



## Board Meeting February 20, 6:30 PM

Location  
Sonrisas San Mateo Conference Room  
430 N. El Camino Real, San Mateo

Join Zoom Meeting  
<https://us02web.zoom.us/j/88396152245?from=addon>  
Meeting ID: 883 9615 2245

One tap mobile  
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### AGENDA

1. 6:30 CALL TO ORDER AND ROLL CALL –Board Chair Taverner
2. 6:35 MISSION MOMENT – CEO Fecher
3. 6:40 PUBLIC COMMENTS TABS
4. 6:40-6:45 APPROVAL OF JANUARY BOARD MINUTES –Chair Taverner A
5. 6:45-6:55 ANNUAL MEETING B
  - A. Election of Officers ACTION REQUESTED – CEO Fecher
  - B. Appointment of Director ACTION REQUESTED – Director Hinshelwood
  - C. Reappointment of Directors ACTION REQUESTED – Director Hinshelwood
  - D. Approval of FY22-23 Financial Audit Report ACTION REQUESTED– CFO Yee
6. 6:55-7:40 STRATEGIC PLAN FY23-FY25
  - A. Sustainable Growth
    - a. FQHC Project Update –Chair Taverner and Director Kneoppel
    - b. Cooking for a Cause Sponsorship Workshop – Spandan Chakrabarti
7. 7:40-7:50 ANNUAL BOARD RETREAT DATE – Chair Taverner
8. 7:50-8:00 REPORTS C
  - A. CEO Report – CEO Fecher D
  - B. CFO Report – CFO Yee
    - a. January 2024 Profit and Loss, Balance Sheet, Dashboards
  - C. Fundraising Report – Spandan Chakrabarti E
  - D. Outreach Report – Dr. Bonnie Jue
  - E. Board Nomination Committee – Director Hinshelwood
9. 8:00-8:05 SUGGESTED AGENDA ITEMS FOR NEXT MEETING – Board Chair Taverner
10. ADJOURN





## Board Meeting January 23, 6:30 PM

Location  
Sonrisas San Mateo Conference Room  
Teleconference

### MINUTES

1. **CALL TO ORDER AND ROLL CALL – Board Chair Taverner** called the meeting to order at 6:31 pm.
  - A. **Present:** Board Chair Nigel Taverner, Vice Chair Henry Sanchez, Secretary Clyde Hinshelwood, Board Members: Larissa Cutler, Dennis Kneoppel, Rick Navarro, Steve Stielstra, Sheryl Young
  - B. **Also Present:** CEO Tracey Fecher, CFO Vickie Yee, Community Resources Director Spandan Chakrabarti, Dr. Paramita Roy, DEIJ Consultant Tanya Bluford, Patient Engagement Strategy Manager Maura LeBaron-Hsieh, Administrative Assistant Veronica Le
  - C. **Absent:** Larry Cappel
  
2. **MISSION MOMENT – Spandan Chakrabarti** introduced Belinda Wong, a Board member at the San Bruno Community Foundation. On behalf of the Foundation, Mrs. Wong presented a grant check to Sonrisas Dental Health from the Foundation established to commemorate the residents affected by the San Bruno pipeline explosion in 2010. Mrs. Wong expressed appreciation for Sonrisas’ mission to provide a dental home to the San Bruno community.
  
3. **PUBLIC COMMENTS –** No comments.
  
4. **APPROVAL OF NOVEMBER BOARD MINUTES**
  - A. **Director Hinshelwood** wanted to correct the wording in the minutes, on page 4 of the packet, changing “are counter to” to “can include”. The minutes will be updated to reflect this.
 

*Director Rick Navarro moved to approve the minutes of November 28<sup>th</sup>’s meeting with the correction mentioned. Vice Chair Henry Sanchez seconded the motion and was approved by roll call. Ayes: Henry Sanchez, Clyde Hinshelwood, Larissa Cutler, Dennis Kneoppel, Rick Navarro, Steve Stielstra. Abstained: Nigel Taverner, Sheryl Young.*
  
5. **NEW BOARD MEMBER CANDIDATE – Director Hinshelwood** welcomed Dr. Paramita Roy to the meeting and shared that the PHCD board would be voting on her appointment to one of their seats on the Sonrisas’ Board of Directors. Dr. Roy introduced herself and spoke briefly of her career in dentistry and the volunteer work she has done in the community.
  
6. **STRATEGIC PLAN FY23-FY25**
  - A. **Sonrisas Culture**
    - a. **DEIJ Business Case Development – Tanya Bluford** reinforced the importance of building a business case for an organization committed to diversity, equity, and inclusion. One key reason is that there is always transition within an organization; with a documented business case directly connected to the mission, vision, and strategic objectives, it’s less likely that DEIJ objectives will be lost during a leadership transition.
      1. The meeting broke out into four groups for five minutes to identify the priorities for Sonrisas:
        - Mission and Human Capital were identified as critical.

- The only way to deliver on our mission is through our staff.
2. The meeting broke out into the same groups for a further five minutes to select areas of focus around Human Capital and the Mission of the organization:
    - Examples given were Human Capital, Staffing and Recruiting.
  3. Once she has received feedback from staff (in February), Ms. Bluford will present the business case options and share the next steps at the March Board meeting.

## B. Sustainable Growth

### a. FQHC Project Update – Board Chair Taverner and Director Kneoppel

updated the Board on the status of the FQHC Project and acknowledged the challenges of finding potential partners:

1. SMMC - Open to the idea of expanding the current contract to include pediatric patients.
  - **Director Sanchez** asked how many patients would be received. **CEO Fecher** estimated ~ 1,000 visits a year. SMMC does not have a pediatric dentist currently.
2. Ravenswood - **Chair Taverner, Director Kneoppel** and **CEO Fecher** met with Luisa Buada, the former CEO, and Gralyn Jacques, the current CEO, to discuss the possibility of a partnership:
  - The Sonrisas' team recently followed up to see if there is interest in learning more about each other's operations but has not heard back.
  - Ravenswood is in transition currently and busy absorbing the recent Mayview acquisition.
3. Samaritan House - **CEO Fecher** is scheduled to meet Laura Bent, CEO, next Wednesday to receive an update about Samaritan House's thoughts about a partnership:
  - Differences in how Samaritan House operates their medical department compared to FQHC's were identified (Samaritan House does not charge nor look for reimbursement for their services)
4. North East Medical Services (NEMS) - **Chair Taverner, Director Kneoppel** and **CEO Fecher** are scheduled to meet with the Chief Medical Strategy Officer and CFO on Wednesday to discuss a sub-recipient contract; their current FQHC reimbursement rate is low but partnering with Sonrisas could be an opportunity to increase it:
  - NEMS recently opened a new clinic in Daly City.

### b. Q2 Progress on Goals – CEO Fecher provided her quarterly update:

1. Leadership-Management Development program is on track:
  - The program includes leadership labs, staff surveys, receiving feedback from staff on their capacity to handle projects and operations.
2. In the second half of the year, **CEO Fecher** will begin drafting a succession plan after more research is conducted.
3. Sustainable Growth and Fundraising goals - Major donor meetings have been scheduled and stewards assigned to major donors. An internal major donor meeting has been scheduled before Mr. Chakrabarti engages with Board members regarding major donor stewardship.
4. A round table event for major donors will occur on March 7<sup>th</sup>.
5. As of December 31<sup>st</sup>, 64% of the fundraising goal is completed.

- c. Mrs. LeBaron-Hsieh updated the Board on the progress of the patient and patient demographics survey. A short list of potential survey tools has been compiled with a likely decision before the March Board meeting.

## 7. REPORTS

- A. **CEO Report** – Dental recruiters have been recommending a retention bonus plan when hiring a fulltime dentist for the HMB clinic. **CEO Fecher** asked the Board for recommendations around the pros and cons of a retention bonus plan:

- a. **Director Hinshelwood** offered to contact a Bay Area acquaintance with relevant experience.

- b. **CEO Fecher** mentioned that Kaiser had changed the arrangements for reimbursement of their Medical-Dental patients. They are reverting to payments being made by the state rather than Healthcare Plan of San Mateo (HPSM). The implications are:
  1. Reimbursements are less.
  2. A reduction in the number of qualifying treatments
  3. More time-consuming processing and delays in approval
- c. This could affect ~ 19% of our patients.

**B. CFO Report**

- a. Visits are below budget but there is a positive variance.
- b. **Director Young** asked if there are any concerns about accounts receivable:
  1. Accounts receivables are in good standing; there could be delays in processing; but the team will continue diligently reviewing those accounts.

**C. Fundraising Report**

- a. Application for Measure K Grant was submitted, proposing the funds awarded would be directed to an RV clinic in Pescadero:
  1. Will expand capacity along with serving patients with Medi-Cal in the community.
  2. In answer to **Vice Chair Sanchez's** question, we should be notified in March on the status of our application:
    - If a Measure K grant is not awarded, **CEO Fecher** will ask the Board for approval to fundraise the RV project.
- b. Cooking for a Cause is set for September 21<sup>st</sup> at Domenico Winery.
- c. Major Donor Round Table is set for March 7<sup>th</sup> in Half Moon Bay at Vinoteca.

**D. Outreach Report** – No comments or questions.

**E. Board Nomination Committee** – The Board and **CEO Fecher** shared appreciations of **Director Young** and thanked her for her work at Sonrisas and on behalf of San Mateo County. **Director Young** reflected on her term with the Board and, in turn, thanked the Board and **CEO Fecher**.

**8. SUGGESTED AGENDA ITEMS FOR NEXT MEETING**

- A.** Sponsorships and sponsor packets working session.
  - a. Mr. Chakrabarti will provide sponsor packets to the Board.

**9. ADJOURN** - The meeting was adjourned at 8:46 pm.





**DATE:** February 7, 2024

**TO:** SDH Board of Directors

**FROM:** Tracey Fecher, CEO

**RE: Sonrisas Board of Directors Annual Meeting**

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The Sonrisas bylaws call for an annual meeting each year. The annual meeting includes the election of board officers on even years, appointment of directors to the board, and board members reviewing and signing of conflict-of-interest forms annually. When board member's term has expired, they may be reappointed at the annual meeting.

