Audited Financial Statements
and Supplementary Information

peninsula healthcare CONNECTION

June 30, 2025

Quigley & Miron

Peninsula Healthcare Connection, Inc.
Audited Financial Statements and Supplementary Information
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Quigley & Miron

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Independent Auditor's Report

Board of Directors
Peninsula Healthcare Connection, Inc.
Palo Alto, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Peninsula Healthcare Connection, Inc. (PHC), a nonprofit organization, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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 PHC as of June 30, 2025, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 PHC 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 the 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 PHC's ability to continue as a going concern for one year after the date that the financial statements are 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 is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAGAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment 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 PHC'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PHC's ability to continue as a going concern for a reasonable period of time.

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.

Other Matters

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued report dated December 17, 2025, on our consideration of PHC's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PHC's internal control over financial reporting and compliance.

Quigley & Miron

Campbell, California
December 17, 2025

Peninsula Healthcare Connection, Inc.
Statement of Financial Position
June 30, 2025

Assets		
Cash and cash equivalents	$	761,754
Government grants receivable—Note 4		1,318,655
ERC grants receivable—Note 5		57,570
Accounts receivable, net—Note 6		10,980
Loan receivable, net—Note 7		
Prepaid expenses and deposits		55,134
Operating lease right-of-use asset—Note 10		21,018
In-kind building and land lease—Note 8		1,113,264
Property and equipment, net—Note 9		11,587
Total Assets	**$**	**3,349,962**
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$	26,649
Salaries and employee benefits payable		377,956
Operating lease liability—Note 10		21,728
Total Liabilities		**426,333**
Net Assets		
Without donor restrictions		1,601,826
With donor restrictions—Note 12		1,321,803
Total Net Assets		**2,923,629**
Total Liabilities and Net Assets	**$**	**3,349,962**

See notes to financial statements.

Peninsula Healthcare Connection, Inc.
Statement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Public Support and Revenue			
Government grants	$ 4,747,422	$	$ 4,747,422
Grants and contributions	1,071,348	208,539	1,279,887
In-kind building and land lease—Note 8	35,050	1,141,213	1,176,263
In-kind contributions—Note 14	256,690		256,690
Program fees	361,726		361,726
Interest income	1,661		1,661
Net assets released from restrictions	329,195	(329,195)	
Total Public Support, Revenue, and Reclassifications	**6,803,092**	**1,020,557**	**7,823,649**
Expenses			
Healthcare Program Services	5,170,690		5,170,690
Supporting services			
Management and general	1,563,507		1,563,507
Fundraising	388,513		388,513
Total Expenses	**7,122,710**		**7,122,710**
Change in Net Assets From Operations	**(319,618)**	**1,020,557**	**700,939**
Net Assets at Beginning of Year	**1,921,444**	**301,246**	**2,222,690**
Net Assets at End of Year	**$ 1,601,826**	**$ 1,321,803**	**$ 2,923,629**

See notes to financial statements.

Peninsula Healthcare Connection, Inc.
Statement of Functional Expenses
Year Ended June 30, 2025

	Healthcare Program Services			Supporting Services		
	New Directions	Clinical Services	Total	Management and General	Fundraising	Total
Expenses						
Salaries	$ 2,965,332	$ 427,524	$ 3,392,856	$ 852,273	$ 259,128	$ 4,504,257
Payroll taxes	257,379	36,436	293,815	25,033	14,976	333,824
Employee benefits	487,811	61,587	549,398	53,021	53,055	655,474
Total Personnel Expenses	**3,710,522**	**525,547**	**4,236,069**	**930,327**	**327,159**	**5,493,555**
Professional and contracted services	230,929	386,946	617,875	45,085	44,901	707,861
Provision for credit losses				375,000		375,000
Occupancy	4,620	91,317	95,937	126,405	1,667	224,009
Travel and transportation	39,569	1,015	40,584	9,566	1,162	51,312
Telephone	29,849	7,493	37,342	10,364	2,438	50,144
Program outreach	42,056	3,070	45,126		3,134	48,260
Insurance		20,624	20,624	20,229		40,853
Dues and subscriptions	8,070	1,210	9,280	20,305	3,393	32,978
Supplies	5,106	14,764	19,870	7,076		26,946
Office expenses	9,878	4,377	14,255	9,081	674	24,010
Computer	7,134	7,981	15,115	241		15,356
Meetings and trainings	3,541	1,663	5,204	3,766	729	9,699
Interest expense	3,077		3,077	5,894		8,971
Printing	4,244	295	4,539	168	3,256	7,963
Depreciation	5,793		5,793			5,793
Total Expenses	**$ 4,104,388**	**$ 1,066,302**	**$ 5,170,690**	**$ 1,563,507**	**$ 388,513**	**$ 7,122,710**

