

THE ACHIEVABLE FOUNDATION DBA ACHIEVABLE HEALTH

FINANCIAL STATEMENTS

June 30, 2024

(with Comparative Totals for 2023)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Achievable Foundation
dba Achievable Health

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Achievable Foundation dba Achievable Health ("Achievable Health"), a nonprofit California corporation, which comprise the statement of financial position as of June 30, 2024, 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 Achievable Health as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Achievable Health 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 Achievable Health's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted auditing standards and *Government 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Achievable Health'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 Achievable Health'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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2025 on our consideration of Achievable Health's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of Achievable Health's 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 Achievable Health 's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Achievable Health's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 16, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Windes, Inc.".

Irvine, California
March 24, 2025

**THE ACHEIVABLE FOUNDATION
dba ACHEIVABLE HEALTH**

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)**

ASSETS

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 4,049,351	\$ 2,559,315
Patient receivables, net of allowance for credit losses of \$46,000 in 2024 and \$56,000 in 2023	869,451	153,562
Government support receivables	699,544	108,396
Contributions receivable	1,058,300	-
Prepaid expenses and other assets	119,118	27,473
Property and equipment, net	279,319	107,530
Operating lease right-of-use assets	1,012,243	1,243,361
TOTAL ASSETS	\$ 8,087,326	\$ 4,199,637

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and other liabilities	\$ 21,473	\$ 29,229
Accrued payroll liabilities	349,349	308,494
Refundable advance	400,000	-
Deferred revenue	-	5,000
Medical claims settlement	-	12,320
Note payable	167,181	268,404
Operating lease liabilities	1,180,956	1,417,245
Economic Injury Disaster Loan	150,000	150,000
	2,268,959	2,190,692
CONTINGENCIES (Note 10)		
NET ASSETS		
Without donor restrictions		
Undesignated	2,522,649	1,922,806
Board designated	2,000,000	-
	4,522,649	1,922,806
With donor restrictions	1,295,718	86,139
Total net assets	5,818,367	2,008,945
TOTAL LIABILITIES AND NET ASSETS	\$ 8,087,326	\$ 4,199,637

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

THE ACHEIVABLE FOUNDATION
dba ACHEIVABLE HEALTH

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2024</u>	<u>2023</u>
SUPPORT AND REVENUE				
Patient services, net	\$ 3,074,512	\$ -	\$ 3,074,512	\$ 2,277,876
Government support	1,564,197	-	1,564,197	1,431,866
Contributions and grants	2,393,062	1,414,325	3,807,387	639,976
Special events, net	120,112	-	120,112	111,905
Other income	44,240	-	44,240	62,534
Satisfaction of program requirements	204,746	(204,746)	-	-
Total Support and Revenue	<u>7,400,869</u>	<u>1,209,579</u>	<u>8,610,448</u>	<u>4,524,157</u>
EXPENSES				
Patient services	3,682,774	-	3,682,774	3,366,656
General and administrative	858,273	-	858,273	760,433
Fundraising	259,979	-	259,979	266,869
Total Expenses	<u>4,801,026</u>	<u>-</u>	<u>4,801,026</u>	<u>4,393,958</u>
CHANGE IN NET ASSETS	<u>2,599,843</u>	<u>1,209,579</u>	<u>3,809,422</u>	<u>130,199</u>
NET ASSETS AT BEGINNING OF YEAR	<u>1,922,806</u>	<u>86,139</u>	<u>2,008,945</u>	<u>1,878,746</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,522,649</u>	<u>\$ 1,295,718</u>	<u>\$ 5,818,367</u>	<u>\$ 2,008,945</u>

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

THE ACHEIVABLE FOUNDATION
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STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses</u>	
	<u>Patient Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2024</u>	<u>2023</u>
Salaries and wages	\$ 2,231,238	\$ 585,012	\$ 168,285	\$ 2,984,535	\$ 2,729,055
Payroll taxes	165,127	40,536	12,898	218,561	196,434
Health insurance and other benefits	247,692	56,645	16,619	320,956	274,734
Total Salaries and Related Expenses	<u>2,644,057</u>	<u>682,193</u>	<u>197,802</u>	<u>3,524,052</u>	<u>3,200,223</u>
Health Center expenses	360,074	-	-	360,074	315,888
Professional and consulting fees	192,540	14,804	15,194	222,538	271,193
Accounting fees	39,718	26,838	-	66,556	52,620
Rent and maintenance	224,294	69,710	27,466	321,470	297,822
Equipment and software	17,977	7,024	5,440	30,441	36,584
Staff recruitment and development	36,026	-	354	36,380	21,954
Travel and meetings	156	266	37	459	4,447
Communication	56,035	3,419	613	60,067	60,697
Insurance	41,042	3,668	3,668	48,378	30,633
Bank and interest expense	10,398	15,790	4,775	30,963	19,340
Printing	14,337	3,150	3,745	21,232	27,539
Other operating expenses	14,354	31,411	885	46,650	22,510
Depreciation and amortization	31,766	-	-	31,766	32,508
TOTAL EXPENSES	<u>\$ 3,682,774</u>	<u>\$ 858,273</u>	<u>\$ 259,979</u>	<u>\$ 4,801,026</u>	<u>\$ 4,393,958</u>

