



**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND  
AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023  
(WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2022)**

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND  
AFFILIATE**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the  
**District of Columbia Primary Care Association  
and Affiliate**

### *Opinion*

We have audited the consolidated financial statements of the District of Columbia Primary Care Association and Affiliate (collectively, the Organization), which comprise the consolidated statement of financial position as of December 31, 2023, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2023, 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 (GAAS). 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 the Organization 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

### *Other Matters*

#### *Report on Summarized Comparative Information*

We have previously audited the Organization's December 31, 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 29, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects with the audited financial statements for which it was derived.

*Marcum LLP*

Washington, DC  
September 24, 2024

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND  
AFFILIATE**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2023**

**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022)**

	2023	2022
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 1,295,382	\$ 982,802
Investments	969,138	878,112
Accounts receivable, net of allowance for credit losses of \$46,407	667,517	980,746
Grants receivable	333,520	536,207
Prepaid expenses	55,257	61,655
Total Current Assets	3,320,814	3,439,522
Fixed assets	258,066	187,298
Right-of-use asset – operating	3,162,456	3,450,587
Deposits	54,655	54,655
<b>Total Assets</b>	<b>\$ 6,795,991</b>	<b>\$ 7,132,062</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 566,628	\$ 958,490
Accrued salaries and related benefits	148,214	119,392
Line of credit	--	100,000
Operating lease liability	288,130	24,612
Total Current Liabilities	1,002,972	1,202,494
Operating lease liability, net of current portion	3,555,787	3,843,917
<b>Total Liabilities</b>	<b>4,558,759</b>	<b>5,046,411</b>
<b>Net Assets</b>		
Without donor restrictions	1,764,832	1,590,000
With donor restrictions	472,400	495,651
<b>Total Net Assets</b>	<b>2,237,232</b>	<b>2,085,651</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,795,991</b>	<b>\$ 7,132,062</b>

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

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND  
AFFILIATE**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)**

	Without Donor Restrictions	With Donor Restrictions	2023	2022
<b>Revenue and Support</b>				
Contracts	\$ 5,416,380	\$ --	\$ 5,416,380	\$ 3,575,144
Government grants	3,132,946	--	3,132,946	3,175,297
Contributions	93,100	375,000	468,100	336,000
Membership dues	144,500	--	144,500	144,500
Investment income (loss), net	94,782	--	94,782	(163,655)
Other income	11,254	--	11,254	4,449
Net assets released from restrictions:				
Satisfaction of program restrictions	398,251	(398,251)	--	--
<b>Total Revenue and Support</b>	<b>9,291,213</b>	<b>(23,251)</b>	<b>9,267,962</b>	<b>7,071,735</b>
<b>Expenses</b>				
Program Services:				
Health Information Technology	4,920,916	--	4,920,916	2,710,517
Policy, Partnership and Advocacy	1,719,331	--	1,719,331	2,422,958
Quality, Improvement and Practice Transformation	1,633,907	--	1,633,907	1,791,847
Connected Care Network	141,795	--	141,795	150,938
Total Program Services	8,415,949	--	8,415,949	7,076,260
Supporting Service:				
Management and general	700,432	--	700,432	598,760
<b>Total Expenses</b>	<b>9,116,381</b>	<b>--</b>	<b>9,116,381</b>	<b>7,675,020</b>
<b>Change in Net Assets</b>	174,832	(23,251)	151,581	(603,285)
<b>Net Assets, Beginning of Year</b>	1,590,000	495,651	2,085,651	2,688,936
<b>Net Assets, End of Year</b>	<b>\$ 1,764,832</b>	<b>\$ 472,400</b>	<b>\$ 2,237,232</b>	<b>\$ 2,085,651</b>

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

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND  
AFFILIATE**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)**