See notes to financial statements.

Peninsula Healthcare Connection, Inc.
Statement of Cash Flows
Year Ended June 30, 2025

Cash Flows from Operations	
Change in net assets	$ 700,939
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,793
In-kind building and land lease	(1,113,264)
Provision for loan receivable credit losses	375,000
Provision for accounts receivable credit losses	104,396
Changes in operating assets and liabilities:	
Government grants receivable	685,969
Grants and contributions receivable	25,924
ERC grants receivable	125,230
Accounts receivable, net	(115,240)
Prepaid expenses and deposits	(25,821)
Operating lease right-of-use asset	119,330
Accounts payable and accrued expenses	(48,516)
Salaries and employee benefits payable	79,896
Operating lease liability	(123,218)
Cash Provided by Operating Activities	**796,418**
Cash Flows from Financing Activities	
Proceeds from line of credit	500,000
Payments on line of credit	(600,000)
Loan from related party	50,000
Payments on loan from related party	(50,000)
Cash Used in Financing Activities	**(100,000)**
Increase in Cash and Cash Equivalents	**696,418**
Cash and Cash Equivalents at Beginning of Year	**65,336**
Cash and Cash Equivalents at End of Year	**$ 761,754**

Supplementary Disclosures	
Income taxes paid	$
Interest paid	$ 8,971

See notes to financial statements.

Note 1—Organization

Peninsula Healthcare Connection, Inc. (PHC), a Palo Alto-based 501(c)(3) nonprofit organization, was founded in 2005 as a collaborative venture between the Community Working Group, Palo Alto Medical Foundation, and Stanford University School of Medicine. Formerly known as Opportunity Health Partners, PHC opened its medical clinic in 2006 at the Opportunity Center in Palo Alto to provide affordable healthcare to underserved and at-risk men and women, particularly individuals experiencing homelessness. In 2011, PHC became a California state licensed clinic, and in 2019 was officially designated as a Federally Qualified Health Center Lookalike (FQHC-LAL). In 2013, PHC partnered with New Directions, a case management program previously operated under the Hospital Council of Northern and Central California, to provide community-based, wraparound services to individuals with complex medical and psychosocial needs.

<u>Healthcare Services</u>:

New Directions is a community based, medical social work, and case management program of PHC for individuals with complex medical and psychosocial needs, many of whom are chronically homeless. PHC's case management model and "whatever it takes" philosophy have proven to be effective in reducing the frequency of emergency room visits and hospital admissions and providing overall improvement to quality of life for our clients. Referrals to the New Directions program come directly from partner agencies.

Clinical Services are staffed by licensed medical physicians offering free primary, preventative, and behavioral healthcare to homeless adults or low-income residents within Santa Clara County and South San Mateo County. PHC also provides for those with Medi-Cal and Medicare coverage.

PHC's clinical services offer the following:

- Treatment for common primary care and non-emergent medical conditions
- Psychiatric service available for behavioral conditions
- Substance use treatment including Medication Assisted Treatment
- Community Outreach, including but not limited to health education, harm reduction resources, and basic needs distribution
- TB tests, flu shots (seasonal), and adult immunizations
- Gynecology services, including PAP and pregnancy testing

Note 2—Summary of Significant Accounting Policies

<u>Financial Statement Presentation</u>—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. PHC recognizes grants and contributions as revenue in the period received. Contributions and net assets are classified on the existence or absence of donor-imposed restrictions. The net assets of PHC and changes therein are classified and reported as follows:

<u>Net assets without donor restrictions</u>—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of PHC. These net assets may be used at the discretion of PHC's management and the board of directors.

