Interest	4,762.11	4,800.00	14,204.35	14,400.00	57,600.00
5650 · Merchant Processing	812.14	798.00	2,256.49	2,406.00	9,548.00
Total Fees and Interest	5,598.67	5,673.00	16,708.07	17,031.00	68,048.00
5615 · Depreciation Expense	22,278.86	23,279.00	66,836.58	69,837.00	287,348.00

SONRISAS DENTAL HEALTH, INC.
Profit & Loss Budget Performance
September 2018

	<u>Sep 18</u>	<u>Budget</u>	<u>Jul - Sep 18</u>	<u>YTD Budget</u>	<u>Annual Budget</u>
5618 · Dues, Fees & License	115.65	400.00	533.95	2,000.00	2,800.00
5620 · Employee Goodwill	90.96	200.00	258.35	600.00	2,400.00
5639 · Recruitment Expense	372.52	250.00	1,077.67	750.00	3,000.00
5648 · Marketing Expense					
5651 · Outreach	0.00	833.00	0.00	2,499.00	9,996.00
5648 · Marketing Expense - Other	7,903.95	8,000.00	17,694.22	21,000.00	69,000.00
Total 5648 · Marketing Expense	7,903.95	8,833.00	17,694.22	23,499.00	78,996.00
Meeting & Travel Expenses					
5676 · Travel Costs	0.00	150.00	0.00	450.00	1,800.00
5677 · Meals	0.00	50.00	0.00	150.00	600.00
5678 · Mileage	336.90	50.00	618.85	150.00	600.00
Total Meeting & Travel Expenses	336.90	250.00	618.85	750.00	3,000.00
Total Indirect Costs	108,136.16	123,350.00	332,424.74	367,862.00	1,524,251.00
Total Expense	245,839.39	270,197.00	769,820.50	808,169.00	3,451,450.00
Net Ordinary Income	(63,821.72)	(49,658.00)	(134,618.89)	(139,796.00)	(689,019.00)
Other Income/Expense					
Other Income					
Other Income					
6121 · Dividends	268.68	150.00	870.11	450.00	1,800.00
6130 · Other Income	1,739.24	0.00	1,739.24	0.00	0.00
Total Other Income	2,007.92	150.00	2,609.35	450.00	1,800.00
Total Other Income	2,007.92	150.00	2,609.35	450.00	1,800.00
Net Other Income	2,007.92	150.00	2,609.35	450.00	1,800.00
Net Income	(61,813.80)	(49,508.00)	(132,009.54)	(139,346.00)	(687,219.00)

Sonrisas Dental Health Inc

Aging Report

Jun-18

Center	0-30 DAYS	31-60 DAYS	61-90 DAYS	> 90 DAYS	TOTAL	Uncompensated Care	Insurance Rec.	Patient Rec.
San Mateo	154,923.79	34,092.85	14,230.45	56,372.08	259,619.17	144,661.20	82,269.65	32,688.32
Coastside	48,796.30	18,107.40	12,355.02	45,317.35	124,576.07	43,045.20	25,641.00	55,889.87
Total	203,720.09	52,200.25	26,585.47	101,689.43	384,195.24	187,706.40	107,910.65	88,578.19

Receivables = 196,488.84

Aug-18

Center	0-30 DAYS	31-60 DAYS	61-90 DAYS	> 90 DAYS	TOTAL	Uncompensated Care	Insurance Rec.	Patient Rec.
San Mateo	167,068.30	28,889.94	16,187.30	25,141.22	237,286.76	134,168.90	66,976.75	36,141.11
Coastside	62,241.20	19,551.70	10,004.50	40,301.36	132,098.76	50,126.40	24,495.90	57,476.46
Total	229,309.50	48,441.64	26,191.80	65,442.58	369,385.52	184,295.30	91,472.65	93,617.57