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

THE ACHEIVABLE FOUNDATION
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,809,422	\$ 130,199
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	31,766	32,508
Amortization on operating lease right-of-use assets	231,118	224,703
Provision for credit losses	(10,000)	-
Contributions restricted for capital campaign	(1,269,325)	-
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Patient receivables	(705,889)	125,245
Government support receivables	(591,148)	(93,549)
Contributions receivable	(1,058,300)	76,000
Prepaid expenses and other assets	(91,645)	452
Increase (decrease) in:		
Accounts payable and other liabilities	(7,756)	7,898
Accrued payroll liabilities	40,855	48,004
Deferred revenue	(5,000)	(45,000)
Medical claims settlement	(12,320)	(17,680)
Operating lease liabilities	(236,289)	(192,218)
Net Cash (Used In) Provided By Operating Activities	<u>125,489</u>	<u>296,562</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(203,555)	(6,164)
Net Cash Used In Investing Activities	<u>(203,555)</u>	<u>(6,164)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Refundable advance	400,000	-
Payment of note payable	(101,223)	(97,988)
Contributions restricted for capital campaign	1,269,325	-
Net Cash Provided By (Used In) Financing Activities	<u>1,568,102</u>	<u>(97,988)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,490,036	192,410
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,559,315</u>	<u>2,366,905</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,049,351</u>	<u>\$ 2,559,315</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 14,866</u>	<u>\$ 14,905</u>

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

THE ACHEIVABLE FOUNDATION
dba ACHEIVABLE HEALTH

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE INFORMATION FOR 2023)

NOTE 1 – Organization

Organization and Operations

The Achievable Foundation dba Achievable Health (“Achievable Health” or “the Organization”) was incorporated on March 28, 1995 as a California not-for-profit corporation. Achievable Health was formed to support activities that enhance the lives of individuals with intellectual and developmental disabilities, their families, and other vulnerable populations in west Los Angeles County.

Achievable Health is a comprehensive community health center developed to provide a complete range of high quality, comprehensive, and coordinated primary and specialty health care services, with a special emphasis on meeting the health care needs of individuals with intellectual and developmental disabilities. Achievable Health is designated as a Federally Qualified Health Center, Section 330 Grantee, with an annual base grant. The designation also allows for the billing of medical and behavioral health services using the Prospective Payment System (PPS) and the annually assigned PPS rate.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis. The following significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization are classified and reported as described below:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions, including board designed net assets (Note 9).

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE INFORMATION FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

Net Assets with Donor Restrictions – Net assets that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants), where the use of these contributions are limited by donor-imposed restrictions with some donor restrictions being temporary in nature that will be met either by actions or with the passage of time. Other donor restrictions are perpetual in nature, where the donor stipulates that the corpus be maintained intact in perpetuity. As the donor-imposed restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as satisfaction of program requirements. The Organization had no net assets that were perpetual in nature at June 30, 2024 and 2023.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported revenue and expenses. Significant items subject to such estimates include an allowance for credit losses and medical claims settlement. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Recently Adopted Accounting Standard

Beginning July 1, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and its related amendments, which replaces the incurred loss methodology with an expected loss methodology referred to as the current expected credit loss methodology. This ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU also requires the Organization to use forward-looking information to better formulate its credit loss estimates.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE INFORMATION FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Standard (Continued)

The ASU permits the use of either a prospective transition method or a modified-retrospective transition method with the cumulative-effect adjustment to the opening balance of net assets. The Organization has elected the use of the modified-retrospective transition method. The transition method selected resulted in no adjustment to the opening balance of net assets.

Prior-Period Information

The financial statements include certain prior-period summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

At June 30, 2024 and 2023 and at various times during the fiscal years, the Organization maintained cash balances in a financial institution in excess of federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant related credit risk.

