SHARE OUR SELVES CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Share Our Selves Corporation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Share Our Selves Corporation (SOS), a nonprofit organization, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SOS as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited SOS' 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

To the Board of Directors
Share Our Selves Corporation

Other Matters - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2020 on our consideration of SOS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SOS' internal control over financial reporting and compliance.

Green Hasson & Janks LLP

March 17, 2020
Los Angeles, California

SHARE OUR SELVES CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2019
With Summarized Totals at June 30, 2018

ASSETS	2019	2018
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 473,188	$ 742,567
Investments	665,128	999,351
Fee-for-Service Contracts Receivable	1,197,882	1,578,819
Contributions and Grants Receivable	162,500	52,099
Pledges Receivable	96,400	25,000
Other Receivables	146,378	-
Inventories	8,988	26,611
Prepaid Expenses and Other Current Assets	163,832	211,674
TOTAL CURRENT ASSETS	2,914,296	3,636,121
OTHER ASSETS:		
Fee-for-Services Contracts Receivable - Long-Term (Net)	1,809,241	1,724,634
Pledges Receivable - Long Term	285,600	-
Property and Equipment (Net)	3,769,158	4,298,151
Deposits and Other Assets	454,998	495,179
Goodwill	-	105,000
TOTAL OTHER ASSETS	6,318,997	6,622,964
TOTAL ASSETS	$ 9,233,293	$ 10,259,085

LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Lines of Credit	$ -	$ 1,059,387
Accounts Payable	770,975	763,104
Accrued Expenses	1,511,225	1,870,162
TOTAL CURRENT LIABILITIES	2,282,200	3,692,653
OTHER LIABILITIES:		
Lines of Credit	1,981,063	926,896
Deferred Rent	402,490	442,146
TOTAL OTHER LIABILITIES	2,383,553	1,369,042
TOTAL LIABILITIES	4,665,753	5,061,695
NET ASSETS:		
Without Donor Restrictions	3,193,248	4,416,450
With Donor Restrictions	1,374,292	780,940
TOTAL NET ASSETS	4,567,540	5,197,390
TOTAL LIABILITIES AND NET ASSETS	$ 9,233,293	$ 10,259,085

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

SHARE OUR SELVES CORPORATION

CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2019
With Summarized Totals for the Year Ended June 30, 2018

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT:				
Fee-for-Service (Net)	$ 10,018,114	$ -	$ 10,018,114	$ 12,163,273
Capitation Premiums	952,564	-	952,564	688,233
Government Grants	2,735,642	-	2,735,642	2,602,859
Other Grants	95,000	434,905	529,905	345,459
Contributions	1,134,770	531,189	1,665,959	1,050,537
Special Events (Net of Direct Donor Benefits of $78,607)	219,631	-	219,631	254,749
Program Revenue (Net of Direct Program Costs of $76,283)	57,327	-	57,327	44,153
Contributed Goods and Services	2,138,846	-	2,138,846	2,180,079
Pharmacy	99,327	-	99,327	-
Net Assets Released from Restrictions	403,440	(403,440)	-	-
TOTAL REVENUE AND SUPPORT	17,854,661	562,654	18,417,315	19,329,342
EXPENSES:				
Program Services	16,125,085	-	16,125,085	16,527,461
Management and General	2,342,635	-	2,342,635	2,460,690
Fundraising	786,719	-	786,719	501,494
TOTAL EXPENSES	19,254,439	-	19,254,439	19,489,645
OPERATING INCOME (LOSS)	(1,399,778)	562,654	(837,124)	(160,303)
OTHER INCOME (LOSS):				
Investment Income (Net)	31,527	30,698	62,225	19,738
Impairment Loss on Physician Practice	(105,000)		(105,000)	-
Other Income (Net)	250,049	-	250,049	174,855
TOTAL OTHER INCOME	176,576	30,698	207,274	194,593
CHANGE IN NET ASSETS	(1,223,202)	593,352	(629,850)	34,290
Net Assets - Beginning of Year	4,416,450	780,940	5,197,390	5,163,100
NET ASSETS - END OF YEAR	$ 3,193,248	$ 1,374,292	$ 4,567,540	$ 5,197,390