In February 2024, there needs to be an election of board officers. See the attached draft board rotation worksheet for the status of elected officers and board members.

Board members are asked to review and sign a Conflict-of-Interest form annually. A sample is attached to this memo. Veronica Le will email them to board members before the board meeting and will follow up if they are not received by February 29th.

Sonrisas' bylaws call for the following officers:

***SECTION 6.1 OFFICERS***

*The officers of the corporation shall be a Chair of the Board, a Vice Chair, a Chief Executive Officer ("CEO"), a Secretary, a Chief Financial Officer who shall be designated the Treasurer, and a Dental Director. The Chair of the Board and the Vice Chair each must be a director, and the other officers may or may not be directors. The Corporation may also have such other officers as may be determined by the Board. One person may hold two or more offices, except that neither the Secretary nor the Treasurer may serve concurrently as the Chair of the Board. The Dental Director need not be a director.*

At the annual meeting, the audit report will be provided to board members for approval. It is attached to this memo.



## SONRISAS BOARD OF DIRECTORS

### BOARD Term and Office Information for 2024

*Note that new board terms begin in January of new calendar year at Annual Meeting, even if board member is elected later that year according to Sonrisas' bylaws.*

#### BYLAWS SECTION 4.4: ELECTION AND TERMS OF OFFICE

“Each director shall be appointed or elected for a term of three (3) years and shall hold office until a successor has been appointed or elected and qualified. Notwithstanding the foregoing and the provisions of Section 4.4, new directors may be appointed or elected at any time to fill vacancies in accordance with the Article 4, including PHCD’s appointment rights. If a director is appointed or elected at a time other than the **annual meeting**, his or her term shall be calculated starting from the date of the most recent annual meeting.”

#### BYLAWS SECTION 5.2: ANNUAL MEETINGS:

“An annual meeting of the Board shall be held each year and will coincide with one of the regular meetings. At the annual meeting, on even years, there will be an election of officers. Officers shall be elected for two-year terms. Candidates receiving the most votes shall be elected. Each director will cast one vote.”

#### BYLAWS SECTION 6.2 ELECTION, AND TERM OF OFFICE:

“The officers of the Corporation shall be elected bi-annually by the Board at the annual meeting and shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of any officer under employment.”

Sonrisas Board of Directors 2024 - <b>DRAFT</b>						
Board Director Name	HMB or PHCD Seat?	Board Service Start Year	Current Term Start	Current Term Ends December:	Office	Start Date of Office
Nigel Taverner	HMB	2006	2022	2024	Chair	2009
Henry Sanchez	PHCD	2023	2023	2025	Vice Chair	2023
Clyde Hinshelwood	HMB	2015	2022	2024	Secretary	2018
Larry Cappel	PHCD	2018	2022	2024		
Rick Navarro	PHCD	2018	2022	2024		
Larissa Cutler	HMB	2021	2021	2023	Board will vote on reappointment at Feb 2024 Board Meeting	
Steve Stielstra	HMB	2021	2021	2023		
Dennis Kneoppel	PHCD	2022	2022	2024		
Paramitra Roy	PHCD	2024	2024	2026	Approved by PHCD. Board will approve at Feb 2024 Board Meeting	



## **SONRISAS DENTAL HEALTH, INC.**

### **CONFLICT-OF-INTEREST POLICY FOR TRUSTEES AND OFFICERS**

A conflict of interest is present whenever a trustee or officer of Sonrisas Dental Health has a financial interest in a proposed transaction or is a director or officer of the other entity to the proposed transaction. Such transactions may include services provided by the organization to fundholders, grants given to charitable organizations on which the trustee or officer also serves as an officer or director, purchase of services and/or tangibles from a vendor, and/or access to specialized or privileged information that can be used for personal gain.

California nonprofit corporation law provides that transactions between a nonprofit organization such as Sonrisas Dental Health and any other corporation, partnership, association, or other organization in which one or more of the nonprofit organization's directors or officers are directors or officers, or have a financial interest, while not prohibited outright, are nonetheless subject to question. Such transactions may be void or voidable unless a good-faith disclosure of any such interest is made to the nonprofit organization prior to the nonprofit organization's entry into the transaction. It is also possible that directors and officers who fail to comply with the requirements of this law may incur liability to the extent that the nonprofit organization is damaged.

Therefore, in accordance with this law, Sonrisas Dental Health requires its trustees and officers to disclose all interests that they or a family member has in other for-profit or nonprofit entities where it is foreseeable that the organization may enter into a contract, be awarded a grant, or have other business or financial dealings with the entity. This shall include, but not be limited to, financial interests, officerships, directorships, and other similar substantial interests in any such entities.

Trustees and officers of Sonrisas Dental Health are asked to maintain independence, objectivity, *and confidentiality* and to do what a sense of fairness, ethics, and personal integrity dictate even though not necessarily obligated to do so by law, regulation, or custom. Trustees and officers serving on the executive committee shall refrain from voting on a proposed grant if they are in a conflict-of-interest situation and, if appropriate, shall withdraw from the meeting.



In order to avoid even the appearance of a conflict of interest that might embarrass the board or the organization, trustees and officers must disclose any actual or possible conflicts, and the nature thereof, to the board chair and to the chief executive officer of Sonrisas Dental Health annually, or as such situations may arise.

Adopted: \_\_\_\_\_

**SONRISAS DENTAL HEALTH, INC.  
CONFLICT-OF-INTEREST ACKNOWLEDGMENT**

I have read and understand Sonrisas Dental Health's policy on conflict of interest. As part of Sonrisas Dental Health, I understand that this policy on conflict of interest applies to me.

I understand that I am expected to conduct business in accordance with the letter, spirit, and intent of all relevant conflict-of-interest laws and the conflict-of-interest policy. I also acknowledge that I am to refrain from any illegal, dishonest, or unethical conduct. I understand that if a situation arises where it is difficult to determine the proper course of action, the matter will be discussed openly with the board and/or with the chair or his or her designee for advice and consultation. Furthermore, I understand that this document can be amended by the chair or the CEO at any time.

In compliance with the organization's conflict-of-interest policy, the positions that I or an immediate family member hold within the community are as follows:

Business and professional activities in which I or an immediate family member hold as an owner, officer, board member, partner, employee, or other beneficiary position as of \_\_\_\_\_:

Name of Business/Organization

Position Held/By Whom

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Other not-for-profit organizations with which I or a family member is associated, and which might reasonably expect to award a grant to Sonrisas Dental Health:

Name of Organization

Position Held/By Whom

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Other activities that may produce a possible conflict of interest:

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In addition, I recognize the need to maintain confidentiality regarding information I might receive as a trustee or officer regarding donors, donations, and grantmaking activities of Sonrisas Dental Health.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

*Approved by Sonrisas Dental Health Board of Directors on **May 16, 2019.***



**Audited Financial Statements**

**SONRISAS**  
**DENTAL HEALTH, INC.**

**June 30, 2023 and 2022**

## Audited Financial Statements

SONRISAS DENTAL HEALTH, INC.

June 30, 2023

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# JWT & Associates, LLP

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## *Report of Independent Auditors*

Board of Directors  
Sonrisas Dental Health, Inc.  
San Mateo, California

### *Opinion*

We have audited the accompanying financial statements of Sonrisas Dental Health, Inc. (the Agency), a non profit organization, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2023 and 2022, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Emphasis of Matter*

As discussed in Note A, the Agency is a component unit of the Peninsula Health Care District (the District). 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, 2023 and 2022, the changes in its financial position and cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*JW7 & Associates, LLP*

Fresno, California  
October 27, 2023

## Statements of Financial Position

## SONRISAS DENTAL HEALTH, INC.

	June 30,	
	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 598,017	\$ 766,677
Investments	1,015,925	747,480
Restricted cash and cash equivalents		149,565
Patient accounts receivable, net of allowances	458,589	321,180
Grant and other receivables	326,819	465,454
Prepaid expenses and other current assets	<u>53,537</u>	<u>14,386</u>
Total current assets	2,452,887	2,464,742
Property and equipment, net of accumulated depreciation	905,793	1,009,480
Other assets	<u>16,297</u>	<u>16,297</u>
Total assets	<u>\$ 3,374,977</u>	<u>\$ 3,490,519</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 122,163	\$ 110,223
Accrued payroll and related liabilities	311,056	389,689
Unearned revenues	<u>24,622</u>	<u>32,065</u>
Total current liabilities	457,841	531,977
Debt borrowings	<u>5,603</u>	<u>7,408</u>
Total liabilities	463,444	539,385
Net assets:		
Net assets without donor restrictions	2,911,533	2,801,569
Net assets with donor restrictions	<u>149,565</u>	<u>149,565</u>
Total net assets	<u>2,911,533</u>	<u>2,951,134</u>
Total liabilities and net assets	<u>\$ 3,374,977</u>	<u>\$ 3,490,519</u>

## Statements of Operations

## SONRISAS DENTAL HEALTH, INC.

	Year Ended June 30,	
	<u>2023</u>	<u>2022</u>
<b>Revenues, gains and other support:</b>		
Dental service - net patient revenues	\$ 2,921,728	\$ 2,724,850
Other operating revenues, gains and other support:	<u>5,736</u>	<u>3,035</u>
Total revenues, gains and other support	2,927,464	2,727,885
<b>Expenses:</b>		
Salaries and wages	3,188,833	2,823,739
Employee benefits	405,320	407,412
Community service programs	153,537	
Professional fees	113,723	125,877
Supplies	353,610	308,322
Purchased services	207,472	272,606
Utilities and phone	139,101	60,244
Lease expense	41,808	41,440
Insurance	29,515	26,571
Depreciation and amortization	288,027	296,094
Interest	22,759	13,794
Other operating expenses	<u>107,172</u>	<u>84,104</u>
Total expenses	<u>5,050,877</u>	<u>4,460,203</u>
Net (loss) from operations	(2,123,413)	(1,732,318)
<b>Non-operating revenues:</b>		
Investment income	6,992	2,246
Forgiveness of debt borrowings		201,105
Interfund transfers	900,000	900,000
Grants, contributions and other	<u>1,176,820</u>	<u>806,944</u>
Total non-operating revenues	<u>2,083,812</u>	<u>1,910,295</u>
Excess of (expenses) over revenues	<u>\$ (39,601)</u>	<u>\$ 177,977</u>