Receivables = 185,090.22

Sep-18

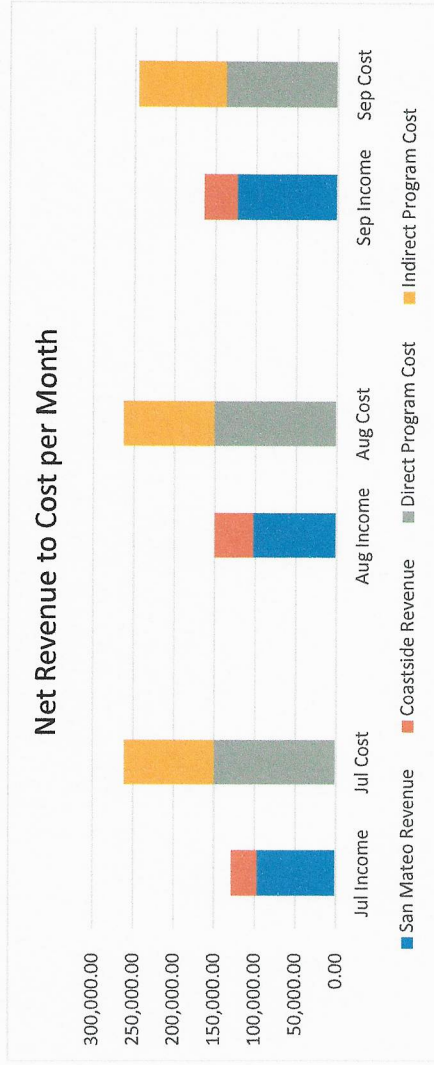
Center	0-30 DAYS	31-60 DAYS	61-90 DAYS	> 90 DAYS	TOTAL	Uncompensated Care	Insurance Rec.	Patient Rec.
San Mateo	153,430.25	76,708.15	12,814.34	22,479.12	265,431.86	120,396.00	89,920.50	55,115.36
Coastside	51,311.00	38,774.90	13,788.60	31,588.68	135,463.18	52,167.10	32,030.20	51,265.88
Total	204,741.25	115,483.05	26,602.94	54,067.80	400,895.04	172,563.10	121,950.70	106,381.24

Receivables = 228,331.94

Receivables on Books

Sonrisas Dental Health Operations

	Jul 18	Aug 18	Sept 18	Total	YTD Budget	B(W)
San Mateo Revenue	97,167	102,683	123,399	323,248	286,297	36,951
Coastside Revenue	31,860	47,574	40,736	120,169	118,952	1,217
Total Net Revenue	129,026	150,257	164,134	443,418	405,249	38,169
Direct Program Cost	150,128	150,914	137,703	438,745	440,307	1,562
Indirect Program Cost	110,975	111,964	108,136	331,075	367,862	36,787
Total Cost	261,103	262,878	245,839	769,821	808,169	38,349
TOTAL	(132,077)	(112,621)	(81,705)	(326,403)	(402,920)	76,517
Dividend/Other Income	2,440	376	3,797	6,613	4,950	1,663
Donations Received	7,320	14,366	16,094	37,780	71,124	(33,344)
Grant from PHCD	75,000	75,000	0	150,000	187,500	(37,500)
OTHER INCOME	84,760	89,742	19,891	194,393	263,574	(69,181)
NET INCOME	(47,317)	(22,879)	(61,814)	(132,010)	(139,346)	7,336
<i>non-cash items adj.</i>						
Depreciation	22,279	22,279	22,279	66,837	69,837	3,000
Deferred Expenses	20,512	20,588	20,591	61,691	61,887	196
EST. CASH-FLOW	(4,526)	19,988	(18,944)	(3,482)	(7,622)	4,140