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

SHARE OUR SELVES CORPORATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019
With Summarized Totals for the Year Ended June 30, 2018

	Program Services								
		Health Centers			Total Program	Management		2019	2018
	Social Services	Medical	Dental	Behavioral	Services	and General	Fundraising	Total	Total
Salaries	$ 480,613	$ 5,376,710	$ 1,908,947	$ 726,543	$ 8,492,813	$ 1,182,017	$ 404,951	$ 10,079,781	$ 10,522,643
Payroll Taxes and Benefits	106,310	975,715	334,147	143,696	1,559,868	248,412	60,684	1,868,964	1,903,812
TOTAL PERSONNEL COSTS	586,923	6,352,425	2,243,094	870,239	10,052,681	1,430,429	465,635	11,948,745	12,426,455
Ancillary Medical	-	336,634	159,985	-	496,619	-	-	496,619	519,566
Contributed Goods and Services	1,081,346	1,057,500	-	-	2,138,846	-	-	2,138,846	2,180,079
Depreciation Expense	39,027	290,518	190,685	31,381	551,611	41,552	10,791	603,954	612,803
EHR Maintenance and Hosting	-	83,075	9,101	8,429	100,605	147	-	100,752	115,810
Insurance	11,451	32,376	10,037	3,561	57,425	49,255	1,262	107,942	102,353
Occupancy	72,068	467,642	160,167	59,630	759,507	80,188	56,421	896,116	868,290
Other Expenses	10,053	108,305	9,471	2,276	130,105	79,483	7,795	217,383	233,896
Outside Services	12,021	552,468	35,556	49,036	649,081	465,750	184,291	1,299,122	1,008,106
Postage and Delivery	2,165	8,286	1,986	734	13,171	1,039	2,949	17,159	13,747
Printing and Duplication	16,781	27,829	4,601	2,381	51,592	2,491	24,753	78,836	83,863
Property and Equipment	18,416	75,883	37,283	5,206	136,788	36,687	18,703	192,178	195,019
Relief and Aid	452,369	-	-	-	452,369	-	-	452,369	481,708
Security Expense	15,292	102,238	30,004	11,235	158,769	122	330	159,221	149,250
Staff Development	2,461	64,567	9,221	5,773	82,022	93,465	1,930	177,417	152,715
Supplies and Office Expense	9,534	41,291	12,285	7,466	70,576	24,784	5,952	101,312	113,987
Travel	435	13,777	3,007	1,003	18,222	12,146	6	30,374	49,710
Utilities	24,359	125,587	40,842	14,308	205,096	25,097	5,901	236,094	182,288
TOTAL 2019 FUNCTIONAL EXPENSES	$ 2,354,701	$ 9,740,401	$ 2,957,325	$ 1,072,658	$ 16,125,085	$ 2,342,635	$ 786,719	$ 19,254,439	
					84%	12%	4%	100%	
TOTAL 2018 FUNCTIONAL EXPENSES	$ 2,410,827	$ 10,027,903	$ 3,260,334	$ 828,397	$ 16,527,461	$ 2,460,690	$ 501,494		$ 19,489,645
					85%	13%	2%		100%