## Statements of Changes in Net Assets

## SONRISAS DENTAL HEALTH, INC.

	Year Ended June 30,	
	<u>2023</u>	<u>2022</u>
<b>Changes in Net Assets without Donor Restrictions</b>		
Net assets without donor restrictions at the beginning of the year	\$ 2,801,569	\$ 2,484,274
Excess of (expenses) over revenues	(39,601)	177,977
Contributions released from donor restriction	<u>149,565</u>	<u>140,000</u>
Net assets without donor restrictions at the end of year	<u>\$ 2,911,533</u>	<u>\$ 2,801,569</u>
<b>Changes in Net Assets with Donor Restrictions</b>		
Net assets with donor restrictions at the beginning of the year	\$ 149,565	\$ 140,000
Contributions received with donor restrictions		149,565
Contributions released from donor restriction	<u>(149,565)</u>	<u>(140,000)</u>
Net assets with donor restrictions at the end of the year	<u>\$ _____</u>	<u>\$ 149,565</u>

## Statements of Cash Flows

## SONRISAS DENTAL HEALTH, INC.

	Year Ended June 30,	
	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Net loss from operations	\$ (2,123,413)	\$ (1,732,318)
Adjustments to reconcile changes in net assets without donor restrictions to net cash provided by (used in) operating activities:		
Depreciation and amortization	288,027	296,094
Net changes in District allocations and other	900,000	899,318
Changes in operating assets and liabilities:		
Patient accounts receivable, net of allowances	(137,409)	(322,339)
Grant and other receivables	138,635	(172,115)
Prepaid expenses and other current assets	(39,151)	23,723
Accounts payable and accrued expenses	11,940	(232,472)
Accrued payroll and related liabilities	(78,633)	305,700
Unearned revenues	<u>(7,443)</u>	<u>432</u>
Net cash (used in) operating activities	(1,047,447)	(933,977)
<b>Cash flows from noncapital financing activities:</b>		
Forgiveness of debt borrowings		201,105
Net assets released from restriction	149,565	140,000
Grants, contributions and other	<u>1,176,820</u>	<u>956,509</u>
Net cash provided by noncapital financing activities	1,326,385	1,297,614
<b>Cash flows from capital and related financing activities:</b>		
Purchases of property and equipment and other	(184,340)	(382,865)
Repayment of debt borrowings	(1,805)	(202,418)
Net changes in other assets		<u>(1,600)</u>
Net cash (used in) investing activities	(186,145)	(586,883)
<b>Cash flows from investing activities:</b>		
Net change in restricted cash		(9,565)
Investment income	<u>6,992</u>	<u>2,246</u>
Net cash provided by (used in) investing activities	<u>6,992</u>	<u>(7,319)</u>
Net increase (decrease) in cash and cash equivalents	99,785	(230,565)
Cash, cash equivalents and investments at beginning of year	<u>1,514,157</u>	<u>1,744,722</u>
Cash, cash equivalents and investments at end of year	<u>\$ 1,613,942</u>	<u>\$ 1,514,157</u>

*See accompanying notes and auditors' report*

SONRISAS DENTAL HEALTH, INC.

June 30, 2023

#### NOTE A - SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity:** Sonrisas Dental Health, Inc. (the Agency) is in the business of providing dental care and oral health education to all residents in the San Mateo County, California area. The Agency is incorporated under California law, and is considered a non-profit organization. Patients include low income adults and children, people with disabilities, seniors, and others lacking access to dental care, as well as patients with insurance and self-pay.

The Agency operates two dental facilities, both located in San Mateo County, and was previously doing business as Apple Tree Dental California, Inc. In the fiscal year 17/18, the Peninsula Health Care District (the 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 of the Agency present only net assets, changes in net assets and cash flows 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, 2023 and 2022.

**Basis of Accounting and Presentation:** The accounting policies and financial statements of the Agency generally conform with the recommendations of the audit and accounting guide, *Health Care Organizations*, published by the American Institute of Certified Public Accountants (AICPA). The financial statements are presented in accordance with the pronouncements of the Financial Accounting Standards Board (FASB). For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of dental care services are reported as operational revenues and expenses. Net assets of the Agency are described below. Net assets of the Agency and changes within those net asset categories are exhibited in the statements of changes in net assets.

- **Net assets without donor restrictions** - Net assets without donor restrictions represent those resources of the Agency that are not subject to donor-imposed stipulations. Limits on these net assets are broad limits resulting from the nature of the Agency and the purposes specified in its articles of incorporation and bylaws, if any.
- **Net assets with donor restrictions** - Net assets with donor restrictions represent contributions that are subject to donor-imposed restrictions that can be fulfilled by actions of the Agency pursuant to those stipulations or by the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of operations as net assets released from donor restrictions. Donor restricted contributions whose restrictions expire during the same fiscal year are recognized as revenue without donor restrictions. As of June 30, 2023, the Agency has no recorded net assets with donor restrictions.

**Use of 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Notes to Financial Statements (continued)

SONRISAS DENTAL HEALTH, INC.

#### NOTE A - SIGNIFICANT ACCOUNTING POLICIES

**Cash and Cash Equivalents:** Cash and cash equivalents include investments in highly liquid debt instruments, when present, with an original maturity of three months or less or subject to withdrawal upon request. The Agency routinely invests its surplus operating funds in interest-bearing funds such as highly liquid obligations, mutual funds and money market accounts.

**Investments:** Investments in money market funds, mutual funds, debt and equity securities are measured at fair value in the statement of financial position. Investment income or losses (including realized gains and losses on investments, interest and dividends), net of investment expenses, are considered nonoperating revenues and exhibited in the statement of operations unless the income or loss is restricted by donor, by law or by trust agreements. Unrealized gains and losses on investments are included in the excess of expenses over revenues in the statement of operations.

**Patient Accounts Receivable:** Patient accounts receivable consist of amounts owed by various governmental agencies, insurance companies and private patients. The Agency manages its receivables by regularly reviewing the accounts, inquiring with respective payors as to collectibility and providing for allowances on their accounting records for estimated contractual adjustments and uncollectible accounts. Significant concentrations of patient accounts receivable are discussed further in these footnotes.

Patient accounts receivable are recorded at amounts that reflect the consideration to which the Agency expects to be entitled in exchange for providing patient care. In evaluating the collectability of patient accounts receivable, the Agency regularly analyzes its past history and identifies and reviews trends for each of its major sources of revenue to estimate appropriate and sufficient price concessions reflected in patient accounts receivable.

For receivables associated with services provided to patients who have third-party coverage, the Agency analyzes contractually due amounts and provides additional implicit and explicit price concessions, if necessary, based upon historical collection history for deductibles and co-payments on accounts for which the third-party payer had not yet paid, or for remaining payor balances.

For receivables associated with self-pay patients, which include both patients without insurance and patients with deductible and co-payment balances due for which third-party coverage exists for part of the bill, the Agency records a significant implicit price concession 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 or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is reflected as a reduction in patient accounts receivable.

Notes to Financial Statements (continued)

SONRISAS DENTAL HEALTH, INC.

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property and Equipment:** Property and equipment are reported on the basis of cost, or in the case of donated items, on the basis of fair market value at the date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures which increase values, change capacities, or extend useful lives are capitalized. Depreciation of property and equipment and amortization of property under capital leases are computed by the straight-line method for both financial reporting and cost reimbursement purposes over the estimated useful lives of the assets, which range from 8 to 30 years for land improvements, 5 to 40 years for buildings and improvements, and 3 to 10 years for equipment. Interest cost incurred on borrowed funds, net of related interest earnings, is capitalized during periods of construction of capital assets as a component of acquiring those assets.

Gifts of property and equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor-imposed restrictions that specify how the assets are to be used, and gifts of cash or other assets that the donor stipulates must be used to acquire long-lived assets, are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

**Impairment of Long-Lived Assets:** As required by the Statement of Financial Accounting Standards (SFAS) no. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of*, the Agency reviews long-lived assets for impairment whenever the circumstances or events indicate that the carrying amount of the asset may not be fully recoverable. If the sum of the expected future cash flows (undiscounted and without interest charges) from an asset to be held and used in operations is less than the carrying value of the asset, an impairment loss is recognized. Based upon this analysis, there were no adjustments to the carrying value of long-lived assets in 2023 and 2022.

**Other Assets:** Other assets consist of rent deposits being held with the lessor of the properties being rented by the Agency. These deposits amounted to \$16,297 and \$16,297 as of June 30, 2023 and 2022, respectively.

**Compensated Absences:** The Agency's employees earn paid-time-off (PTO) benefits at varying rates depending on years of service. PTO benefits can accumulate up to specified maximum levels. Employees are paid for PTO accumulated benefits if they leave either upon termination or separation. Accrued PTO liabilities as of June 30, 2023 and 2022 were \$83,588 and \$102,397, respectively.

Notes to Financial Statements (continued)

SONRISAS DENTAL HEALTH, INC.

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue recognition:** Dental services - net patient revenue is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payers (including health insurers and government programs), and others and include variable considerations for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Agency bills the patients and third-party payers several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Revenue from government grants and contracts restricted for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions. Grants and contracts awarded for the acquisition of long-lived assets are reported as capital grants and contributions revenue, in absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as deferred revenue.

Contributions are recognized as revenue when they are received or unconditionally pledged. Donor stipulations that limit the use of the donation are recognized as contributions with donor restrictions. When the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from donor restrictions. The Agency reports gifts of cash and other assets as support with donor restrictions if received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of operations as net assets released from donor restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying financial statements. Absent donor-imposed restrictions, the Agency records donated services, materials, and facilities as support without donor restrictions. It is the policy of the Agency to encourage contributions.