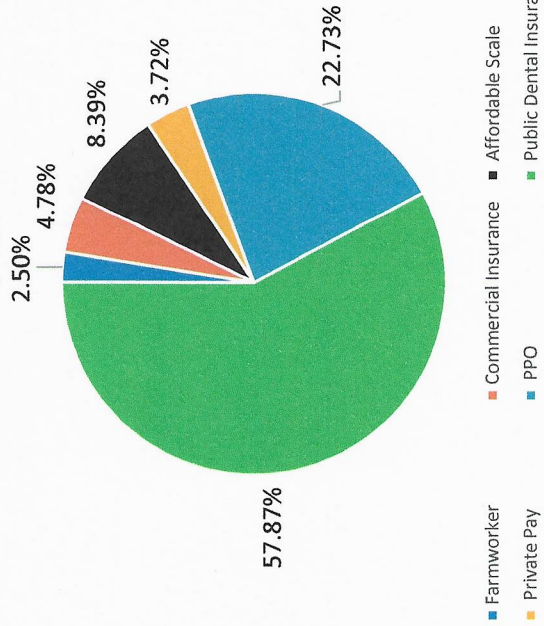
Visits by Center

	Jul 18	Aug 18	Sept 18	Total	Budget	Variance
San Mateo Visits	608	569	468	1,645	1,918	(273)
Coastside Visits	338	375	277	990	970	20
Total Visits	946	944	745	2,635	2,888	(253)

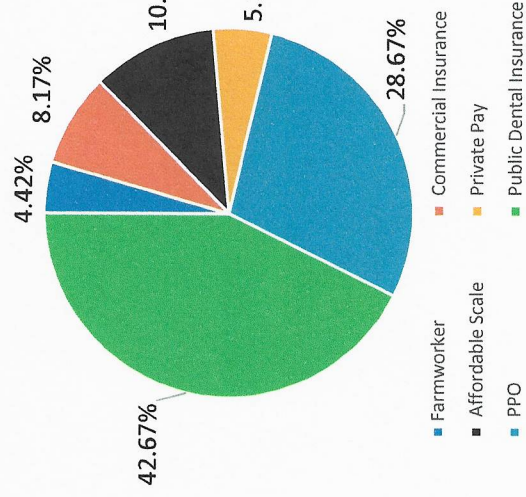
Visits by Payer

	Jul 18	Aug 18	Sept 18	Total	Budget	Variance
Commercial Insurance	51	40	35	126	155	(29)
PPO	236	186	177	599	655	(56)
Public Dental Insurance	517	583	425	1,525	1,670	(145)
Private Pay	34	41	23	98	70	28
Affordable Scale	89	79	53	221	280	(59)
Farmworker	19	15	32	66	58	8
Total Visits	946	944	745	2,635	2,888	(253)

Visits by Payer as a Percentage
YTD as of 9/30/2018



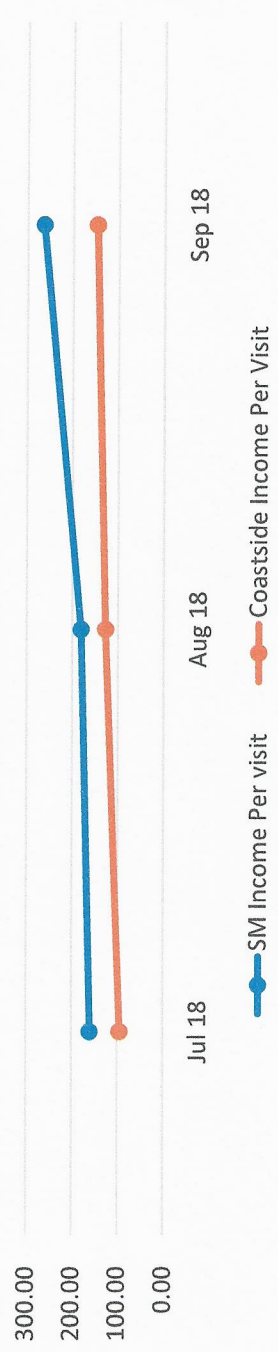
Net Revenue by Payer as a Percentage
YTD as of 9/30/2018