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

SHARE OUR SELVES CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended June 30, 2019
With Summarized Totals for the Year Ended June 30, 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ (629,850)	$ 34,290
Adjustments to Reconcile Change in Net Assets to Net		
Cash Used in Operating Activities:		
Depreciation	603,954	612,803
Realized and Unrealized (Gains) and Losses on Investments	(36,268)	2,205
Gain on Disposal of Property and Equipment	(2,797)	(3,476)
Impairment Loss on Pediatric Practice	105,000	-
(Increase) Decrease in:		
Fee-for-Service Contracts Receivable (Net)	296,330	(1,672,706)
Contributions and Grants Receivable	(110,401)	76,323
Pledges Receivable	(357,000)	-
Other Receivables	(146,378)	110,459
Inventories	17,623	5,430
Prepaid Expenses and Other Current Assets	47,842	(116,784)
Deposits and Other Assets	40,181	58,500
Increase (Decrease) in:		
Accounts Payable	7,871	182,299
Accrued Expenses	(358,937)	170,808
Deferred Rent	(39,656)	(21,690)
Other Long-Term Liabilities	-	(74,621)
NET CASH USED IN OPERATING ACTIVITIES	(562,486)	(636,160)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(94,970)	(384,904)
Acquistion of Pediatric Practice	-	(125,000)
Proceeds from Sale of Property and Equipment	22,806	3,792
Purchase of Investments	(138,317)	(95,115)
Sale of Investments	508,808	154,791
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	298,327	(446,436)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments to Lines of Credit	(5,220)	-
Proceeds from Lines of Credit	-	57,700
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(5,220)	57,700
NET DECREASE IN CASH AND CASH EQUIVALENTS	(269,379)	(1,024,896)
Cash and Cash Equivalents - Beginning of Year	742,567	1,767,463
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 473,188	$ 742,567
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Year for Interest	$ 56,481	$ 1,929

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

NOTE 1 - ORGANIZATION

Share Our Selves Corporation (Clinic) was founded in 1970 and incorporated in the State of California as a community-based 501(c)(3) non-profit corporation. SOS is the largest Community Health Center in Orange County to combine wrap-around social services with health care. The focus is on providing safety net services to children, adults, and seniors. SOS provides comprehensive quality healthcare at several clinical sites located in Costa Mesa, Santa Ana, Lake Forest and Newport Beach. In June 2012, SOS received designation as a Federally Qualified Health Center (FQHC). FQHCs are community-based health centers that provide high quality, comprehensive medical, dental, and behavioral health services to the Orange County Community. SOS also secured designation as the Health Care for the Homeless (HCH) Program, section 330(h) of the Public Health Service Act. The purpose of the HCH is to improve the health status and outcome of care for homeless individuals and families by improving access to primary care and substance abuse services.

The consolidated financial statements include the accounts of the Clinic and The Share Our Selves Foundation (collectively SOS). The Share Our Selves Foundation has a fiscal year end of December 31.

SOS' mission is to provide care and assistance to those in need and act as advocates for systemic change. Its values of dignity, justice, service and excellence are translated through every service offered at SOS.

For more than 49 years, SOS has worked to make Orange County a happier, healthier and safer place for vulnerable people and families who call it home. As a nationally recognized, award-winning health center, SOS provides personalized care and assistance to more than 135,000 individuals each year. SOS offers a wide range of health and social services, and seasonal programs that focus on the persons' mind, body and spirit to ensure at-risk families and homeless neighbors have the opportunity to live well through all of life's stages. SOS' growing network of care includes centers located in the communities of highest need, in order to provide the right treatment, at the right place, and the right time. As SOS continues to grow and expand its services to assure comprehensive care is accessible to all those most at risk, it depends on its community to support its mission.

SOS History of Care

- 1970 - SOS founded in Costa Mesa
- 1984 - SOS free Medical Clinic opens
- 1987 - SOS free Dental Clinic opens
- 1993 - SOS full-service Medication Dispensary opens
- 2005 - SOS integrated Behavioral Health services begin
- 2010 - SOS opens SOS-El Sol Wellness Center at El Sol Science and Arts Academy in Santa Ana
- 2012 - SOS opens SOS and PEACE Center Health Clinic in Lake Forest
- 2012 - SOS receives nationally recognized Federally Qualified Health Center (FQHC) designation
- 2014 - SOS Children & Family Health Center in Newport Beach opens
- 2015 - SOS achieves Patient Centered Medical Home Status (PCMH), Level III - recognition as a model of primary care that combines teamwork, information technology to improve care, improve patients' experience, and reduce cost
- 2016 - SOS opens SOS-Dr. Robert and Dorothy Beauchamp Children and Family Dental Center
- 2016 - SOS opens SOS Health Center at the Samueli Academy
- 2016 - SOS begins providing services at Health Mobile
- 2017 - SOS Opens Harbor Pediatric Health Center
- 2018 - SOS closed the Harbor Pediatric Health Center
- 2019 - SOS moved the South County Practice from Saddleback campus to a new location in Mission Viejo.