Capital grants and contributions consist of grants and contributions or resources that are restricted by the grantors or donors for capital asset purposes-to acquire, construct or renovate capital assets associated with the restricted purpose. Capital grants and contributions are recorded as increases to net assets with donor restrictions when cash is received in advance of acquisition of capital assets. Capital grants and contributions are released and recognized into net assets without restrictions when capital assets are acquired and/or placed in service.

**Dental Service - Net Patient Revenues:** The Agency has agreements with third party payors that provide for payments to the Agency at amounts different from its established rates. Payment arrangements include prospectively determined rates per day, discharge or visit, reimbursed costs, discounted charges and per diem payments. Net patient service revenues are reported in the period at the estimated net realized amounts from patients, third party payors and others including estimated retroactive adjustments under reimbursement agreements with third party programs. Normal estimation differences between final reimbursement and amounts accrued in previous years are reported as adjustments of current year's net patient service revenues.

Notes to Financial Statements (continued)

SONRISAS DENTAL HEALTH, INC.

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Charity Care:** The Agency accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the Agency. Essentially, these policies define charity services as those services for which no payment is anticipated. Because the Agency does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenues. Services provided are recorded as gross patient service revenues and then written off entirely as an adjustment to net patient service revenues.

**Donor-Restricted Gifts and Contributions:** Unconditional promises to give cash and other assets to the Agency are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are generally reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the amount originally set aside as a net assets with donor restrictions is transferred to the net assets without donor restrictions and recorded in the proper manner to reflect the donor's intention. In the absence of donor restrictions, contributions are considered to be available for unrestricted use. All revenue is recognized in the period when the contribution, pledge or unconditional promise to give is received. The Agency considers unrestricted contributions as non-operating revenues and are a component of the statement of operations.

**Excess of Revenues over Expenses:** The statement of operations includes excess of revenues over expenses which is a combination of both operating and non-operating results for the year. Changes in net assets without donor restrictions which are included in excess of revenues, gains and other support over expenses include unrealized gains and losses on certain investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

**Income Taxes** - The Agency is a non-profit organization formed under the laws of the State of California. The Agency has been determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code by the United States of America's Internal Revenue Service (IRS) and under similar codes by the State of California. Accordingly, no provision for income taxes is included in the accompanying financial statements. The tax years of 2020 through 2023 remain open and subject to examination by the appropriate government agencies of the United States and the State of California.

**Statements of Cash Flows:** For purposes of the statements of cash flows, all highly liquid investments with original maturities of three months or less are considered to be cash equivalents. Cash paid for interest expense during the years ended June 30, 2023 and 2022 were \$22,759 and \$13,794, respectively.

Notes to Financial Statements (continued)

SONRISAS DENTAL HEALTH, INC.

**NOTE B - DENTAL SERVICE - NET PATIENT REVENUES**

The Agency charges all patients equally based on an established pricing structure for the services rendered (gross charges). The Agency has agreements with third party payors that provide for payments to the Agency at amounts different from its gross charges. These difference in payments from gross charges are referred to as contractual allowances, a component of deductions from revenue. Other deductions from revenue include provisions for bad debts, charity and uncompensated care, and various other administrative adjustments.

The net result between the gross charges and the deductions from revenue are considered to be net patient service revenues. Dental service - net patient revenues for the years ended June 30, 2023 and 2022, summarized by payor type and payment arrangements with major third-party payors, are as follows:

	<u>2023</u>	<u>2022</u>
Commercial insurance and PPO	20%	23%
Public dental insurance	66%	60%
FQHC and affordable scale	13%	14%
Self pay and other	<u>1%</u>	<u>3%</u>
Dental service - gross patient revenues	100%	100%
Less deductions from revenue and related allowances	<u>(52%)</u>	<u>(53%)</u>
Dental service - net patient	<u>48%</u>	<u>47%</u>

Performance obligations are determined based on the nature of the services provided by the Agency. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Agency believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Agency has elected to apply the optional exemption provided in FASB ASC Topic 606-10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Agency determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Agency's discount policy, and implicit price concessions provided to uninsured patients. The Agency determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Agency determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Notes to Financial Statements (continued)

SONRISAS DENTAL HEALTH, INC.

**NOTE B - NET PATIENT SERVICE REVENUES (continued)**

Effective with the adoption of ASU 2014-09, for changes in credit issues not assessed at the date of service, such as a payor files for bankruptcy or a patient defaults on a payment plan, the Agency recognizes these write-offs as bad debt expense, which is presented on the accompanying statements of operations as a component of net patient service revenues.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Agency's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Agency. In addition, the contracts the Agency has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Agency's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits.

**NOTE C - CONCENTRATION OF CREDIT RISK**

***Patient Accounts Receivable:*** The Agency grants credit without collateral to its patients and third party payors. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the Agency and management does not believe that there are any credit risks associated with these governmental agencies. Contracted and other patient accounts receivable consist of various payors including individuals involved in diverse activities, subject to differing economic conditions and do not represent any concentrated credit risks to the Agency. Concentration of patient accounts receivable at June 30, 2023 and 2022 are as follows:

Notes to Financial Statements (continued)

SONRISAS DENTAL HEALTH, INC.

**NOTE C - CONCENTRATION OF CREDIT RISK (continued)**

	<u>2023</u>	<u>2022</u>
Commercial insurance and PPO	18%	19%
Public dental insurance	59%	57%
FQHC and affordable scale	8%	10%
Self pay and other	<u>15%</u>	<u>14%</u>
Gross patient accounts receivable	<u>100%</u>	<u>100%</u>

**Financial Instruments:** Financial instruments, potentially subjecting the Agency to concentrations of credit risk, consist primarily of bank deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limits of \$250,000. Although deposits exceed the limit in two bank accounts, management believes that the risk of loss is minimal due to the high financial quality of the all banks with which the Agency does business. Management further believes that there is no risk of material loss due to concentration of credit risk with regards to investments as the investments are spread among several different types of equities, mutual funds, closed-end funds, exchange-traded products, and cash and cash alternatives within several different nationally recognized investment firm.

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment as of June 30, 2023 and 2022 were comprised of the following:

	Estimated Useful Life	<u>2023</u>	<u>2022</u>
Building improvements	5-30	\$ 1,309,200	\$ 1,203,656
Furniture and fixtures	3-10	134,796	129,460
Equipment	3-7	1,484,532	1,298,658
Vehicles	3-5	<u>2,928,528</u>	<u>111,934</u>
		2,928,528	2,743,708
Less accumulated depreciation and amortization		<u>(2,022,735)</u>	<u>(1,734,228)</u>
		<u>\$ 905,793</u>	<u>\$ 1,009,480</u>

Notes to Financial Statements (continued)

SONRISAS DENTAL HEALTH, INC.

#### NOTE E - DEBT BORROWINGS

As of June 30, 2023 and 2022 the Agency only has minor debt borrowings related to a capitalized lease in the amount of \$5,603 and \$7,408. Future principal payments on debt borrowings during the succeeding five years are considered minor. The Agency was in compliance with related debt covenants as of June 30, 2023 and 2022.

#### NOTE F - FUNCTIONAL EXPENSES

The Agency provides general health care services to residents within its geographic location. The method used to arrive at the functional expense allocation is derived either from direct allocations or from general cost reporting principles which basically serves to categorize expenses as those directly related to patient care and those considered to be general and administrative in support of patient care services. Functional expenses as of June 30, 2023 are as follows:

	<u>Dental Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 2,391,625	\$ 797,208		3,188,833
Employee benefits	303,990	101,330		405,320
Community service programs			\$ 153,537	153,537
Professional fees	54,379	59,344		113,723
Supplies	308,225	45,385		353,610
Purchased services	142,100	65,372		207,472
Utilities and phone	90,416	48,685		139,101
Lease expense	27,175	14,633		41,808
Insurance	10,720	18,795		29,515
Depreciation and amortization	187,218	100,809		288,027
Interest	14,793	7,966		22,759
Other operating expenses	<u>69,662</u>	<u>37,510</u>		<u>107,172</u>
Total expenses	<u>\$ 3,600,303</u>	<u>\$ 1,297,037</u>	<u>\$ 153,537</u>	<u>5,050,877</u>

Notes to Financial Statements (continued)

SONRISAS DENTAL HEALTH, INC.

**NOTE F - FUNCTIONAL EXPENSES (continued)**

Functional expenses as of June 30, 2022 are as follows:

	<u>Dental Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 2,128,066	\$ 695,673		\$ 2,823,739
Employee benefits	307,040	100,372		407,412
Professional fees	54,423	748	\$ 70,706	125,877
Supplies	277,528	30,794		308,322
Purchased services	149,119	123,487		272,606
Utilities and phone	39,159	21,085		60,244
Lease expense	26,936	14,504		41,440
Insurance	7,158	19,413		26,571
Depreciation and amortization	192,461	103,633		296,094
Interest	8,966	4,828		13,794
Other operating expenses	<u>54,668</u>	<u>29,436</u>		<u>84,104</u>
Total expenses	<u>\$ 3,245,524</u>	<u>\$ 1,143,973</u>	<u>\$ 70,706</u>	<u>\$ 4,460,203</u>

**NOTE G - FAIR VALUE OF ASSETS AND LIABILITIES**

Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 820, *Fair Value Measurements and Disclosures*, requires the fair value of financial assets and liabilities to be determined using a specific fair value hierarchy. The objective of the fair value measurement of financial instruments is to reflect the hypothetical amounts at which the Center could sell assets and or transfer liabilities in an orderly transaction between market participants at the measurement date. FASB ASC 820 describes three levels of inputs that may be used to measure fair value:

**Level 1:** Quoted prices in active markets for identical assets or liabilities;

**Level 2:** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities;

**Level 3:** Unobservable inputs for the assets or liabilities that are supported by little or no market activity and that are significant to the fair value of the underlying assets or liabilities.

Notes to Financial Statements (continued)

SONRISAS DENTAL HEALTH, INC.

**NOTE G - FAIR VALUE OF ASSETS AND LIABILITIES (continued)**

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the Agency's statement of financial position, as well as the classification pursuant to the valuation hierarchy.