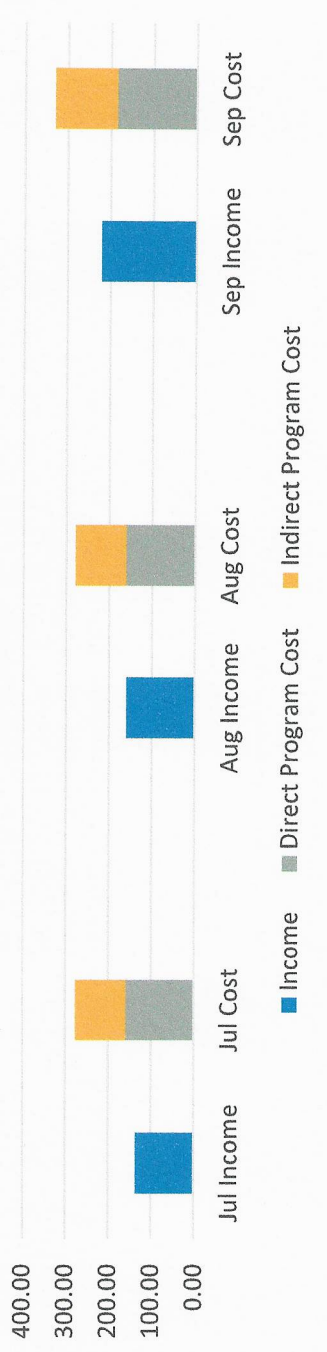
Avg. Income (Loss) per Visit	
	YTD
Net Revenue per Visit	\$ 171.96
Direct Cost per Visit	\$ (167.80)
Indirect Cost per Visit	\$ (127.02)
Net Income per Visit	\$ (122.86)

True Income (Loss) per Visit by Payer	
Payer	Avg. YTD
Commercial Insurance	\$ 72.37
PPO	\$ (36.12)
Public Dental Insurance	\$ (243.23)
Private Pay	\$ 158.05
Affordable Scale	\$ 116.33

Avg. Net Revenue (before cost) per Visit by Center



Avg. Income vs. Cost per Visit by Month



SONRISAS DENTAL HEALTH, INC.

Balance Sheet

As of September 30, 2018

	<u>Jul 31, 18</u>	<u>Aug 31, 18</u>	<u>Sep 30, 18</u>
ASSETS			
Current Assets			
Checking/Savings			
Checking/Savings			
1010 · Boston Private BusinessChecking	202,254.01	336,530.87	198,527.72
1050 · Wells Fargo Checking	21,320.03	21,320.03	21,320.03
1070 · Merrill Lynch	198,698.42	198,994.60	199,263.28
Total Checking/Savings	<u>422,272.46</u>	<u>556,845.50</u>	<u>419,111.03</u>
1175 · Petty Cash - Coastside	381.41	381.41	381.41
1176 · Petty Cash -San Mateo	200.00	200.00	200.00
Total Checking/Savings	<u>422,853.87</u>	<u>557,426.91</u>	<u>419,692.44</u>
Accounts Receivable			
Accounts Receivable			
1250 · Accounts Receivable - Services	157,147.33	185,090.22	228,331.94
1260 · Accts.Rec.- Other Agencies	4,580.00	2,290.00	12,595.00
Total Accounts Receivable	<u>161,727.33</u>	<u>187,380.22</u>	<u>240,926.94</u>
Total Accounts Receivable	<u>161,727.33</u>	<u>187,380.22</u>	<u>240,926.94</u>
Other Current Assets			
1400 · Prepaid Expense	40,801.28	39,719.61	40,297.37
1405 · Work Comp Deposit	1,898.00	1,898.00	1,898.00
1450 · Allowance for Bad Debt	(46,415.80)	(46,415.80)	(36,866.16)
1499 · Undeposited Funds	5,725.00	5,231.80	5,231.80
Total Other Current Assets	<u>2,008.48</u>	<u>433.61</u>	<u>10,561.01</u>
Total Current Assets	<u>586,589.68</u>	<u>745,240.74</u>	<u>671,180.39</u>
Fixed Assets			
Fixed Assets			
1320 · Leasehold Impvmnt. - Coastside	25,886.14	25,886.14	25,886.14
1321 · Leasehold Improv. - S. Mateo	1,016,755.76	1,016,755.76	1,016,755.76
1335 · Dental Equipment - Coastside	117,755.81	117,755.81	117,755.81
1336 · Dental Equipment - San Mateo	460,259.48	464,255.20	464,255.20
1340 · Computers - Coastside	35,725.63	35,725.63	35,725.63
1341 · Computers - San Mateo	65,633.05	65,633.05	65,633.05
1350 · Mobile Equipment	188,945.09	188,945.09	188,945.09
1370 · Furniture/Fixtures - Coastside	8,515.46	8,515.46	8,515.46
1371 · Furniture/Fixtures - S.Mateo	109,021.12	109,021.12	109,021.12
1380 · Truck	111,934.08	111,934.08	111,934.08
Less Accumulated Depr.			
1390 · Accum. Depreciation-Coastside	(141,462.63)	(142,698.91)	(143,935.19)
1395 · Accum. Depreciation - San Mateo	(525,513.47)	(546,556.05)	(567,598.63)
Total Less Accumulated Depr.	<u>(666,976.10)</u>	<u>(689,254.96)</u>	<u>(711,533.82)</u>
Total Fixed Assets	<u>1,473,455.52</u>	<u>1,455,172.38</u>	<u>1,432,893.52</u>
Total Fixed Assets	<u>1,473,455.52</u>	<u>1,455,172.38</u>	<u>1,432,893.52</u>
Other Assets			
1420 · Security Deposits	14,697.00	14,697.00	14,697.00
Total Other Assets	<u>14,697.00</u>	<u>14,697.00</u>	<u>14,697.00</u>