NOTE 1 - ORGANIZATION (continued)

SOS Social Services - Safety Net of Care

SOS Comprehensive Social Services Center and Food Pantry are located on its flagship Costa Mesa location and offer anyone in need with immediate and direct access to critical safety net services including food, financial aid, benefits enrollment, utilities assistance, case management, patient and client navigation, referrals, education, free legal assistance and tax preparation, homeless services, and much more.

SOS Seasonal Programs

- SOS Adopt A Family Christmas Program - In 2018, the 49th Annual Adopt A Family event distributed thousands of Christmas toys, gifts and needed household items to 1,448 families (4,510 children), identified by the local school district and community partners, in greatest need.

- SOS Thanksgiving Food Distribution Program - With food drive assistance from local businesses, schools and individuals, SOS was able to offer 1,346 families in 2018 with the ingredients they needed to prepare this important holiday meal.

- SOS School Readiness Program - In partnership with OC Fair & Event Center's *We Care Wednesday Program*, in 2018 SOS packed and distributed over 2,850 new backpacks, filled with school supplies, to its most vulnerable student populations, helping them to be prepared and excited for the new school year.

The Share Our Selves Foundation's specific purpose is to support the mission of the Clinic, to provide quality primary health care to people in need.

During 2019, there were two infrequent adjustments impacted the change in net assets. SOS Management's primary internal metric for financial management is change in net assets adjusted for infrequent adjustments. A reconciliation of the change in net assets adjusting for these infrequent adjustments is as follows for year ended June 30, 2019:

Change in Net Assets	$ (629,850)
Adjustment for:	
Impairment Loss	105,000
Reserve for Fee-for-Service Contracts Receivable - Long-Term	554,744
ADJUSTED CHANGE IN NET ASSETS	$ 29,894

See footnote 2(j) for further explanation of the impairment loss.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

All significant intercompany transactions between the Clinic and The Share Our Selves Foundation have been eliminated in consolidation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) NET ASSETS

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

- **Net Assets Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

- **Net Assets With Donor Restrictions.** Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. SOS reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

  Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

(c) USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

(d) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase. The carrying value of cash equivalents approximates its fair value at June 30, 2019.

(e) INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) INVESTMENTS (continued)

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulations or by law.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Because of the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

(f) ACCOUNTS AND OTHER RECEIVABLES

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts if any, represents their estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2019, SOS evaluated the collectability of receivables and determined that no allowance for doubtful accounts was necessary.

(g) CONTRIBUTIONS, GRANTS AND PLEDGES RECEIVABLE

Unconditional contributions and grants, including grants and pledges recorded at estimated fair value, are recognized as revenue in the period received. SOS reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not included as support until such time as the conditions are substantially met. Contributions and grants receivable at June 30, 2019 are due in their entirety within one year. For pledge receivables, a discount rate of 1.76% has been used to calculate the present value of pledge receivable. As the discount was minimal, no discount has been recorded on the outstanding long-term pledges at June 30, 2019. SOS evaluated the collectability of contributions, grants and pledges receivable at June 30, 2019 and determined that no allowance for doubtful accounts was needed.

(h) INVENTORIES

Inventories of medical supplies, pharmaceuticals, and gift cards are stated at the lower of cost (first-in, first-out) or net realizable value. Contributed pharmaceuticals are valued at their estimated cost at the time of their contribution.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost at the date of acquisition if purchased or at estimated fair value at the date of donation if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Buildings	30 Years
Building Improvements	15 Years
Leasehold Improvements	10 Years
Vehicles	10 Years
Medical and Dental Equipment	3-10 Years
Computer Equipment	5 Years
Computer Software	5-10 Years
Office Equipment	5 Years
Furniture and Fixtures	10 Years

Expenditures for repairs and maintenance are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to $2,000 and $500 for Information Technology fixed assets and the useful life is greater than one year.

(j) GOODWILL

The excess of the purchase price over the fair market value of identifiable assets acquired, net of liabilities assumed, is recorded as goodwill. Goodwill is reviewed at least annually for possible impairment.