**Financial Instruments:** Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 instruments include a variety of financial instruments as listed below. There are no Level 2 or Level 3 types within the statement of financial position of the Agency. The following table summarizes the financial instruments measured at fair value on a recurring basis in accordance with ASC 820 as of June 30, 2023:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Money market funds	\$ 40,201	\$ 40,201		
U. S. treasury notes	720,791	720,791		
Corporate bonds	232,873	232,873		
Mutual funds	<u>22,060</u>	<u>22,060</u>	_____	_____
Totals of financial instruments	<u>\$ 1,015,925</u>	<u>\$ 1,015,925</u>	=====	=====

The following table summarizes the financial instruments measured at fair value on a recurring basis in accordance with FAS 157 as of June 30, 2022:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Certificates of deposit	\$ 702,006	\$ 702,006		
Mutual funds	<u>45,474</u>	<u>45,474</u>	_____	_____
Totals of financial instruments	<u>\$ 747,480</u>	<u>\$ 747,480</u>	=====	=====

Notes to Financial Statements (continued)

SONRISAS DENTAL HEALTH, INC.

#### **NOTE H - COMMITMENTS AND CONTINGENCIES**

**Operating Leases:** The Agency leases various equipment and facilities under operating leases expiring at various dates through various future dates. Total building and equipment rent expense for the year ended June 30, 2023 and 2022 were \$41,808 and \$41,440, respectively. Future minimum lease payments for the succeeding years under operating leases as of June 30, 2023, that have initial or remaining lease terms in excess of one year, are considered minor.

**Litigation:** The Agency may from time-to-time be involved in litigation and regulatory investigations which arise in the normal course of doing business. After consultation with legal counsel, management estimates that matters existing as of June 30, 2023 will be resolved without material adverse effect on the Agency's future financial position, results from operations or cash flows.

**Medical Malpractice Claims:** The Agency purchases professional and general liability insurance to cover medical malpractice claims under a "claims-made" policy. There are no known incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted in the future arising from services already provided to patients as of June 30, 2023 and 2022.

**Compliance with Laws and Regulations:** The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, and reimbursement for patient services under Medicare and Medicaid fraud and abuse regulations. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed and collected. Management believes that the Agency is in compliance with fraud and abuse laws and regulations as well as other applicable government requirements. While no regulatory inquiries have been made, 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.

#### **NOTE I - INFORMATION REGARDING LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Agency regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. The Agency has various sources of liquidity at its disposal as itemized in the table presented below. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Agency considers all expenditures related to its ongoing activities of providing health care services as well as the conduct of services undertaken to support those activities, to be general expenditures.

Notes to Financial Statements (continued)

SONRISAS DENTAL HEALTH, INC.

**NOTE I - INFORMATION REGARDING LIQUIDITY AND AVAILABILITY OF RESOURCES (ctd.)**

The Agency strives to maintain liquid financial assets sufficient to cover at least 30 days of expenditures. The Agency's policy is that excess cash on hand is invested in investment instruments with liquidity requirements to enable Agency usage of those assets within a short time period. The following table reflects the Agency's financial assets as of June 30, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 598,017	\$ 766,677
Investments	1,015,925	747,480
Patient accounts receivable, net of allowances	458,589	321,180
Other receivables	<u>326,819</u>	<u>465,454</u>
Total financial assets	2,399,350	2,300,791
Less reduction of financial assets not available for general expenses	<u>-0-</u>	<u>-0-</u>
Total financial assets available for one year of general expenses	<u>\$ 2,399,350</u>	<u>\$ 2,300,791</u>

In addition to financial assets available to meet general expenditures over the next 12-month period, the Agency operates a balanced budget and anticipates collecting sufficient dental service revenue to cover general expenditures not covered other assets such as those that may be limited as to use and/or donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Agency's cash flows generated by operations for the fiscal years 2023 and 2022.

**NOTE J - SUBSEQUENT EVENTS**

Management evaluated the effect of subsequent events on the financial statements through October 27, 2023, the date the financial statements are issued, and determined that there are no material subsequent events that have not been disclosed.





**DATE:** February 7, 2024

**TO:** SDH Board of Directors

**FROM:** Tracey Fecher, CEO

**RE: CEO Report**

1. Clinic Operations:

- Clinic visits were under budget by (351) visits and under forecast by (7) visits. Visits remain off budget number due to being understaffed by 1 FTE dentist in HMB and .6 FTE hygienist between both clinics. The percentage of FQHC visits was 5% over budget.

	January					
	Budget	Forecast	Actual	Actual vs. Budget	% of Actual Visits	% of Budgeted Visits
Comm/PPO	350	257	262	(88)	24%	24%
Private Pay	36	21	23	(13)	2%	2%
Medi-Cal Dental	810	606	572	(238)	52%	56%
Affordable Plan	48	47	37	(11)	3%	3%
Farmworker	32	20	26	(6)	2%	2%
FQHC	177	159	182	5	17%	12%
Access to Care Subtotal	1,067	831	817	(250)	74%	73%
<b>Total Visits</b>	<b>1,453</b>	<b>1,109</b>	<b>1,102</b>	<b>(351)</b>		

- In January, the clinical team spent time reviewing and re-integrating Medi-Cal Dental rules, coverage, pre-authorization, and billing into the clinic workflow. This is due a change to Public Dental Insurance in San Mateo County. Patients who receive their primary care at Kaiser will no longer have their dental care administered and funded by Health Plan of San Mateo. State Medi-Cal Dental does not have the same coverage, nor does it pay the same amount as HPSM. Patients who had treatment plans in place that included an HPSM covered benefit that is not included in Medi-Cal Dental are now having to plan if they want to move forward with the treatment and private pay for it with the affordable scale.

2. HR and Staffing:

- The TriNet time and attendance system has been fully implemented and the team processed the first payroll in the new system. It will take some time for the supervisors to learn the new system. The internal TriNet implementation team has begun working

on having the onboarding process, expense reporting, learning management system and applicant tracking run from the TriNet platform.

3. Recruiting:

- The team has hired a full-time dentist for the HMB clinic. Dr. Jennifer Cai will join the team in early March. She has 10 years of experience providing care to patients with Medicaid, working at 3 different FQHCs. A dental recruiter was not used in hiring this candidate.
- A full-time registered dental assistant with 15 years of experience was recently hired. They have experience with SMMC systems and speak Spanish. We are excited to have them join the team.
- A Senior Care Coordinator left the team, so we are hiring to fill that position as well as replacing the HMB clinic office manager with an Assistant Practice Manager position that will support both clinics.
- Our recruiting efforts are around a .4 FTE hygienist and 2 FTEs for the Care Coordinator team. The team is trying 2 new recruiting sources to find dental assistants, hygienists, and care coordinators.

4. Financial Update: On February 7<sup>th</sup>, Sonrisas' current cash position was \$1,785,000.





**DATE:** February 11th, 2024

**TO:** SDH Board of Directors

**FROM:** Vickie Yee, CFO  
Tina Wang, Senior Accountant

**RE:** **January Unaudited Financials and YTD Performance to Budget**

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**January PERFORMANCE:**

- A. **Revenue:** Net Patient Revenue was **\$287,662** - \$95K below the budget
- Total visits were 1,102 - 352 below the budget due to staffing challenges.
  - Total gross revenue was \$495,236 – \$203K below the budget. - A \$30K incentive payment was accrued and will be received in February.
  - Total uncompensated care deduction was **(\$210,802)** – 43% of gross revenue.
  - \$3,228 of other program revenue was earned.
- B. **Expenses:** **\$485,447** – \$70K better than the budget.
- Direct Expenses - \$60k better than budget, mainly from personnel costs. There are a few vacancies and staff on leave of absence.
  - Indirect Expenses -\$10k below the budget due to a surplus in outreach supplies. However, building maintenance expenses increased due to the installation of key card access entry system at the Half Moon Bay Clinic, and consultant expenses are higher due to the implementation of TriNet PEO HR services.
- C. **Donations/Grants & Other Income:** **\$252,485**
- \$15,086 was received for donations through the year-end campaign.
  - \$164,817 released from restricted grants, including a \$53K Sequoia Health District grant released to match with actual FY Q2 billing.
  - \$66,666 in PHCD grant.
  - \$5,915 interest income & capital gain

**NET INCOME- \$54,669 - \$37K positive variance to budget**



### YTD PERFORMANCE:

- Performance continues to be favorable to budget primarily due to the following:
  - While visits are under budget by 15.2%, total direct care expenses are under budget by 13.4%.
  - Fundraising efforts remain strong with a net positive budget variance after fundraising expenses of \$149K.
- Staffing continues to be challenging, resulting in 1,461 fewer visits than budget. However, all available appointments are mostly filled and close to forecasted visits, except for a few no-shows due to sickness.
- The current City National Bank balance is \$1,016,758 (our initial investment was \$1M) and an unrealized gain of \$12,336.

**YTD PERFORMANCE TO BUDGET:** YTD net income is **\$311k** better than the budget. The estimated cash flow is \$318K, better than the budget. PHCD grant to date is \$578K.

	YTD Actual	YTD Budget	Performance
<i>Visits</i>	8139	9600	(1461)
Gross Patient Revenue	\$3,654,076	\$4,230,210	(13%)
Uncompensated Care (Deductions)	(\$1,773,709)	(\$2,067,355)	14%
Grants/Donations/Other Income	\$1,640,499	\$1,440,422	14%
Direct Cost	(\$2,189,556)	(\$2,528,901)	13%
Indirect Cost	(\$1,238,726)	(\$1,292,524)	4%
<b>Net Income</b>	\$92,583	(\$218,417)	142%
<i>Non-cash items adj.</i>			
Depreciation	\$173,295	\$179,009	3%
Capital Expenditure	\$67,729	\$80,514	(16%)
<b>Estimated Cash Flow</b>	<b>\$198,149</b>	<b>(\$119,922)</b>	265%

### FINANCIAL OPERATIONS:

- HPSM implemented a “Continuity of Care” incentive payment of \$55 per patient for the first preventative exam if the patient also received treatment in the prior calendar year. The team budgeted \$135K in FY24 for this incentive after estimating the totals received in FY23. The budget was \$70K in incentives in January, but only \$30K was received. The team is investigating if the budgeted number was overestimated; or if there is another reason the incentive amount is under budget. The team will report their findings in March.