THE ACHEIVABLE FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE INFORMATION FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Patient Services and Receivables

The Organization recognizes revenue from services provided at the Achievable Health Center in the amount that reflects the consideration to which the Organization expects to be entitled for providing patient care. Performance obligations are determined based on the nature of the services provided, and generally include a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided. The transaction price is based on standard charges for services provided to patients, reduced by applicable third-party payor contractual adjustments and discounts to underinsured and uninsured patients. The estimates of contractual adjustments and discounts are based on contractual agreements, discount policy, and historical collection experience. The process for estimating the ultimate collectability of patient receivables involves historical collection experience, changes in contracts with payors, current economic conditions, and significant assumptions and judgment.

Patient receivables are stated at the amount management expects to collect from outstanding balances. Patient receivables are reduced by an allowance for credit losses and charged against bad debt expense in the period in which the balance is deemed uncollectible. The Organization estimates this allowance based on historical collection experience, current economic conditions and other relevant factors. As of June 30, 2024 and 2023, the Organization's allowance for credit losses totaled \$46,000 and \$56,000, respectively.

A summary of receivables from contracts for patient services are as follows:

	<u>June 30,</u> <u>2024</u>	<u>June 30,</u> <u>2023</u>	<u>July 1,</u> <u>2022</u>
Patient receivables, net	\$ 869,451	\$ 153,562	\$ 278,807

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE INFORMATION FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Government Support and Receivables

A portion of revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. Expenses incurred in excess of amounts received are reported as government support receivables in the statement of financial position.

The Organization is the recipient of a Community Health Centers (CHC) – 330 Grant from the U.S. Department of Health and Human Services (the Granting Agency). The general purpose of the grant is to improve the health of the United States of America’s underserved communities and vulnerable populations by assuring access to comprehensive, culturally competent, quality primary health care services. In addition to this grant, the Organization receives financial support from other federal, state, and private sources, funded through the U.S. Department of Health and Human Services. Generally, such support requires compliance with terms and conditions specified in grant agreements and must be renewed on an annual basis. The terms of the grants generally provide for funding of the Organization’s operations based on an approved budget. Grant revenue is recognized as qualifying expenditures are incurred over the grant period. During the years ended June 30, 2024 and 2023, the Organization recognized \$1,058,119 and \$1,369,841 in such grant funds, which represents 12% and 30% of total support and revenue, respectively, from the Granting Agency, which is included in government support on the statement of activities.

The Organization is party to conditional grants with grant terms through May 2026 and additional funding of approximately \$1.8 million that has not yet been recognized at June 30, 2024 because certain performance obligations have not been met. Future funding will be determined by the granting agencies based on applications to be submitted by the Organization prior to expiration of the present grant budget periods.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE INFORMATION FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Government Support and Receivables (Continued)

A substantial portion of the Organization's patient services revenue is generated from services to Medicare and Medi-Cal beneficiaries. Medicare represents approximately 10% and 7% of the Organization's total patient services revenue for the years ended June 30, 2024 and 2023, respectively. Medi-Cal represents approximately 87% and 88% of the Organization's total patient services revenue for the years ended June 30, 2024 and 2023, respectively. The remaining revenue is generated from various forms of private insurance providers. At June 30, 2024 and 2023, total patient receivables from Medicare and Medi-Cal beneficiaries accounted for approximately 85% and 82%, respectively, of total patient receivables.

Contributions Receivable

Contributions, including promises to give, are recognized as support in the period received or pledged. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported with donor restrictions support that increases the net asset class. When a donor's stipulated time restriction ends or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as satisfaction of program requirements.

Property and Equipment

Property and equipment are carried at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from five to thirteen years. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the asset life or term of the lease. Maintenance and repairs, involving costs of minor replacements, are charged to operations as incurred.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE INFORMATION FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Lease Arrangements

The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances.

The Organization's policy for determining its lease discount rate used in measuring lease liabilities is to use the rate implicit in the lease whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, then the Organization has elected to use the risk-free discount rate, as permitted by U.S. GAAP, determined using a period comparable with that of the lease term.

The Organization has elected a policy to account for short-term leases, defined as any lease with a term less than 12 months, by recognizing all components of the lease payment in the statement of activities in the period in which the obligation for the payments is incurred.

Refundable Advance

In February 2024, United Health Care's billing system experienced a disruption which impacted the Organization's ability to submit patient care services billings. The Organization received a refundable advance totaling \$400,000 from United Health Care to mitigate operational disruptions due to this delay. Subsequent to June 30, 2024, the billing system issue was resolved, and the Organization was able to resume billing for patient care services. In November 2024, the Organization refunded the advance in full to United Health Care.