SONRISAS DENTAL HEALTH, INC.

Balance Sheet

As of September 30, 2018

	Jul 31, 18	Aug 31, 18	Sep 30, 18
TOTAL ASSETS	<u><u>2,074,742.20</u></u>	<u><u>2,215,110.12</u></u>	<u><u>2,118,770.91</u></u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2000 · Accounts Payable	48,946.87	54,174.93	5,325.87
Total Accounts Payable	<u>48,946.87</u>	<u>54,174.93</u>	<u>5,325.87</u>
Credit Cards			
Credit Cards			
2112 · Wells Fargo Visa-Rothstein	1,102.60	1,641.08	1,229.24
2114 · Wells Fargo Visa-Kinniburgh	4,145.21	5,467.60	4,582.71
Total Credit Cards	<u>5,247.81</u>	<u>7,108.68</u>	<u>5,811.95</u>
Total Credit Cards	5,247.81	7,108.68	5,811.95
Other Current Liabilities			
2205 · Accrued Interest	520.83	781.24	1,041.65
*Payroll Liabilities			
2300 · Accrued Salaries/Wages	64,325.25	72,815.25	81,164.33
2301 · Accrued PTO	50,573.42	50,573.42	50,573.42
2321 · 401k Funds Payable	4,188.44	5,461.52	6,083.77
2383 · Accrued Payroll Taxes	22,143.80	19,720.26	20,608.93
2384 · Accrued PR Taxes on PTO	3,868.87	3,868.87	3,868.87
2387 · Accrued 401K Match	101.26	235.46	259.78
Total *Payroll Liabilities	<u>145,201.04</u>	<u>152,674.78</u>	<u>162,559.10</u>
Patient Liabilities			
2220 · Patient Prepayments - Coastsid	5,460.30	7,387.60	5,078.60
2221 · Patient Prepayments - SM	14,143.55	16,924.50	12,091.30
2225 · Patient Refunds Payable -SM	4,180.80	4,498.75	2,859.15
2226 · Patient Refunds Payable - CSTSE	2,881.18	2,985.08	2,700.78
Total Patient Liabilities	<u>26,665.83</u>	<u>31,795.93</u>	<u>22,729.83</u>
Total Other Current Liabilities	<u>172,387.70</u>	<u>185,251.95</u>	<u>186,330.58</u>
Total Current Liabilities	<u>226,582.38</u>	<u>246,535.56</u>	<u>197,468.40</u>
Long Term Liabilities			
2701 · Accrued Rent Expense	653,741.24	669,570.24	685,399.24
2702 · PHCD Operating Loan	250,000.00	250,000.00	250,000.00
2703 · PHCD T.I. Loan	1,108,354.36	1,108,354.36	1,108,354.36
2706 · Accr. Interest-TI Loan	100,365.48	103,166.49	105,967.50
2707 · Accr. Interest-Def. Rent	32,658.99	34,356.83	36,057.52
Total Long Term Liabilities	<u>2,145,120.07</u>	<u>2,165,447.92</u>	<u>2,185,778.62</u>
Total Liabilities	2,371,702.45	2,411,983.48	2,383,247.02
Equity			
3900 · Retained Earnings- Coastsid	1,180,974.54	1,180,974.54	1,180,974.54
3901 · Retained Earnings - San Mateo	(1,517,429.25)	(1,517,429.25)	(1,517,429.25)
3905 · Restricted Net Assets- Coastsid	17,324.90	83,311.67	80,430.07
3906 · Restricted Net Assets-S.Mateo	69,486.25	126,465.42	123,558.07
Net Income	(47,316.69)	(70,195.74)	(132,009.54)