Sonrisas Dental Health  
Revenues and Expenditures - Budget vs Actual  
As of January 31, 2024

As of Date:

Location:

Restriction:

	Month Ending 01/31/2024			Year To Date 01/31/2024		
	Actual	2023 2024 BUDGET	Budget Diff	Actual	2023 2024 BUDGET	Budget Diff
Revenue and Expenditures						
Net Program Income						
Patient Revenue						
Patient Services						
Commercial Insurance	19,569.00	19,873.15	(304.15)	103,954.00	133,345.52	(29,391.52)
PPO	70,365.00	112,149.18	(41,784.18)	550,962.59	746,655.79	(195,693.20)
Private Pay	8,115.00	10,395.15	(2,280.15)	65,472.00	69,521.90	(4,049.90)
Public Dental Insurance	261,994.00	372,279.38	(110,285.38)	2,016,161.30	2,375,517.83	(359,356.53)
Tobacco Tax	2,636.90	0.00	2,636.90	131,153.65	0.00	131,153.65
PDI Community of Care Incentives	30,140.00	70,000.00	(39,860.00)	30,140.00	70,000.00	(39,860.00)
Affordable Scale	13,028.00	20,536.15	(7,508.15)	126,290.00	132,836.55	(6,546.55)
Farmworker	10,148.00	14,290.51	(4,142.51)	89,851.00	96,476.19	(6,625.19)
FQHC	79,240.00	78,979.02	260.98	535,401.00	605,856.13	(70,455.13)
Gross Patient Revenue	495,235.90	698,502.54	(203,266.64)	3,649,385.54	4,230,209.91	(580,824.37)
Uncompensated Care						
Prior Period Adjustment	(3,715.56)	(1,000.00)	(2,715.56)	5,491.28	(7,000.00)	12,491.28
Uncompensated Care - Commercial Insuranc	(830.50)	(3,370.09)	2,539.59	(15,228.13)	(22,373.32)	7,145.19
Uncompensated Care - PPO	(27,510.50)	(46,163.15)	18,652.65	(215,650.85)	(307,282.32)	91,631.47
Uncompensated Care - Public Dental Insurar	(148,192.50)	(230,101.20)	81,908.70	(1,290,401.10)	(1,468,291.76)	177,890.66
Uncompensated Care - Affordable Scale	(5,536.00)	(8,720.75)	3,184.75	(54,412.75)	(56,389.19)	1,976.44
Uncompensated Care - Farmworker	837.00	(2,293.10)	3,130.10	(4,890.00)	(15,480.88)	10,590.88
Uncompensated Care - FQHC	(18,611.70)	(22,597.10)	3,985.40	(169,133.50)	(176,537.10)	7,403.60
Fee Adjustments	(7,242.50)	(2,000.00)	(5,242.50)	(29,483.78)	(14,000.00)	(15,483.78)
Total Uncompensated Care	(210,802.26)	(316,245.39)	105,443.13	(1,773,708.83)	(2,067,354.57)	293,645.74
Other Program Revenue						
Other Program Revenue	3,228.00	0.00	3,228.00	4,690.00	0.00	4,690.00

Total Other Program Revenue	3,228.00	0.00	3,228.00	4,690.00	0.00	4,690.00
Net Patient Revenue	287,661.64	382,257.15	(94,595.51)	1,880,366.71	2,162,855.34	(282,488.63)
Total Expenses						
Direct Expenses						
Direct Personnel Expense						
Direct Program Salaries	214,340.78	264,708.23	50,367.45	1,633,580.04	1,852,957.61	219,377.57
Payroll Taxes	16,911.14	20,250.18	3,339.04	112,471.06	141,751.26	29,280.20
Unemployment Taxes	11,177.57	2,179.68	(8,997.89)	13,368.05	15,257.76	1,889.71
Benefits	7,580.62	8,400.11	819.49	49,528.11	58,800.77	9,272.66
401k Match	5,406.26	6,617.70	1,211.44	32,975.88	46,323.90	13,348.02
Worker's Comp	2,377.90	1,852.95	(524.95)	10,219.78	12,970.65	2,750.87
Continuing Education	0.00	150.00	150.00	2,839.93	1,050.00	(1,789.93)
License and Registration	998.24	1,000.00	1.76	9,584.68	7,000.00	(2,584.68)
Outreach Fellowship Stipend	2,500.00	1,111.00	(1,389.00)	2,500.00	4,444.00	1,944.00
Total Direct Personnel Expense	261,292.51	306,269.85	44,977.34	1,867,067.53	2,140,555.95	273,488.42
Clinic Expenses						
Sterilization Services	883.50	841.46	(42.04)	5,987.08	5,890.22	(96.86)
Shredding	78.00	98.00	20.00	565.00	686.00	121.00
Dental Specialist-Claims Processing	5,377.64	5,741.68	364.04	32,286.01	37,314.29	5,028.28
Dental Supplies	21,167.10	26,573.08	5,405.98	159,060.81	174,853.51	15,792.70
Small Dental Equipment	45.11	400.00	354.89	3,751.45	3,300.00	(451.45)
Dental Equipment Repair	1,962.15	3,218.00	1,255.85	12,518.11	22,526.00	10,007.89
Lab Fees	12,243.17	14,156.92	1,913.75	74,714.93	92,760.21	18,045.28
Uniforms	100.00	50.00	(50.00)	1,024.17	250.00	(774.17)
PPE& Covid Related	2,101.96	7,694.44	5,592.48	32,580.68	50,764.38	18,183.70
Total Clinic Expenses	43,958.63	58,773.58	14,814.95	322,488.24	388,344.61	65,856.37
Total Direct Expenses	305,251.14	365,043.43	59,792.29	2,189,555.77	2,528,900.56	339,344.79
Indirect Expenses						
Indirect Personnel Expenses						
Salaries/Wages	73,292.73	77,703.14	4,410.41	515,526.39	553,921.98	38,395.59
Payroll Taxes	5,744.16	5,659.92	(84.24)	38,041.62	40,384.44	2,342.82
Unemployment Taxes	3,372.72	677.25	(2,695.47)	3,490.62	4,840.75	1,350.13
Benefits	3,836.78	1,659.31	(2,177.47)	9,475.48	11,831.17	2,355.69
401k Match	1,524.34	2,331.09	806.75	7,556.14	16,617.63	9,061.49
Worker's Comp	0.00	543.91	543.91	4,736.96	3,877.37	(859.59)
Total Indirect Personnel Expenses	87,770.73	88,574.62	803.89	578,827.21	631,473.34	52,646.13
Facility Expenses						

Building Maintenance	5,610.96	1,830.00	(3,780.96)	20,044.38	12,810.00	(7,234.38)
Janitorial Service	2,733.00	2,729.34	(3.66)	18,881.00	18,679.34	(201.66)
Rent	3,484.00	3,484.00	0.00	24,388.00	24,388.00	0.00
Phone/Internet	2,244.04	1,820.25	(423.79)	11,892.81	12,741.75	848.94
Utilities	4,095.68	4,000.00	(95.68)	28,908.46	28,000.00	(908.46)
<b>Total Facility Expenses</b>	<b>18,167.68</b>	<b>13,863.59</b>	<b>(4,304.09)</b>	<b>104,114.65</b>	<b>96,619.09</b>	<b>(7,495.56)</b>
Office Expenses						
Claims Processing	514.14	470.00	(44.14)	4,088.43	3,290.00	(798.43)
Patient Notification	798.00	800.00	2.00	5,586.00	5,600.00	14.00
Office Supplies	779.85	2,494.85	1,715.00	12,820.17	14,631.95	1,811.78
Postage and Shipping	1,045.58	384.00	(661.58)	3,119.06	2,688.00	(431.06)
Printing Costs	0.00	0.00	0.00	0.00	750.00	750.00
Property Taxes	0.00	0.00	0.00	65.58	250.00	184.42
Employee Goodwill	507.58	2,008.00	1,500.42	10,210.75	10,271.00	60.25
Recruitment Expense	673.47	181.00	(492.47)	4,824.82	1,267.00	(3,557.82)
<b>Total Office Expenses</b>	<b>4,318.62</b>	<b>6,337.85</b>	<b>2,019.23</b>	<b>40,714.81</b>	<b>38,747.95</b>	<b>(1,966.86)</b>
Insurance						
Insurance - Malpractice	909.00	780.00	(129.00)	5,843.00	5,460.00	(383.00)
Insurance - Liability & Property	551.00	552.00	1.00	3,857.00	3,864.00	7.00
Insurance - Directors & Officer Liability	804.00	804.00	0.00	5,628.00	5,628.00	0.00
<b>Total Insurance</b>	<b>2,264.00</b>	<b>2,136.00</b>	<b>(128.00)</b>	<b>15,328.00</b>	<b>14,952.00</b>	<b>(376.00)</b>
Fundraising Department						
Fundraising Expenses	820.67	768.00	(52.67)	52,088.45	36,292.00	(15,796.45)
Fundraising Consulting	6,000.00	6,117.00	117.00	61,080.00	51,169.00	(9,911.00)
<b>Total Fundraising Department</b>	<b>6,820.67</b>	<b>6,885.00</b>	<b>64.33</b>	<b>113,168.45</b>	<b>87,461.00</b>	<b>(25,707.45)</b>
Professional fee						
Consultant - General	4,050.00	500.00	(3,550.00)	16,450.00	7,500.00	(8,950.00)
Consultant - HR Professionals	6,483.65	2,600.00	(3,883.65)	22,683.65	18,200.00	(4,483.65)
Consultant-Project Manager	8,000.00	6,000.00	(2,000.00)	35,100.00	42,000.00	6,900.00
Consultant-Outreach System	0.00	1,250.00	1,250.00	0.00	8,750.00	8,750.00
Consultant-FQHC	2,500.00	4,044.44	1,544.44	18,700.00	22,044.44	3,344.44
Consultant - Legal	0.00	0.00	0.00	2,239.00	0.00	(2,239.00)
Consultant - Leadership Coaching	2,645.83	3,277.77	631.94	17,708.32	16,111.08	(1,597.24)
<b>Total Professional fee</b>	<b>23,679.48</b>	<b>17,672.21</b>	<b>(6,007.27)</b>	<b>112,880.97</b>	<b>114,605.52</b>	<b>1,724.55</b>
General						
Depreciation Expense	24,919.99	25,572.67	652.68	173,294.91	179,008.69	5,713.78
Marketing Expense	0.00	1,800.00	1,800.00	11,473.02	12,583.00	1,109.98