Testing goodwill for impairment involves a two-step process. The first step involves comparing the acquired practice's estimated fair value with its carrying value, including goodwill. If the estimated fair value of the acquired practice exceeds its carrying value, goodwill is not considered to be impaired and no additional steps are necessary. If the acquired practice's carrying value exceeds its estimated fair value, the clinic performs the second step to measure the amount of the impairment loss. The second step compares the carrying amount of the clinic's goodwill with the implied fair value of the goodwill, which is determined based on the allocation of the fair value of the acquired practice to its tangible and intangible assets (other than goodwill) and liabilities as if the acquired practice had been acquired in a business combination. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss is recognized in an amount equal to the excess. SOS recognized an impairment loss on the Pediatric Practice of $105,000 for the year ended June 30, 2019.

(k) LONG-LIVED ASSETS

SOS evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated realizable value. During the year ended June 30, 2019, no impairment loss was recognized, except as disclosed in Note 2(j).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) INCOME TAXES

SOS is a nonprofit public benefit corporation organized under the laws of California and, as such, is exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and corresponding state provisions. The Organization is no longer subject to U.S. federal and state tax examinations for years before 2015 and 2014, respectively.

In accordance with the Financial Accounting Standards Board's Accounting Standards Codification Topic No. 740, *Uncertainty in Income Taxes*, SOS recognizes the impact of tax positions in the consolidated financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2019, SOS performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the consolidated financial statements or which might have an effect on its tax-exempt status.

(m) DEFERRED RENT

SOS entered into a sublease in December 2013 which commenced in August 2014. This lease includes an allowance for tenant improvements. The deferred rent is amortized over the life of the lease, which is ten years, using the straight-line method.

In addition, SOS recognizes rent holidays and escalating rent provisions on a straight-line basis over the terms of the leases.

(n) NET FEE-FOR-SERVICE AND OTHER CONTRACT REVENUE AND SUPPORT

Net fee-for-service and other contract revenue and support are reported at the estimated net realizable amounts from patients, third party payors, and others for services rendered. Net fee-for-service and other contract revenue and support revenue also includes estimated retroactive adjustments under reimbursement agreements with third party payors. SOS has agreements with third-party payors that provide for payments to SOS at amounts different from its established rates. Payment arrangements include prospectively determined rates per service, reimbursed costs, discounted charges, and per diem payments. Retroactive adjustments are accrued on an estimated basis in the period the services are rendered and adjusted in future periods, as final settlements are determined. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement. Estimated third-party payor settlement amounts included in the accompanying statement of financial position approximates fair value.

Payment agreements have been established with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. Premiums are due monthly (calculated on a prospectively determined capitated rate) and are recognized as revenue during the period in which SOS is obligated to provide services to its members.

Revenue from cost-reimbursable grants and contracts is recorded to the extent of expenses incurred applicable to the grant or contract. Any difference between expenses incurred and the total funds received (not to exceed the grant or contract maximum) is recorded as a receivable or a contract advance liability, whichever is applicable. Revenue from other grants is recognized on an accrual basis as earned according to the provisions of the grant.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. SOS recognized contributed goods and supplies valued at $1,313,174 and contributed laboratory and other services valued at $825,672 which are included in revenue and support for the year ended June 30, 2019.

A substantial number of volunteers have donated significant amounts of their time to SOS. The services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized as revenue.

(p) UNCOMPENSATED CARE

SOS defines "uncompensated care" as services rendered for which the patient shall not be held liable. SOS is committed to providing quality health care for certain members of its community, including the poor and underserved who cannot afford health insurance, copays and deductibles. During the year ended June 30, 2019, SOS provided uncompensated care of $4,536,750 to its patients, which has been calculated as the difference between total health care costs less net third party reimbursements for services.

(q) ELECTRONIC HEALTH RECORDS INCENTIVE PROGRAM

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009,* provides for one-time incentive payments under both the Medicare and Medi-Cal programs to eligible health centers that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medi-Cal program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medi-Cal Services. Payment under both programs are contingent on the health center continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

SOS recognizes incentive revenue over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period. SOS recognized $127,500 of incentive revenue during year ended June 30, 2019.