<u>Net assets with donor restrictions</u>—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of PHC and/or the passage of time.

Note 2—Summary of Significant Accounting Policies—*Continued*

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restriction and are reported in the statement of activities as net assets released from restrictions. It is the policy of PHC to record contributions that are restricted by the donor as an increase in net assets without donor restrictions if the restriction expires in the reporting period recognized.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of activities to provide primary and mental healthcare and intensive case management for homeless individuals or those at risk of becoming homeless. Nonoperating activities consist of other revenues not part of PHC’s normal operations. PHC did not engage in any reportable nonoperating activities during the year ended June 30, 2025.

Income Taxes—The Internal Revenue Service (IRS) has classified PHC as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and PHC is exempt from California state income taxes from the Franchise Tax Board. Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered ‘more likely than not’ to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at June 30, 2025. Generally, PHC’s information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash and Cash Equivalents—PHC considers all highly liquid investments with a maturity of three months or less when purchases to be cash equivalents. Cash consists of balances in checking and savings accounts and in certificates of deposit at banks.

Government Grants Receivable—Government grants receivable consists primarily of amounts due from government grants and are stated at the amount that management expects to collect from outstanding balances. Management believes that accounts receivable as of June 30, 2025 are fully collectible, and PHC has therefore not recorded an allowance for credit losses. Government grants are written off when they are determined to be uncollectible.

Grants and Contributions Receivable—Grants and contributions receivable consists primarily of amounts due from grants and contributions and are stated at the amount that management expects to collect from outstanding balances. Management believes that accounts receivable as of June 30, 2025 are fully collectible, and PHC has therefore not recorded an allowance for credit losses. Grants and contributions receivable are written off when they are determined to be uncollectible.

Accounts Receivable, Net—Accounts receivable, net consist primarily of program fees due within one year from individuals and are stated at the amount that management expects to collect from outstanding balances. Accounts receivable are reported net of an allowance for credit losses which considers historical loss information, current conditions, and future economic forecasts. Allowance for credit losses totaled $104,396 at June 30, 2025.

Concentration of Credit Risk—Financial instruments which potentially subject PHC to concentrations of credit risk consist of cash and cash equivalents, investments in securities, and receivables.

PHC places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. Such cash balances may exceed FDIC insurance limits during the normal course of business.

Note 2—Summary of Significant Accounting Policies—*Continued*

While PHC is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf, PHC's management has assessed the credit risk associated with its cash deposits and investments at June 30, 2025 and believes it is not exposed to any significant credit risk with its cash and cash equivalents and investments.

Government grants receivable are due from municipalities well-known to PHC. PHC's management has assessed the credit risk associated with the cash and cash equivalents balances and government grants receivable outstanding at June 30, 2025 and has determined that an allowance for doubtful accounts is not necessary.

PHC maintains an allowance for credit losses based on historical loss experience, current conditions, and future economic forecasts, and analysis of the collectability of individual accounts, however, management deems the risk associated with receivables to be minimal. Accounts receivable are written off when deemed uncollectible by management.

PHC received 60% of its public support from the County of Santa Clara during the year ended June 30, 2025. A significant reduction in the level of this support may have an adverse effect on the programs and activities of PHC. Management anticipates that future levels of grants will remain stable.

<u>Property and Equipment</u>—Property and equipment are stated at cost or estimated fair market value at date of gift, and depreciated using the straight-line method over the estimated useful lives of five to seven years. Amounts over $5,000 are capitalized when such amounts are determined to benefit future periods.