Meeting & Travel Expenses	322.43	165.00	(157.43)	3,076.01	5,755.00	2,678.99
Fees and Interest	3,936.69	2,000.00	(1,936.69)	15,322.67	14,000.00	(1,322.67)
Outreach Supplies	207.47	17,294.75	17,087.28	9,425.96	30,031.75	20,605.79
Training & Membership	0.00	0.00	0.00	695.00	0.00	(695.00)
Board Expense	124.98	875.00	750.02	605.35	6,125.00	5,519.65
Total General	29,511.56	47,707.42	18,195.86	213,892.92	247,503.44	33,610.52
Computer expense						
Computer Support	6,661.07	6,446.66	(214.41)	44,063.10	41,926.64	(2,136.46)
Software Support	1,002.00	706.00	(296.00)	15,736.04	19,235.00	3,498.96
Total Computer expense	7,663.07	7,152.66	(510.41)	59,799.14	61,161.64	1,362.50
Total Indirect Expenses	180,195.81	190,329.35	10,133.54	1,238,726.15	1,292,523.98	53,797.83
Total Total Expenses	485,446.95	555,372.78	69,925.83	3,428,281.92	3,821,424.54	393,142.62
Total Net Program Income	(197,785.31)	(173,115.63)	(24,669.68)	(1,547,915.21)	(1,658,569.20)	110,653.99
Grants and Other Income						
Grants and Donations						
Fundraiser	0.00	0.00	0.00	163,844.63	130,000.00	33,844.63
Donations	15,086.61	6,000.00	9,086.61	47,493.66	41,000.00	6,493.66
Grants	164,817.13	116,667.00	48,150.13	814,009.62	791,665.00	22,344.62
PHCD Grants	66,666.00	66,667.00	(1.00)	578,466.00	466,669.00	111,797.00
Total Grants and Donations	246,569.74	189,334.00	57,235.74	1,603,813.91	1,429,334.00	174,479.91
Other Income						
Interest Income-Heritage	176.56	42.00	134.56	1,380.67	294.00	1,086.67
Other Income	0.00	0.00	0.00	32.27	0.00	32.27
Unrealized gain(loss)-CityNational	2,071.16	0.00	2,071.16	19,269.31	0.00	19,269.31
Investment Income	3,667.38	1,542.00	2,125.38	15,960.24	10,794.00	5,166.24
Interest Income	0.00	0.00	0.00	42.47	0.00	42.47
Total Other Income	5,915.10	1,584.00	4,331.10	36,684.96	11,088.00	25,596.96
Total Grants and Other Income	252,484.84	190,918.00	61,566.84	1,640,498.87	1,440,422.00	200,076.87
Net income	54,699.53	17,802.37	36,897.16	92,583.66	(218,147.20)	310,730.86

**Sonrisas Dental Health**  
**Balance Sheet**

As of Date:

01/31/2024

Location:

Sonrisas Dental Health

Year To Date

01/31/2024

Current Year Balance**Assets**

## Current Assets

## Cash and Cash Equivalents

11218 - Heritage -Operating 719,392.08

11600 - Petty Cash 198.84

Total Cash and Cash Equivalents 719,590.92

## Accounts Receivable, Net

## Accounts Receivable

12100 - Accounts Receivable 239,489.03

12210 - Accounts Receivable - Grants 688,561.46

12218 - Contra Acct - Allowance for Bad Debt (21,248.65)

12220 - Accounts Receivable - Other Agencies 105,689.28

Total Accounts Receivable 1,012,491.12

Total Accounts Receivable, Net 1,012,491.12

## Other Current Assets

21,802.43

## Total Current Assets

1,753,884.47

## Long-term Assets

## Property &amp; Equipment

17300 - Improvements 1,202,486.39

17400 - Equipment 1,544,175.80

17500 - Furniture/Fixtures 134,795.71

17999 - Accum Depreciation (2,082,233.96)

Total Property &amp; Equipment 799,223.94

## Other Long-term Assets

16,297.00

## Total Long-term Assets

815,520.94

## Investments

## Long Term Investments

11410 - Investment Acct. - Merrill Lynch 10,793.17

11412 - Investment Acct. - City National 1,016,758.12

11415 - Unrealized Gain(loss) on Investment 12,335.59

Total Long Term Investments 1,039,886.88

## Total Investments

1,039,886.88

**Total Assets****3,609,292.29****Liabilities and Net Assets**

## Liabilities

## Short-term Liabilities

## Accounts Payable

21110 - Accounts Payable 72,149.59

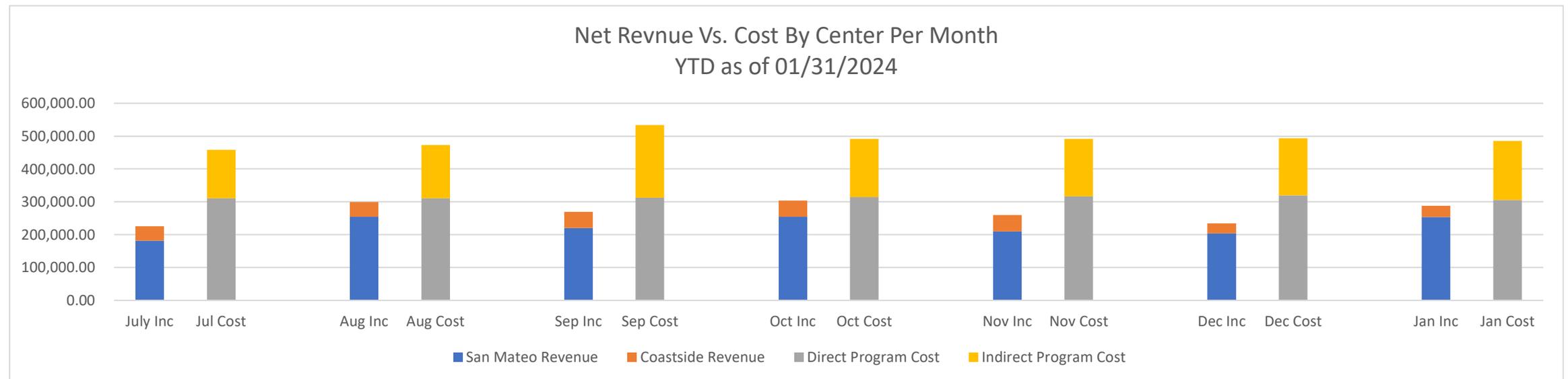
23100 - Patient Prepayments 19,658.45

23200 - Patient Refunds Payable 4,177.66

Total Accounts Payable	95,985.70
Accrued Liabilities	
22210 - Accrued Payroll	124,703.10
22220 - Accrued PTO	83,587.86
22255 - Accrued 401k Match Fund	2,624.98
22320 - FSA Employee Account	5,218.13
Total Accrued Liabilities	216,134.07
Withholding Tax Payable	
22230 - Accrued Payroll Taxes	6,378.62
Total Withholding Tax Payable	<u>6,378.62</u>
Total Short-term Liabilities	318,498.39
Long Term Liabilities	
Other Long-term Liabilities	4,099.93
Total Long Term Liabilities	<u>4,099.93</u>
Total Liabilities	<u>322,598.32</u>
Net Assets	<u>3,286,693.97</u>
<b>Total Liabilities and Net Assets</b>	<b><u><u>3,609,292.29</u></u></b>