(r) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing SOS' programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) CONCENTRATION OF RISK

SOS maintains its cash and cash equivalents and investments in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. SOS has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on these accounts.

(t) COMPARATIVE TOTALS

The consolidated financial statements include certain prior-year 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with SOS' consolidated financial statements for the year ended June 30, 2018 from which the summarized information was derived.

(u) NEW ACCOUNTING PRONOUNCEMENTS

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which is intended to reduce complexity in financial reporting. The ASU focuses on improving the current net asset classification requirements and information presented in consolidated financial statements that is useful in assessing a nonprofit's liquidity, financial performance, and cash flows. SOS has implemented this ASU during the year ended June 30, 2019.

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of accounting principles generally accepted in the United States of America and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires more detailed disclosures to enable users of consolidated financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on scope exceptions, and various other narrow aspects, as identified and addressed in such updates. For SOS, the ASU and subsequent amendments will be effective for the year ending June 30, 2020.

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and providing additional information about the amounts recorded in the consolidated financial statements. For SOS, the ASU will be effective for the year ending June 30, 2022.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) NEW ACCOUNTING PRONOUNCEMENTS

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance. For SOS, the ASU will be effective for the year ending June 30, 2020.

(v) RECLASSIFICATON

For comparability, the June 30, 2018 amounts have been reclassified, where appropriate, to conform with the financial statement presentation used at June 30, 2019.

(w) SUBSEQUENT EVENTS

SOS has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2019 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through March 17, 2020, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred, except as described in Note 7.

NOTE 3 - INVESTMENTS

At June 30, 2019, investments consist of the following:

Fixed Income Securities	$	431,425
Equity Securities		133,703
Alternative Investment		100,000
TOTAL INVESTMENTS	$	665,128

NOTE 4 - FAIR VALUE MEASUREMENTS

SOS has implemented the accounting standard for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

The following table presents information about SOS' assets that are measured at fair value on a recurring basis at June 30, 2019 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

		Fair Value Measurements Using		
	Year Ended June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Securities	$ 431,425	$ 431,425	$ -	$ -
Equity Securities	133,703	133,703	-	-
Alternative Investment	100,000	-	-	100,000
TOTAL INVESTMENTS	$ 665,128	$ 565,128	$ -	$ 100,000

The fair values of marketable securities within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The fair value of the alternative investment (Level 3 input) was valued based on investment statements obtained from the fund, supported by investment purchase and sale transactions near year end. Redemptions can be made after the investment has been held for 12 months and with a written 60 day notice of withdrawal. There are no unfunded commitments to this fund.

SOS recognizes transfers at the beginning of each reporting period. Transfers between Level 1 and 2 generally relate to whether a market becomes active or inactive. Transfers between Level 2 and 3 investments relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between levels for the year ended June 30, 2019.

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable are expected to be collected as follows:

To Be Received in Less than One Year	$ 96,400
To Be Received in One to Five Years	285,600
TOTAL PLEDGES RECEIVABLE	$ 382,000

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2019:

	Social Services	Health Centers	Total
Land	$ 333,000	$ 567,000	$ 900,000
Buildings	309,647	527,237	836,884
Buildings and Improvements	643,161	1,144,049	1,787,210
Leasehold Improvements	-	1,751,452	1,751,452
Vehicles	48,237	52,654	100,891
Medical and Dental Equipment	-	850,491	850,491
Computer Equipment	7,395	522,894	530,289
Computer Software	57,897	466,682	524,579
Office Equipment	17,530	271,831	289,361
Furniture and Fixtures	25,981	339,089	365,070
TOTAL	1,442,848	6,493,379	7,936,277
Less: Accumulated Depreciation			(4,167,069)
TOTAL PROPERTY AND EQUIPMENT (NET)			$ 3,769,158

Depreciation expense for the year ended June 30, 2019 was $603,954.