	2023							
	Program Services					Supporting Service		
	Health Information Technology	Policy Partnership and Advocacy	Quality Improvement and Practice Transformation	Connected Care Network	Total Program Services	Management and General	Total	2022 Total
Salaries	\$ 1,213,554	\$ 441,170	\$ 724,904	\$ 44,867	\$ 2,424,495	\$ 377,269	\$ 2,801,764	\$ 2,688,770
Subgrants	1,731,888	495,130	255,359	--	2,482,377	--	2,482,377	1,377,200
Consultants and professional services	1,153,703	444,704	187,168	52,406	1,837,981	313,256	2,151,237	2,164,919
Fringe benefits	312,314	150,386	192,308	15,397	670,405	7,411	677,816	639,049
Occupancy	193,865	76,878	121,922	18,105	410,770	--	410,770	396,108
Miscellaneous	82,881	41,847	71,131	5,464	201,323	--	201,323	135,326
Technology and communications	107,178	9,287	13,892	1,358	131,715	--	131,715	106,188
Office expenses	50,169	35,117	38,823	1,920	126,029	2,496	128,525	104,635
Meeting costs	22,242	20,374	21,826	1,672	66,114	--	66,114	23,504
Depreciation and amortization	53,122	4,438	6,574	606	64,740	--	64,740	39,321
<b>Total Expenses</b>	<b>\$ 4,920,916</b>	<b>\$ 1,719,331</b>	<b>\$ 1,633,907</b>	<b>\$ 141,795</b>	<b>\$ 8,415,949</b>	<b>\$ 700,432</b>	<b>\$ 9,116,381</b>	<b>\$ 7,675,020</b>

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

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND  
AFFILIATE**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)**

	2023	2022
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 151,581	\$ (603,285)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	64,740	39,321
Net realized and unrealized losses (gains) on investments	(74,197)	184,260
Amortization of right-of-use asset	288,131	332,850
Change in allowance for credit losses	(24,190)	--
Changes in assets and liabilities:		
Accounts receivable	337,419	(582,916)
Grants receivable	202,687	55,715
Prepaid expenses	6,398	5,739
Accounts payable and accrued expenses	(391,862)	556,676
Accrued salaries and related benefits	28,822	(5,753)
Operating lease liability	(24,612)	(187,824)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>564,917</u>	<u>(205,217)</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of investments	(283,162)	(251,179)
Purchases of fixed assets	(135,508)	(77,923)
Proceeds from sales of investments	266,333	231,053
<b>Net Cash Used In Investing Activities</b>	<u>(152,337)</u>	<u>(98,049)</u>
<b>Cash Flows From Financing Activities</b>		
Payment of line of credit	(100,000)	--
<b>Net Cash Used In Financing Activities</b>	<u>(100,000)</u>	<u>--</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	312,580	(303,266)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>982,802</u>	<u>1,286,068</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,295,382</u>	<u>\$ 982,802</u>
<b>Supplemental Information</b>		
Interest paid	<u>\$ 3,086</u>	<u>\$ 4,740</u>

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

# DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***ORGANIZATION***

Founded in 1996, the District of Columbia Primary Care Association (DCPCA) is a health action and advocacy organization improving health care and health coverage for low income, uninsured, and medically vulnerable residents in the District of Columbia (the District). DCPCA works with its members to advance policy and develop programs such as Medical Homes DC that help ensure that everyone gets the right care, at the right time, and in the right place.

Revenues and support are derived primarily from grants and contracts from governmental and private organizations.

In November 2019, CCN was formed as a separate 501(c)(3) organization that was established to develop, implement, promote and support clinical integrated services and programs that enhance and expand the capability of federally qualified health centers and to provide quality health care services to populations, including those who are underserved in the District.

#### ***PRINCIPLES OF CONSOLIDATION***

The accounts of DCPCA and CNN (collectively, the Organization) have been consolidated in accordance with accounting principles generally accepted in the United States of America (GAAP) which require that financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated.

#### ***BASIS OF PRESENTATION***

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 *Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions are recorded as “net assets without donor restrictions”. Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions. As of December 31, 2023, there were no amounts designated by the Board.
- Net Assets With Donor Restrictions – Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or future time periods. These donor restrictions are temporary in nature in that they will be met by actions of the Organization or by the passage of time. Other donor restrictions are

# DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *BASIS OF PRESENTATION (CONTINUED)*

- perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2023, the Organization had no net assets with donor restrictions that are required to be maintained in perpetuity.

#### *CASH AND CASH EQUIVALENTS*

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

#### *INVESTMENTS*

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income net, which is presented net of investment expenses paid to external investment advisors, in the accompanying consolidated statement of activities.