<u>Contracts with Customers</u>—Accounting standards require an organization to recognize revenue arising from contracts with customers at the time the customer obtains control of contracted goods or service. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

<u>Government Grants</u>—Revenues from government grants are reported as increases in unrestricted net assets as allowable expenditures under such agreements are incurred or as services are performed, based on the terms of each grant. The amount expended in excess of reimbursements are reported as government grants receivable. Amounts received in excess of amounts expended are recorded as deferred revenue.

<u>Grants and Contributions</u>—PHC recognizes all unconditional grants and contributions and promises to give in the period notified. Grants and contributions are reported as increases without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Unconditional promises to give are recorded as grants and contributions receivable at net realizable value.

<u>Revenue Recognition</u>—PHC's revenue recognition policies are as follows:

<u>Program fees</u>—Program fees are recognized at the time services are provided.

<u>Interest income</u>—Interest income earned on bank accounts is recognized when received and is reported as interest income under public support and revenue in the statement of activities.

<u>In-Kind Contributions</u>—PHC records the value of donated materials and services, which includes donated office space, professional services, supplies, and use of facilities, at their fair value of donation. Donated services are recorded at fair value at the date of donation only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by contribution.

Note 2—Summary of Significant Accounting Policies—*Continued*

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Salaries, employee benefits, and payroll taxes are allocated on the basis of time and effort. All other functional expenses are allocated directly to the program or function benefitted.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3—Availability of Financial Assets and Liquidity

PHC's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately $1,650,000).

The following represents the availability and liquidity of PHC's financial assets at June 30, 2025 to cover operating expenses for the next fiscal year:

Cash and cash equivalents, net of donor restrictions	$	553,215
Government grants receivable		1,318,655
ERC grants receivable		57,570
Accounts receivable, net		10,980
Current Availability of Financial Assets	**$**	**1,940,420**

Note 4—Government Grants Receivable

Government grants receivable at June 30, 2025 consist of the following:

County of Santa Clara	$	1,310,377
Health Resources and Services Administration		8,278
Totals	**$**	**1,318,655**

Note 5—ERC Grants

During the year ended June 30, 2024, PHC was eligible and applied for employee retention credits (ERC) in the amount of $182,800. ERC grants receivable remained outstanding in the statement of financial position totaling $57,570 at June 30, 2025.

Note 6—Accounts Receivable, Net

Account receivable, net of allowance for credit losses at June 30, 2025 consist of the following:

Accounts receivable	$	115,376
Allowance for credit losses		(104,396)
Accounts Receivable, Net	**$**	**10,980**

Note 7—Loan Receivable, Net

During the year ended June 30, 2022, PHC issued a series of interest free short-term loans to Downtown Streets, Inc. (DST), a separate nonprofit organization, which totaled $450,000. Although there were no specific payment timeline terms, the note was to be paid in full no later than January 31, 2026.

During the year ended June 30, 2025, it became apparent that DST would default on the loan. Subsequent to year end DST declared chapter 7 bankruptcy and PHC is included in the list of outstanding creditors.

As such, PHC booked an allowance for one hundred percent of the loan receivable. While PHC expects the possibility of being awarded some monetary repayment, management feels any amount will be immaterial to financial statements and an amount cannot currently be determined. The outstanding balance of the loan receivable at June 30, 2025, was $375,000 with an allowance for credit losses recorded for the full amount.

Note 8—In-Kind Building and Land Lease

In September 2024, PHC entered into a lease agreement for building and land for its new facility with an unrelated party. Under the agreement, the party granted PHC the right to lease the new building for a period of twenty years in exchange for a fee of one dollar ($1.00) per year with two five-year options to extend after the initial term. PHC recorded the present value of the building and land lease of $1,141,213, as *in-kind building and land lease* on the statement of financial position and *in-kind building and lease* on the statement of activities for the year ended June 30, 2025 for the use of the building based on the use of the estimated 2,000 square foot facility valued at estimated market rental rate for comparable facilities at $3.50 per square foot monthly.

The present value of the lease at June 30, 2025 amounted to $1,113,264, based upon rental expense of $84,000 and a discount rate of 4.14%.