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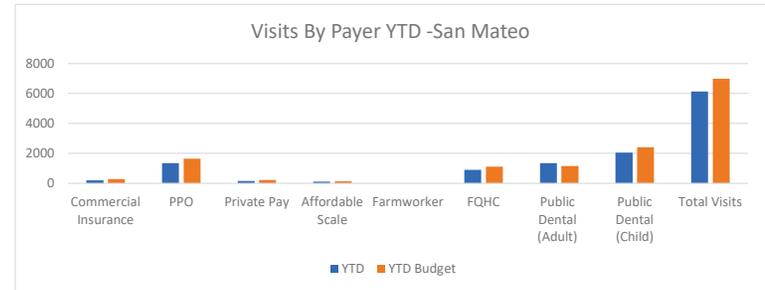
Sonrisas Dental Health Operations										
	Jul 23	Aug 23	Sept 23	Oct 23	Nov 23	Dec 23	Jan 24	Total	Budget	B(W)
San Mateo Revenue	181,811	254,513	220,223	254,699	210,340	203,601	253,866	1,579,052	1,624,925	(45,873)
Coastside Revenue	43,960	44,659	49,383	48,986	49,743	30,786	33,796	301,313	537,931	(236,617)
<b>Total Net Revenue</b>	<b>225,771</b>	<b>299,172</b>	<b>269,606</b>	<b>303,685</b>	<b>260,083</b>	<b>234,387</b>	<b>287,662</b>	<b>1,880,365</b>	<b>2,162,855</b>	<b>(282,490)</b>
<b>Direct Program Cost</b>	<b>310,925</b>	<b>310,629</b>	<b>312,436</b>	<b>314,267</b>	<b>316,608</b>	<b>319,438</b>	<b>305,251</b>	<b>2,189,554</b>	<b>2,528,900</b>	<b>339,346</b>
<b>Indirect Program Cost</b>	<b>147,846</b>	<b>162,745</b>	<b>221,513</b>	<b>177,180</b>	<b>174,859</b>	<b>174,389</b>	<b>180,196</b>	<b>1,238,727</b>	<b>1,292,524</b>	<b>53,797</b>
<b>Total Cost</b>	<b>458,771</b>	<b>473,374</b>	<b>533,949</b>	<b>491,447</b>	<b>491,467</b>	<b>493,827</b>	<b>485,447</b>	<b>3,428,281</b>	<b>3,821,424</b>	<b>393,143</b>
<b>TOTAL</b>	<b>(233,000)</b>	<b>(174,202)</b>	<b>(264,343)</b>	<b>(187,761)</b>	<b>(231,385)</b>	<b>(259,440)</b>	<b>(197,785)</b>	<b>(1,547,916)</b>	<b>(1,658,569)</b>	<b>110,653</b>
<b>Dividend/Other Income</b>	<b>4,578</b>	<b>4,520</b>	<b>1,535</b>	<b>4,196</b>	<b>8,245</b>	<b>7,695</b>	<b>5,915</b>	<b>36,685</b>	<b>11,088</b>	<b>25,597</b>
<b>Donations Received</b>	<b>128,140</b>	<b>136,132</b>	<b>191,729</b>	<b>131,776</b>	<b>117,505</b>	<b>140,162</b>	<b>179,904</b>	<b>1,025,347</b>	<b>962,665</b>	<b>62,682</b>
<b>Grant from PHCD</b>	<b>66,666</b>	<b>80,667</b>	<b>112,467</b>	<b>66,666</b>	<b>66,666</b>	<b>118,669</b>	<b>66,666</b>	<b>578,467</b>	<b>466,669</b>	<b>111,798</b>
<b>OTHER INCOME</b>	<b>199,384</b>	<b>221,318</b>	<b>305,731</b>	<b>202,638</b>	<b>192,416</b>	<b>266,527</b>	<b>252,485</b>	<b>1,640,499</b>	<b>1,440,422</b>	<b>200,077</b>
<b>NET INCOME</b>	<b>(33,616)</b>	<b>47,116</b>	<b>41,388</b>	<b>14,877</b>	<b>(38,968)</b>	<b>7,086</b>	<b>54,699</b>	<b>92,583</b>	<b>(218,147)</b>	<b>310,729</b>



	22-Jul	30-Aug	30-Sep	31-Oct	30-Nov	31-Dec	31-Jan	Total	Budget	Variance
San Mateo Visits	872	989	871	948	777	819	859	6,135	6,985	(850)
Half Moon Bay Visits	231	299	334	347	348	202	243	2,004	2,615	(611)
<b>Total Visits</b>	<b>1103</b>	<b>1288</b>	<b>1205</b>	<b>1295</b>	<b>1125</b>	<b>1021</b>	<b>1102</b>	<b>8,139</b>	<b>9,600</b>	<b>(1461)</b>

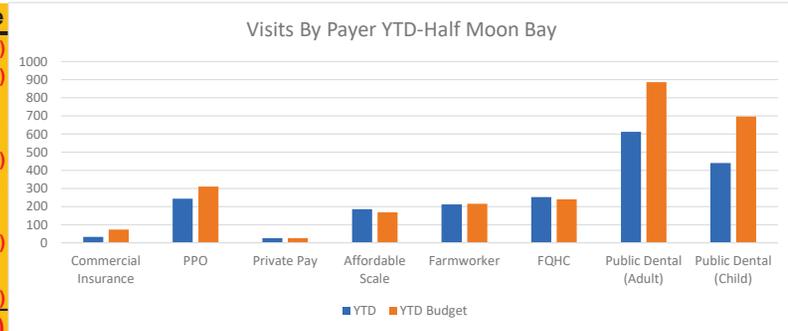
**Jan-24**

	31-Jan Budget	Variance	YTD	YTD Budget	Variance	
Commercial Insurance	36	43	(7)	199	289	(90)
PPO	188	245	(57)	1349	1656	(307)
Private Pay	23	32	(9)	156	216	(60)
Affordable Scale	16	21	(5)	119	143	(24)
Farmworker			0			0
FQHC	136	139	(3)	913	1120	(207)
Public Dental Insurance(Adult)	240	171	69	1353	1152	201
Public Dental Insurance (Child)	220	384	(164)	2046	2409	(363)
<b>Total Visits</b>	<b>859</b>	<b>1035</b>	<b>(176)</b>	<b>6135</b>	<b>6985</b>	<b>(850)</b>



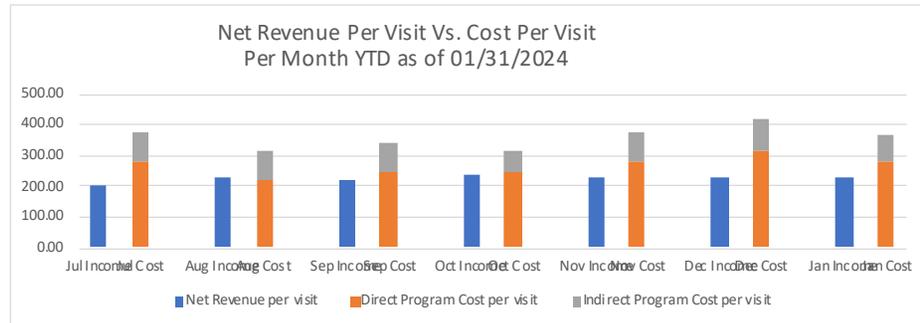
**Visits by Payer -Half Moon Bay**

	31-Jan Budget	Variance	YTD	YTD Budget	Variance	
Commercial Insurance	6	12	(6)	32	73	(41)
PPO	32	50	(18)	243	311	(68)
Private Pay		4	(4)	26	25	1
Affordable Scale	21	27	(6)	185	168	17
Farmworker	26	32	(6)	212	216	(4)
FQHC	46	39	7	253	240	13
Public Dental Insurance (Adult)	64	143	(79)	613	886	(273)
Public Dental Insurance (Child)	48	112	(64)	440	696	(256)
<b>Total Visits</b>	<b>243</b>	<b>419</b>	<b>(176)</b>	<b>2004</b>	<b>2615</b>	<b>(611)</b>



Avg. Income (Loss) per Visit			
	YTD	Budget YTD*	FY23
Net Revenue per Visit	\$ 231.03	\$ 225.30	\$204.01
Direct Cost per Visit	\$ (263.56)	\$ (263.43)	(\$234.27)
Indirect Cost per Visit*	\$ (92.14)	\$ (85.51)	(\$79.46)
<b>Net Income per Visit</b>	<b>\$ (124.67)</b>	<b>\$ (123.64)</b>	<b>(\$109.72)</b>

\* Indirect cost excludes costs in outreach program and fundraising department



Sonrisas Dental Health Operations Jan 24 Vs. Jan 23			
	Jan-24	Jan-23	Variance B(W)
<b>Visits</b>	<b>1102</b>	<b>1040</b>	<b>62</b>
<b>San Mateo Revenue</b>	253,866	155,554	98,312
<b>Coastside Revenue</b>	33,796	42,385	(8,589)
<b>Total Net Revenue</b>	287,662	197,938	89,724
<b>*Direct Program Cost</b>	305,251	261,823	(43,428)
<b>*Indirect Program Cost</b>	180,196	136,126	(44,069)
<b>Total Cost</b>	485,447	397,949	(87,498)
<b>TOTAL</b>	<b>(197,785)</b>	<b>(200,011)</b>	<b>2,226</b>
<b>Dividend/Other Income</b>	5,915	177	5,738
<b>Donations Received</b>	179,904	131,416	48,488
<b>Grant from PHCD</b>	66,666	75,000	(8,334)
<b>Grants and Donations</b>	252,485	206,593	45,892
<b>NET INCOME</b>	<b>54,699</b>	<b>6,581</b>	<b>48,118</b>





**DATE:** February 12, 2023  
**TO:** SDH Board of Directors  
**FROM:** Spandan Chakrabarti, Community Resources Director  
**RE:** **Development Update**

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**General Fundraising Update:** As of the submission of this report, Sonrisas has accounted for \$2.15 million in total fundraising revenue in the 2024 Fiscal Year. This figure represents the securing of 87% of budgeted fundraising revenue of \$2,465,000. These figures include the FY24 commitments from both the Peninsula and the Sequoia Health Care Districts. Revenue from non-healthcare district sources has reached 76% of its annual target. Revenue from individual and corporate donations, at the end of January, was at \$189,000, or 65% of budget for the full fiscal year.

**Note:** Beginning with this report, figures reported are against the revised budget, approved by the Board after the first quarter. Because the revised budget adjusted revenue goals to be higher than the original budget, percent figures may be slightly different than in previous reports.

**Grantseeking update:** As of this report, \$62,500 in outstanding grant applications are pending before a variety of potential funders, notwithstanding Sonrisas' Measure K grant request of \$1.5 million. An additional \$420,000 in requests is planned throughout the end of this fiscal year.

#### **Upcoming and Ongoing Philanthropic Initiatives:**

- **Coastside Gives:** This annual community fundraising initiative is sponsored by the Mavericks Community Foundation. Nonprofits across the coastal communities participate. Opportunity to give opens on April 1 and the final day ("giving day") of the campaign is May 2. Sonrisas' Coastside Gives campaign will highlight dental screenings of people of all ages, with a focus on new immigrant families, and those newly eligible for MediCal in 2024.
- **Cooking for a Cause 2024:** The 10<sup>th</sup> anniversary of this iconic event is scheduled for September 21, 2024, at Domenico Winery in San Carlos, CA. Sonrisas is focusing on a strategy to grow sponsorship revenue, individual ticket sales, and auction revenue to give this event, popular with our donors, a revenue boost. Sonrisas has also engaged an experienced event consultant and an auctioneer.
- **Major Donor Listening session:** On March 7, Sonrisas will host a Major Donor Listening session in Half Moon Bay. By listening to individuals philanthropically committed to Sonrisas, we expect to gain insights to improve and grow our individual donor operations.

Sonrisas Dental Health  
Development Update. Dashboard Visuals.