NOTE 7 - LINES OF CREDIT

In April 2014, SOS entered into a line of credit agreement with a local healthcare system. The agreement provides for advances up to $1,000,000 for the benefit of the clinics located in Santa Ana, California. The line originally matured in April 2019, and it was extended to April 2022. Interest accrues at a rate of 3.50% per annum. The line of credit is secured by certain assets of SOS. At June 30, 2019, $1,000,000 was drawn and outstanding on this line of credit, and unpaid accrued interest totaled $80,063 at June 30, 2019.

In October 2014, SOS entered into a line of credit agreement with a local hospital. The agreement provides for advances up to $800,000 for the benefit of the clinics located in Newport Beach, California. On September 30, 2018, the line was renewed for advances up to $900,000 and the maturity date was extended to December 2021. Interest accrues at a rate of 4.5% per annum. The line of credit is secured by certain assets of SOS. At June 30, 2019, $900,000 was drawn and outstanding on this line of credit.

The lines of credit contain various covenants. Interest cost incurred under these lines of credit totaled $80,403 during the year ended June 30, 2019.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2019:

Subject to Expenditure for Specific Purpose:		
Community Health Center	$	198,333
Social Services Program		240,464
Subject to Passage of Time:		
Pledges Not Available until Due		357,000
Subject to Endowment Spending:		
Donor-Restricted Endowment Corpus		451,710
Accumulated Endowment Earnings*		126,785
TOTAL NET ASSSETS WITH DONOR RESTRICTIONS	$	1,374,292

***** Net asset balance indicated with an asterisk comprised the endowment assets with donor restrictions described in Note 9.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2019:

Satisfaction of Purpose Restrictions		
Community Health Center	$	148,587
Social Services Programs		204,853
Satisfaction of Time Restrictions		50,000
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	$	403,440

NOTE 9 - ENDOWMENTS

SOS' endowments consist of funds established for a variety of purposes. Endowment funds are established by donor-restricted gifts and bequests to either provide a permanent endowment, which is to provide a permanent source of income to SOS, or a term endowment, which is to provide income for a specific period to SOS.

The Board has interpreted California's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, SOS classifies as permanently restricted net assets the amount originally distributed to the endowment of $451,710. The donor-imposed restrictions on certain endowment funds allow for the use of corpus if needed; accordingly, these endowment funds are classified as temporarily restricted net assets. Those endowment funds and the related earnings remain classified as temporarily restricted net assets until those amounts are appropriated for expenditure by SOS in a manner consistent with the standard of prudence prescribed by UPMIFA or policies established consistent with donor direction.

NOTE 9 - ENDOWMENTS (continued)

SOS has adopted an endowment investment policy, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long term. The investment policy establishes an achievable return objective through diversification of asset classes. The objective is to grow the aggregate portfolio value, net of spending, at the rate of inflation over the investment horizon. Actual returns in any given year may vary from this amount. To satisfy its long-term rate of return objectives, SOS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). SOS targets a diversified asset allocation that places an emphasis on equity investments and fixed income securities to achieve its long-term rate of return objectives within prudent risk parameters.

The Board has adopted a spending policy that provides for the lesser of the income earned for the preceding twelve-month period or 5% of the average corpus balance during that 12-month period.

In any given year if total returns, including ordinary income and realized gains, are less than the target annual distribution, the distribution may be made from previously accumulated realized income and gains. Additionally, the Board may authorize distributions beyond this amount if deemed prudent and lawful.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires SOS to retain as a fund of perpetual duration. In accordance with ASC Topic No. 958, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2019, there were no deficiencies in the endowment funds.

Endowment Net Asset Composition by Type of Fund at June 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted	$ -	$ 578,495	$ 578,495

Changes in Endowment Net Assets for the Year Ended June 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ 547,797	$ 547,797
Contributions	-	-	-
Net Investment Income	-	30,698	30,698
Board Releases per Spending Policy	-	-	-
ENDOWMENT NET ASSETS - END OF YEAR	$ -	$ 578,495	$ 578,495

NOTE 10 - RETIREMENT PLANS

SOS has a 403(b) tax deferred annuity plan which covers substantially all employees of SOS. Total discretionary plan contributions made by SOS for the year ended June 30, 2019 were $197,501.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

(a) OPERATING LEASES

SOS leases equipment and clinic facilities under non-cancelable lease agreements expiring at various dates through July 2025. Future minimum payments under the operating leases are as follows:

Years Ending June 30		
2020	$	911,958
2021		821,095
2022		738,244
2023		543,774
2024		488,493
Thereafter		144,603
TOTAL	$	3,648,167

Rent expense under operating leases for the year ended June 30, 2019 was $784,799.