**THE ACHEIVABLE FOUNDATION
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**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE INFORMATION FOR 2023)**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Special Events

Special events support is summarized as follows:

	For the Year Ended June 30,	
	2024	2023
Event revenue	\$ 159,898	144,625
Event expenses	(39,786)	(32,720)
	\$ 120,112	\$ 111,905

Functional Allocation of Expenses

The costs of providing the Organization’s various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses affecting more than one area, such as salaries, payroll taxes, employee benefits, rent, maintenance, and professional and consulting fees have been allocated to patient services, general and administrative, and fundraising expenses based upon resources utilized by employees or time spent by employees on program activities or administrative services.

Tax Status

The Organization has received tax-exempt status from the Internal Revenue Service and the Franchise Tax Board under Section 501(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code, respectively.

The Organization recognizes the financial statement benefit of tax positions, such as a filing status of tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California purposes is generally three and four years, respectively.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE INFORMATION FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Subsequent Events

Management has evaluated subsequent events from the statement of financial position date through March 24, 2025, the date at which the financial statements were available to be issued.

NOTE 3 – Liquidity and Availability

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date due to donor-imposed restrictions:

Financial assets:	
Cash and cash equivalents	\$ 4,049,351
Patient receivables, net	869,451
Government support receivables	699,544
Contributions receivable	<u>1,058,300</u>
	<u>6,676,646</u>
Less those unavailable for general expenditure within one year:	
Restricted by donor with purposes	(1,295,718)
Board designated	<u>(2,000,000)</u>
	<u>(3,295,718)</u>
Add costs incurred for the capital campaign and reported as construction in progress	<u>203,555</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 3,584,483</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations comes due.

**THE ACHEIVABLE FOUNDATION
dba ACHEIVABLE HEALTH**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE INFORMATION FOR 2023)**

NOTE 4 – Contributions Receivable

Expected future collections of contributions receivable, including pledges for the capital campaign are as follows:

Year Ending June 30,	
2025	\$ 1,031,700
2026	26,600
	\$ 1,058,300

NOTE 5 – Property and Equipment

Property and equipment consists of the following:

	June 30,	
	2024	2023
Medical equipment	\$ 69,541	\$ 69,541
Furniture and fixtures	121,508	121,508
Computer equipment	70,583	70,583
Leasehold improvements	244,179	244,179
	505,811	505,811
Less accumulated depreciation and amortization	(430,047)	(398,281)
	75,764	107,530
Construction in progress	203,555	-
	\$ 279,319	\$ 107,530

In January 2024, the Organization started construction on a new community health center which is expected to be completed in the spring of 2025. The Organization has estimated total remaining construction costs of approximately \$3.8 million, including tenant improvement allowance of \$950,000.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
(WITH COMPARATIVE INFORMATION FOR 2023)

NOTE 5 – Property and Equipment (Continued)

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 totaled \$31,766 and \$32,508, respectively.

NOTE 6 – Economic Injury Disaster Loan

In July 2020, the Organization received an Economic Injury Disaster Loan (EIDL) under the Small Business Administration’s (SBA) assistance program in light of the impact of the COVID-19 pandemic. Pursuant to the EIDL Agreement, the Organization received a loan of \$150,000 to be used for working capital purposes only. Pursuant to the EIDL Agreement, the Organization executed; (i) a note for the benefit of the SBA, which contains customary events of default; and (ii) a Security Agreement, granting the SBA a security interest in all tangible and intangible personal property of the Organization, which also contains customary events of default. The EIDL bears an interest rate of 2.75% per annum which accrues from the date of the advance. During the fiscal year ended June 30, 2024, the Organization made interest only payments based upon instructions by the SBA. The total balance of principal and any unpaid interest is payable 30 years from the date of the EIDL agreement with final payment due July 2050.

Future maturities of the EIDL as of June 30, 2024 are as follows:

Year Ending June 30,	
2025	\$ 3,484
2026	3,581
2027	3,681
2028	3,783
2029	3,889
Thereafter	<u>131,582</u>
	<u>\$ 150,000</u>

Interest expense for the years ended June 30, 2024 and 2023 was \$4,496 and \$530, respectively.

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NOTE 7 – Note Payable

In June 2020, the Organization entered into a promissory note totaling \$500,000 with a financial institution. Beginning August 2020, the Organization started making interest-only payments, at a rate of 3.175%, through January 2021. In February 2021, the Organization began monthly principal and interest payments totaling \$9,023. The note matures in January 2026. As of June 30, 2024, the balance outstanding totaled \$167,181.