3:09 PM
11/06/18
Accrual Basis

SONRISAS DENTAL HEALTH, INC.

Balance Sheet

As of September 30, 2018

	<u>Jul 31, 18</u>	<u>Aug 31, 18</u>	<u>Sep 30, 18</u>
Total Equity	(296,960.25)	(196,873.36)	(264,476.11)
TOTAL LIABILITIES & EQUITY	<u><u>2,074,742.20</u></u>	<u><u>2,215,110.12</u></u>	<u><u>2,118,770.91</u></u>



**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

SONRISAS DENTAL HEALTH, INC.

TABLE OF CONTENTS
JUNE 30, 2018

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Net Position	3
Statement of Revenues, Expenses and Changes in Net Position	4
Statement of Cash Flows	5
Notes to Financial Statements	6

Draft



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITOR'S REPORT

Governing Board
Sonrisas Dental Health, Inc.
San Mateo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Sonrisas Dental Health, Inc. (Agency), a component unit of the Peninsula Health Care District (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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 opinions 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. 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of June 30, 2018, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Agency and do not purport to, and do not, present fairly the financial position of the District, as of June 30, 2018, the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Palo Alto, California
November 1, 2018

SONRISAS DENTAL HEALTH, INC.

STATEMENT OF NET POSITION JUNE 30, 2018

ASSETS:

CURRENT ASSETS:

Cash and investments	\$ 405,696
Receivables, net	
Patient receivable	150,073
Grant receivable	5,725
Prepaid items	42,418
Other assets	5,574
TOTAL CURRENT ASSETS	609,486

NONCURRENT ASSETS:

Deposit receivable	14,697
Depreciable capital assets, net	1,495,734
TOTAL NONCURRENT ASSETS	1,510,431
TOTAL ASSETS	2,119,917

LIABILITIES:

CURRENT LIABILITIES:

Accounts payable and accrued expenses	215,463
Unearned revenues	34,046
TOTAL CURRENT LIABILITIES	249,509

NONCURRENT LIABILITIES:

Advances from Peninsula Health Care District	2,124,995
TOTAL NONCURRENT LIABILITIES	2,124,995
TOTAL LIABILITIES	2,374,504

NET POSITION:

Restricted for capital projects	40,000
Unrestricted	(294,587)
TOTAL NET POSITION	\$ (254,587)

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

SONRISAS DENTAL HEALTH, INC.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

OPERATING REVENUES:

Patient services	\$ 1,397,284
TOTAL OPERATING REVENUES	<u>1,397,284</u>

OPERATING EXPENSES:

Salaries and benefits	1,853,401
Supplies and other	562,472
Legal fees and purchased services	165,481
Rental expenses	219,672
Depreciation	<u>267,470</u>
TOTAL OPERATING EXPENSES	<u>3,068,496</u>

OPERATING LOSS	<u>(1,671,212)</u>
-----------------------	--------------------

NONOPERATING INCOME (EXPENSE):

Grants and contributions	275,613
Investment gain / loss	2,122
Income from settlement	75,489
Other income	<u>2,906</u>
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>356,130</u>

INCOME LOSS TRANSFERS	<u>(1,315,082)</u>
------------------------------	--------------------

Transfers from Peninsula Health Care District	<u>975,489</u>
---	----------------

Change in Net Position	(339,593)
------------------------	-----------

Net Position, beginning	<u>85,006</u>
-------------------------	---------------

Net Position, ending	<u>\$ (254,587)</u>
----------------------	---------------------