(b) GOVERNMENT GRANTS AND CONTRACTS

SOS has received local, state and federal funds for specific purposes that are subject to review and audit by the contracting agencies. There can be no assurance that regulatory authorities will not challenge SOS' compliance with these laws and regulations, and it is not possible to determine the impact, if any, such claims or penalties would have on SOS. As a result, there is a reasonable possibility that recorded amounts will change by a material amount in the near term. To foster compliance with applicable laws and regulations, SOS maintains a compliance program designed to detect and correct potential violations of laws and regulations related to its programs.

(c) MEDICAL MALPRACTICE CLAIMS

Effective February 5, 2015, the U.S. Department of Health and Human Services has deemed SOS and its practicing providers covered under the Federal Tort Claims Act (FTCA) for damage for personal injury, including death, resulting from the performance of medical, surgical, dental and related functions.

SOS purchases primary and excess liability malpractice insurance under claims-made policies. Adjustments of estimated to actual expense, if any, after the policy terms, are included in the period such adjustments are determined.

Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon SOS' claim experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

NOTE 11 - COMMITMENTS AND CONTINGENCIES (continued)

(d) LITIGATION

In the ordinary course of doing business, SOS may become involved in various lawsuits. Some of these proceedings may result in judgments being assessed against SOS which, from time to time, may have an impact on changes in net assets. SOS does not believe that these proceedings, individually or in the aggregate, are material effect on the accompanying consolidated financial statements.

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by the Clinic at June 30, 2019 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at June 30, 2019	
Cash and Cash Equivalents	$ 473,188
Investments	665,128
Fee-for-Service Contracts Receivable	1,197,882
Contribution and Grants Receivable	162,500
Pledges Receivable	382,000
Other Receivables	146,378
TOTAL FINANCIAL ASSETS AT JUNE 30, 2019	3,027,076
Less Amounts Not Available to Be Used within One Year, Due to:	
Donor-Imposed Restrictions:	
Funds Held with Purpose or Time Restrictions	(795,797)
Funds Held for Permanent Endowments	(451,710)
Unspent Endowment Earnings	(126,785)
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	$ 1,652,784

The Clinic regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Clinic is substantially supported by third-party reimbursement for service revenues, government grants, and private and community support. As part of the Clinic's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Clinic has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities.

SHARE OUR SELVES CORPORATION

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2019

SHARE OUR SELVES CORPORATION

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

FEDERAL AWARDS Agency - Program Grant Title	Contract Number	Federal CFDA Number	Program Expenditures from Governmental Revenue
MAJOR AWARDS			
U.S. Department of Health and Human Services			
Health Resources and Services Administration			
Health Center Cluster	H80CS24199	93.224	$ 2,667,552
TOTAL MAJOR AWARDS			2,667,552
NON-MAJOR AWARDS			
U.S. Department of Homeland Security			
Passed through from the Orange County EFSP Board			
Emergency Food and Shelter Program Phase 34 Funds	078600-025	97.024	32,500
U.S. Department of Health and Human Services			
Substance Abuse and Mental Health Services Administration			
SOS Mission - Maintaining Independence and Sobriety Through System Integration, Outreach and Networking	1H79TI080472-01	93.243	35,590
TOTAL NON-MAJOR AWARDS			68,090
TOTAL FEDERAL AWARDS			$ 2,735,642

Summary of Significant Accounting Policies:

1. Basis of Accounting - The Consolidated Schedule of Expenditures of Federal Awards includes the federal grant activities of SOS and has been reported on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the basic consolidated financial statements.
2. SOS has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. SOS is exempt from income taxation under Internal Revenue Code Section 501(c)(3) and California Revenue Taxation Code Section 23701d.
4. Of the federal expenditures presented in the schedule, SOS provided no federal awards to subrecipients.

See Independent Auditor's Report