Future maturities of the note payable are as follows:

<u>Year Ending</u> <u>June 30,</u>	
2025	\$ 104,489
2026	<u>62,692</u>
	<u>\$ 167,181</u>

Interest expense for the years ended June 30, 2024 and 2023 was \$10,409 and \$13,504, respectively.

NOTE 8 – Leasing Arrangements

The Organization leases medical office space and administrative office space in Culver City under operating leases with thirteen-year and eight-year initial terms, respectively. The medical office space and administrative office space leases include renewal options which can extend the lease term an additional three years and five years, respectively. The exercise of the renewal option is at the sole discretion of the Organization, and only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities.

Variable payments that are not determinable at the lease commencement are not included in the measurement of the lease assets and liabilities. The lease agreement does not include any material residual value guarantees or restrictive covenants.

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NOTE 8 – Leasing Arrangements (Continued)

The following summarizes the line items in the statement of financial position, which include amounts for operating leases as of June 30, 2024:

Operating lease right-of-use assets	<u>\$ 1,012,243</u>
Operating lease liabilities	<u>\$ 1,180,956</u>

The components of operating lease expenses that are included in “rent and maintenance” in the statement of functional expenses were as follows for the year ended June 30, 2024:

Operating lease costs	\$ 269,125
Variable lease costs	<u>21,003</u>
	<u>\$ 290,128</u>

The following summarizes the cash flow information related to leases for the year ended June 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 273,844

The weighted-average remaining lease term and discount rate as of June 30, 2024 were as follows:

Weighted-average remaining lease term - operating leases	4.69 years
Weighted-average discount rate - operating leases	2.91%

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NOTE 8 – Leasing Arrangements (Continued)

The maturities of operating lease liabilities as of June 30, 2024 are as follows:

<u>Year Ending June 30,</u>		
2025	\$	298,036
2026		288,027
2027		201,917
2028		207,975
2029		214,214
Thereafter		<u>53,947</u>
Total minimum lease payments		1,264,116
Less amount representing interest		<u>(83,160)</u>
Present value of minimum lease payments	\$	<u>1,180,956</u>

NOTE 9 – Net Assets

Net Assets Without Donor Restrictions- Board Designated

The Board of Directors has designated net assets without donor restrictions for the following purposes:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Capital campaign - health center	\$ 2,000,000	\$ -

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NOTE 9 – Net Assets (Continued)

Net Assets With Donor Restrictions

For the year ended June 30, 2024, net assets with donor restrictions activity consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
Specialized health center programs	\$ 24,639	\$ 145,000	\$ (143,246)	\$ 26,393
Health center special projects	61,500	-	(61,500)	-
Capital campaign - heath center	<u>-</u>	<u>1,269,325</u>	<u>-</u>	<u>1,269,325</u>
	<u>\$ 86,139</u>	<u>\$ 1,414,325</u>	<u>\$ (204,746)</u>	<u>\$ 1,295,718</u>

The Organization will release the capital campaign balance from restriction when the new Community Health Center is placed in service. As of June 30, 2024, the Organization has incurred costs of \$203,555 reported as construction in progress related to the project which is expected to be completed in spring 2025.

NOTE 10 – Contingencies

Legal Matters

The Organization may be involved in various claims and litigation arising in the normal conduct of its operations. The Organization’s management believes it has adequate defenses and insurance coverage for these actions and thus has made no provision in the financial statements for any costs relating to the settlement of such claims.

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NOTE 10 – Commitments and Contingencies (Continued)

Medical Claims Settlement

The Organization is required to submit cost rate reconciliations to certain third parties, which could result in a refund for overpayments or liability for underpayments. As of June 30, 2023, the Organization estimated an additional medical claims settlement liability totaling \$12,320, which is reported as medical claims settlement on the statement of financial position. As of June 30, 2024, the Organization has submitted cost rate reconciliations to certain third parties for the open contract years ending June 30, 2024, 2023, and 2022. As of June 30, 2024, there was no medical claims settlement liability. The Organization is pending final settlement notification from certain third parties for the open contract years. The Organization will recognize any refunds in the fiscal year overpayments are received.

Grants

The Organization receives a substantial portion of its total revenue under a governmental grant, which pays the Organization based on reimbursable costs as defined by the grant. Reimbursements received under the grant are subject to compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantors agencies.

NOTE 11 – Employee Retirement Plan

The Organization provides a 403(b) retirement savings plan for all employees who meet certain eligibility requirements. The retirement plan provides for discretionary matching and non-elective contributions for eligible employees in an amount determined annually by the Board of Directors. The Organization made contributions of approximately \$8,000 and \$12,800 for the years ended June 30, 2024 and 2023, respectively.