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

SONRISAS DENTAL HEALTH, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOW FROM OPERATING ACTIVITIES:	
Cash received from patients	\$ 1,434,063
Cash paid to suppliers for goods and services	(2,822,082)
NET CASH USED BY OPERATING ACTIVITIES	(1,388,019)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Principal paid on debt	(139,972)
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	(139,972)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating grants	297,300
Other Income	74,722
Transfers in	1,213,275
NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES	1,585,297
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	2,122
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,122
NET INCREASE IN CASH AND CASH EQUIVALENTS	59,428
CASH AND CASH EQUIVALENTS AT THE	
BEGINNING OF THE FISCAL YEAR	346,268
CASH AND CASH EQUIVALENTS AT THE	
END OF THE FISCAL YEAR	\$ 405,696
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating income (loss)	\$ (1,671,212)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
Depreciation	267,470
(Increase) Decrease in Operating Assets:	
Patient receivable	2,733
Prepaid items	(29,513)
Increase (Decrease) in Operating Liabilities:	
Accounts payable and accrued expenses	8,457
Unearned revenues	34,046
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (1,388,019)

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

SONRISAS DENTAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Sonrisas Dental Health, Inc. (the Agency) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies:

Description of the Organization

Sonrisas Dental Health, Inc. is a proprietary fund and is in the business of providing dental care to low income families, people with disabilities, seniors, and other lacking access to dental care throughout San Mateo County including the Peninsula and Coastside communities.

The Agency operates two dental facilities in San Mateo County and was previously doing business as Apple Tree Dental California, Inc. In fiscal year 17/18, the Peninsula Health Care District (District) appointed the voting majority of the Agency and provided financial support to provide the dental services. The Agency is a component unit of the District. The financial statements present only net position, changes in net position and cash flow of the Agency. They do not purport to, and do not present fairly, the financial position and changes in net position of the District as of June 30, 2018.

Measurement Focus and Basis of Accounting

The accounts of the Agency are organized on the basis of fund accounting. The operations of the fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses. The Agency utilizes a proprietary type fund to account for its activities.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

Proprietary funds are accounted for using the economic resource measurement and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred. The Agency applies all GASB pronouncements.

Cash and Cash Equivalents

The Agency's cash and cash equivalents are considered to be cash on hand and in banks.

Capital Assets and Depreciation

The valuation basis for capital assets is historical costs, or where historical costs is not available, estimated historical cost based on replacement cost. The fund uses a capitalization threshold of \$5,000. Maintenance and repairs of property and equipment are charged to operations, and major renewals are capitalized.

SONRISAS DENTAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follow:

	<u>Lives of Assets</u>
Leasehold improvements	10-20 years
Dental equipment	5-10 years
Office equipment and furniture	5-10 years

Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a fund's principal ongoing operations. The principal operating revenues of the Agency are amounts from patients, third-party payers, and others for services rendered. Operating expenses for the Agency include the cost of providing dental services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ materially from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash as of June 30, 2018 consists of the following:

Cash in Bank	<u>\$ 405,696</u>
--------------	-------------------

Deposits with financial institutions are insured by the Federal Depository Insurance Corporation up to \$250,000 per bank. There were no bank deposits that exceeded the FDIC limits.

NOTE 3 – CAPITAL ASSETS

Leasehold improvements	\$ 1,042,642
Dental Equipment	578,015
Office equipment and furniture	519,774
Total	<u>2,140,431</u>
Less: accumulated depreciation	<u>(644,697)</u>
Net property and equipment	<u>\$ 1,495,734</u>

SONRISAS DENTAL HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 4 – PENINSULA HEALTH CARE DISTRICT

The District provides some administrative accounting and monetary support to the Agency. The Agency received \$900,000 from the District to provide dental services to eligible patients in San Mateo County in the current year.

In addition, the Agency received a loan in the amount of \$2,124,995 from the District for start up costs in the current and prior years.