Future anticipated amortization of the building and land lease is as follows:

Year Ending June 30,		
2026	$	84,000
2027		84,000
2028		84,000
2029		84,000
2030		84,000
Thereafter		1,197,000
Gross Rent		**1,617,000**
Less effect of discounting at 4.14%		(503,736)
In-Kind Building and Land Lease	**$**	**1,113,264**

Note 9—Property and Equipment, Net

Net property and equipment at June 30, 2025 consists of the following:

Vehicles	$	28,967
Less accumulated depreciation		(17,380)
Property and Equipment, Net	**$**	**11,587**

Depreciation for the year ended June 30, 2025 amounted to $5,793.

Note 10—Operating Lease

During the year ended June 30, 2023, PHC signed an operating lease for its administrative office space which expires August 2025. The lease requires monthly payments of $10,181 with 3.5% increases in the second and third years.

An operating lease right-of-use asset and an operating lease liability were recorded relating to this operating lease using the lease term and monthly rental amounts, and a discount rate of 9.25%, totaling $340,386 and $340,386, respectively. The operating lease right-of-use asset amounted to $21,018 at June 30, 2025. The operating lease liability amounted to $21,728 at June 30, 2025.

Future minimum annual rental commitments by year for operating leases with maturities greater than one year from June 30, 2025, are as follows.

Year Ending June 30,		
2026	$	21,811
Gross Rental Payments		**21,811**
Less effect of discounting at 9.25%		(83)
Operating Lease Liability	**$**	**21,728**

Occupancy expenses relating to the lease totaled $224,009 during the year ended June 30, 2025.

Note 11—Line of Credit

PHC maintains a $300,000 bank line of credit, bearing interest at 8.75%, requiring monthly payments of interest only and secured by all assets. There was no balance at June 30, 2025. The line of credit matured in October 2025, subsequent to year-end, and was renewed with a maturity date of October 2026.

Note 12—Employee Benefit Plan

PHC has adopted a 401(k) defined contribution plan (the Plan) that covers employees who are at least 21 years of age and have completed 1,000 hours of service in 12 months of employment. Participants may elect to defer up to 80% of their annual salaries under the Plan, subject to Internal Revenue Service limitations. The Plan provides for matching of 100% of deferrals up to the first 6% of compensation. Employees vest immediately in all voluntary contributions to the Plan. PHC's contribution to the Plan was $157,079 for the year ended June 30, 2025.

Note 13—Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2025 are as follows:

Subject to purpose restrictions:		
Capacity building	$	114,162
Medical respite		57,669
Clinic		35,446
Membership dues		1,262
Total Subject to Purpose Restrictions		**208,539**
Subject to time restrictions:		
In-kind building and lease		1,113,264
Total Net Assets with Donor Restrictions	**$**	**1,321,803**

Net assets released from donor restrictions for the year ended June 30, 2025 are as follows:

Satisfaction of purpose restrictions:		
Medical respite	$	175,000
Clinic		100,322
Total Satisfaction of Purpose Restrictions		**275,322**
Satisfaction of time restrictions:		
In-kind building and lease		27,949
General operations		25,924
Total Satisfaction of Time Restrictions		**53,873**
Total Net Assets Released from Donor Restrictions	**$**	**329,195**

Note 14—In-Kind Contributions

In-kind contributions of $1,432,954 for the year ended June 30, 2025, have been recorded in the without donor restricted in-kind contributions caption of the statement of activities at their fair value and included in the statement of functional expenses as follows:

Professional fees	$	230,076
Occupancy		26,614
Totals	**$**	**256,690**

PHC recognized in-kind professional services of $237,076 during the year ended June 30, 2025, for medical services valued at approximately $200 per hour and architectural services valued at approximately $225 per hour based on current fair market value rate costs provided by donors.

PHC recognized in-kind occupancy of $26,614 during the year ended June 30, 2025, for the use of its 496 square foot clinic in downtown Palo Alto valued at $2.50 per square foot based on comparable market rates.