Draft

Draft

C

**Grant / Fundraising Status
October 15, 2018**

GRANT SUBMISSION / PENDING						
Name	Submittal Date	Requested	Center	Programs	Period	
George H Sandy Foundation	7/26/2018	\$ 20,000	SM/CS	ATC	1 year	
Dignity Health	7/20/2018	\$ 20,000	SM/CS	Screenings	1 year	
Pierre Fauchard Foundation	5/25/2018	\$ 10,000	SM/CS	ATC	1 year	
Sidney Memorial Trust	4/28/2018	\$ 5,000	CS	ATC	1 year	
The Gellert Foundation	8/15/2018	\$ 50,000	SM/CS	Procedures	1 year	
SM Credit Union (LOI)	8/30/2018	\$ 5,000	SM/CS	ATC	1 year	
Get Healthy San Mateo County	9/14/2018	\$ 6,500	SM/CS	Screenings	1 year	
TouchPoint Foundation	9/30/2018	\$ 7,500	SM/CS	Older Adults	1 year	
Hurlbut-Johnson Charitable Trust (via SVCF)	9/30/2018	\$ 40,000	CS	ATC	1 year	
Costco Wholesale				Children		
Cisco Grant Program				ATC		
Total		\$ 164,000				

CS = Coastside
SM = San Mateo
ATC = Access to Care
SVCF = Silicon Valley Commu
To Be Submitted

AWARDED (Pledges - Cash Not Rec'd)							
Name	Awarded	Amount	Received	Not Received	Period	Program	Center
Peninsula Health Care District	5/24/2018	\$ 750,000	\$ 300,000	\$ 450,000	May 18-Dec 18	ATC	SM
Peninsula Health Care District	10/25/2018	\$ 1,300,000	\$ -	\$ 1,300,000	Jan19-Jun19	ATC	SM
California Wellness	8/13/2018	\$ 250,000	\$ 125,000	\$ 125,000	Aug18-Aug 21	Senior/Children	SM/CS
Total		\$ 2,300,000	\$ 425,000	\$ 1,875,000			

GRANTS/DONATIONS AVAILABLE IN FY19							
Name	Beginning Bal	Addition	Released	Ending Bal	Period	Purpose	Center
Hope Fund	\$ 5,971		\$ 659	\$ 5,312	On Going	Uncompensated Care	CS
Hope Fund	\$ 7,817		\$ -	\$ 7,817	On Going	Fund Development	CS
Gasser - School Screenings	\$ 600		\$ -	\$ 600	On Going	School Screenings	CS
Bothin Foundation	\$ 40,000		\$ -	\$ 40,000	Ext. to Aug 31, 2018	IV Sedation	SM
Farmworkers	\$ 27,480	\$ 17,175	\$ 19,465	\$ 25,190	01/01/18-12/31/18	Farmworkers	SM
City of HMB	\$ -	\$ 10,000	\$ 2,499	\$ 7,501	07/01/18-6/30/2019	General Support	CS
Atkinson Foundation	\$ -	\$ 7,500	\$ 2,500	\$ 5,000	07/01/2018-6/30/2019	General Support	SM/CS
Sand Hill Foundation	\$ -	\$ 30,000	\$ 2,500	\$ 27,500	10/01/2018-9/30/2019	General Support	SM/CS
California Wellness	\$ -	\$ 125,000	\$ 20,833	\$ 104,167	08/01/2018-01/31/2020	Senior/Children	SM/CS
Delta Dental Community Foundation	\$ -	\$ 35,000	\$ 2,917	\$ 32,083	10/01/2018-9/30/2019	General Support	SM/CS
Wells Fargo	\$ -	\$ 2,500	\$ 2,500	\$ -	Unrestricted	Uncompensated Care	SM/CS
Silicon Valley Foundation	\$ -	\$ 12,500	\$ 12,500	\$ -	Unrestricted	Uncompensated Care	CS
Individual Donations	\$ -	\$ 300	\$ 300	\$ -	Unrestricted	Uncompensated Care	SM/CS
Total	\$ 81,868	\$ 239,975	\$ 66,673	\$ 255,170			

GRANTS NOT AWARDED (FY19)							
Name	Submittal Date	Requested	Center	Date Notified	Reason	Next Steps	
Pierre Fauchard Foundation	5/25/2018	\$ 10,000	SM/CS	11/6/2018	None Given	Resubmit 3/1-6/1/19	