During the year ended June 30, 2025, PHC also entered into an agreement for free use of a new facility (see Note 8) for which an in-kind building and land lease totaling $1,176,263 was recorded.

PHC utilizes in-kind contributions as part of its clinical services program.

Note 15—Subsequent Events

Management evaluated all activities of PHC through December 17, 2025, which is the date the financial statements were available to be issued and concluded that other than the debtor bankruptcy described in Note 7, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.

Peninsula Healthcare Connection, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Program/ Cluster Title	Federal Assistance Listing Number	Grantor's Number	Grant Amount	Grant Period	Expenditures
Department of Housing and Urban Development					
Continuum of Care Program					
Passed through:					
County of Santa Clara	14.267	CA1966L9T002201	$ 888,176	07/01/24-06/30/25	$ 757,380
Total Assistance Listing No. 14.267					**757,380**
Total Department of Housing and Urban Development					**757,380**
Department of Health and Human Services					
Injury Prevention and Control Research and State and Community Based Programs					
Passed through:					
Community Health Partnership, Inc.	93.136	PHC93136001	492,000	06/01/24-05/31/26	243,559
Total Assistance Listing No. 93.136					**243,559**
Projects for Assistance in Transition from Homelessness (PATH)					
Passed through:					
County of Santa Clara	93.150	859388	731,390	07/01/23-06/30/25	653,893
Total Assistance Listing No. 93.150					**653,893**
Total Department of Health and Human Services					**897,452**
Total Federal Awards					**$ 1,654,832**

See notes to schedule of expenditures of federal awards.

Peninsula Healthcare Connection, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Note A—Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Peninsula Healthcare Connection, Inc. under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Peninsula Healthcare Connection, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Peninsula Healthcare Connection, Inc.

Note B—Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the schedule represent adjustments or credits made in the normal course of operations to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note C—Indirect Cost Rate

Peninsula Healthcare Connection, Inc. has elected to use the 10 minimis indirect cost rate allowed under the Uniform Guidance.

Quigley & Miron

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Peninsula Healthcare Connection, Inc.
Palo Alto, California

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Peninsula Healthcare Connection, Inc. (PHC), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 17, 2025.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether PHC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Quigley & Miron

Los Angeles, California
December 17, 2025

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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Board of Directors
Peninsula Healthcare Connection, Inc.
Palo Alto, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Peninsula Healthcare Connection, Inc.'s (PHC) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended June 30, 2025. PHC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, PHC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal award programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of PHC and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of PHC's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to PHC's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on PHC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about PHC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 PHC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of PHC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of PHC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of This Report

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

Quigley & Miron

Los Angeles, California
December 17, 2025

Peninsula Healthcare Connection, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Peninsula Healthcare Connection, Inc. were prepared in accordance with accounting principles generally accepted in the United States of America.

2. No material weaknesses or significant deficiencies relating to internal control over financial reporting were identified during the audit.

3. No instances of noncompliance material to the financial statements of Peninsula Healthcare Connection, Inc. were disclosed during the audit.

4. No material weaknesses or significant deficiencies relating to internal control over major programs were identified during the audit of the major federal award program.

5. The auditor's report on compliance for the major federal award programs of Peninsula Healthcare Connection, Inc. expresses an unmodified opinion.

6. There were no audit findings that required reporting in this schedule in accordance with Title 2 U.S. *Code of Federal Regulations* section 200.516(a).

7. The program tested as a major program was the Department of Housing and Urban Development (HUD), Continuum of Care Program, Assistance Listing No. 14.267.

8. The threshold for distinguishing Types A and B programs was $750,000.

9. Peninsula Healthcare Connection, Inc. was determined not to be a low-risk auditee.

B. Findings—Financial Statement Audit

None

C. Findings and Questioned Costs—Major Federal Award Programs

None

Peninsula Healthcare Connection, Inc.
Corrective Action Plan
Year Ended June 30, 2025

As there were no audit findings or questioned costs for the year ended June 30, 2025, a corrective action plan is not required.