#### *FAIR VALUE MEASUREMENT*

In accordance with the accounting standards for fair value measurements for those assets and liabilities that are measured at fair value on a recurring basis, the Organization has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the fair value hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized on the basis of the inputs to the valuation techniques as follows:

##### *Level 1*

Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

##### *Level 2*

Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

##### *Level 3*

Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

For disclosure of inputs and valuation techniques, see Note 2.

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES***

The Organization provides its contract services to health centers in the District of Columbia. Customers are typically provided with payment terms of 30 days. The Organization has tracked historical loss information for its accounts receivable and compiled historical credit loss percentages. Management believes that the historical loss information it has compiled is a reasonable based on which to determine expected credit losses for accounts receivable held at December 31, 2023 because the composition of the accounts receivable at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, the allowance for credit losses at December 31, 2023, totaled \$46,407.

***GRANTS RECEIVABLE***

Grants receivable are recorded at their net realizable value, which approximates fair value. The allowance for uncollectible grants is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor.

***FIXED ASSETS***

Fixed assets in excess of \$2,500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

***RIGHT-OF-USE ASSET AND LEASE LIABILITY***

DCPCA determines if an arrangement contains a lease at the inception of the agreement, based on whether DCPCA has the right to control the asset during the contract period and other facts and circumstances. Leases are included in right-of-use (ROU) assets and lease liability in the accompanying statement of financial position. The ROU asset and lease liability are recognized at the commencement date of the lease agreement based on the present value of lease payments over the lease term using a risk-free rate in lieu of the incremental borrowing rate, and is adjusted for lease incentives. The ROU asset is amortized on a straight-line basis over the lease term and is reflected as occupancy expense in the accompanying financial statements. The lease liability is reduced as cash payments are made under the terms of the lease. Interest is charged to lease expense for the difference. Short-term operating leases,

# DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *RIGHT-OF-USE ASSET AND LEASE LIABILITY (CONTINUED)*

which have an initial term of 12 months or less, are not recorded on the statement of financial position. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

#### *REVENUE RECOGNITION*

The Organization receives contracts in exchange for services. Revenue from these contracts is recognized when the performance obligations are satisfied according to the terms of the contracts, which is the point in time the services are provided. Revenue recognized on contracts for which payments have not been received is included in accounts receivable in the accompanying statement of financial position. Funds received, but not yet expended, under contracts are reflected as contract liabilities in the accompanying statement of financial position.

The Organization receives grants and contributions from the U.S. government and other private entities. These awards are for various activities performed by the Organization. Grants and contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution, grant and contract to determine if the revenue streams follow the contributions rules or if considered a contract with a customer depending on whether the transactions are deemed reciprocal or nonreciprocal.

Contributions and grants qualifying as conditional contributions contain a right of return from obligation provision that limits the Organization on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. Most grant awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are therefore recognized as contributions when the revenue becomes unconditional.

Unconditional grants and contributions are recognized as revenue and support in the accounting period in which they are received or when the unconditional promise to give is made. Unconditional grants and contributions are considered available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as revenue and support with donor restrictions in the accompanying consolidated statement of activities. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is

# DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *REVENUE RECOGNITION (CONTINUED)*

accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and released from restrictions. Grants receivable represent amounts unconditionally committed by grantors that the Organization has not received as of year-end.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at net present value when the discount is significant to the financial statements. Amortization of the discount is included in contributions in the accompanying consolidated statement of activities.

Membership dues are based on member benefits received and recognized as revenue over the period of time that performance obligations are met. Transaction price is determined based on the approved membership rates.

Other income includes credit card related incentives and other credits provided to the Organization and are recognized as revenue upon receipt.

#### *USE OF ESTIMATES*

The preparation of the 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 the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### *FUNCTIONAL ALLOCATION OF EXPENSES*

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to specific functional areas of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of actual time and effort.

#### *NEW ACCOUNTING PRONOUNCEMENT*

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), which significantly changed how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***NEW ACCOUNTING PRONOUNCEMENT (CONTINUED)***

incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB Accounting Standards Codification (ASC) 326 were trade accounts receivable. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures only.

**NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENT**

The Organization’s investments as of December 31, 2023, are summarized as follows:

Mutual funds – equity	\$ 422,740
Exchange traded funds	351,394
Mutual funds – bonds	<u>195,004</u>
<b>Total Investments</b>	<b><u>\$ 969,138</u></b>

The following table summarizes the Organization’s investments measured at fair value on a recurring basis as of December 31, 2023:

	<u>Fair Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Asset Class:				
Mutual funds – equity	\$ 422,740	\$ 422,740	\$ --	\$ --
Exchange traded funds	351,394	351,394	--	--
Mutual funds – bonds	<u>195,004</u>	<u>195,004</u>	<u>--</u>	<u>--</u>
<b>Total Investments at Fair Value</b>	<b><u>\$ 969,138</u></b>	<b><u>\$ 969,138</u></b>	<b><u>\$ --</u></b>	<b><u>\$ --</u></b>

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)**

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the valuation techniques used at December 31, 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

- Mutual funds (equity and bonds) – Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Organization are deemed to be actively traded.
- Exchanged traded funds – Valued at the closing price reported on the active market in which the individual securities are traded.

**NOTE 3 – GRANTS RECEIVABLE AND CONDITIONAL CONTRIBUTIONS**

Grants receivable represent unconditional grants from foundations and the government that are due within one year. Grants receivable are deemed to be fully collectible.

The Organization recognizes revenue for conditional contributions when the related barrier has been overcome (when conditions have been met). Funds received in advance of the conditions being met are recorded as refundable advances. For contributions and grants, the Organization had approximately \$2,188,000 in unrecognized conditional awards as of December 31, 2023.

**NOTE 4 – FIXED ASSETS**

Fixed assets consisted of the following at December 31, 2023:

Furniture and equipment	\$ 624,526
Software	42,225
Leasehold improvements	<u>30,237</u>
Total fixed assets	696,988
Less: accumulated depreciation and amortization	<u>(438,922)</u>
<b>Net Fixed Assets</b>	<b><u>\$ 258,066</u></b>

Depreciation and amortization expense for the year ended December 31, 2023, totaled \$64,740.

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 5 – RIGHT-OF-USE ASSET AND LEASE LIABILITY**

On August 17, 2022, the Organization amended its office lease to extend the term through July 31, 2033. This amendment included an additional period of abated rent payments, and increases at 2.5% annually. As a result of the lease amendment, during 2022, the Organization remeasured the liability and right-of-use asset related to the office space lease. As the office lease agreement did not provide an implicit rate, based on the information available at the commencement date, the Organization elected to use a risk-free rate. The discount rate utilized to present value the future lease payments was 2.6%.

Weighted average lease term and discount rate as of December 31, 2023, were as follows:

Weighted average remaining lease term	9.6 years
Weighted average discount rate	2.6%

The maturity of the operating lease liability as of December 31, 2023, was as follows:

For the Year Ending December 31,	
2024	\$ 385,941
2025	395,574
2026	419,489
2027	449,633
2028	460,860
Thereafter	<u>2,262,573</u>
Total	4,374,070
Less: Present Value Discount	(530,153)
Less: Current Portion	<u>(288,130)</u>
<b>Lease Liability, Net of Current Portion</b>	<b><u>\$ 3,555,787</u></b>

Rent expense for the year ended December 31, 2023, which is included in occupancy expense in the accompanying consolidated statement of functional expenses, totaled \$390,840. The amount paid in cash related to the office lease was \$127,322.

**NOTE 6 – LINE OF CREDIT**

The Organization has a \$1,000,000 revolving bank line of credit with a local financial institution that terminates on February 28, 2025. Amounts borrowed under this agreement bear interest at 7.90%. The line is secured by cash and investments held in accounts at the same financial institution. There was no outstanding balance as of December 31, 2023.

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 7 – COMMITMENTS, CONTINGENCIES AND RISKS**

***COMPLIANCE AUDIT***

The Organization receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits.

Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2022. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

***CONCENTRATION OF CREDIT RISK***

The Organization maintains cash balances at times during the year in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. Bank deposit accounts are insured by the FDIC up to a limit of \$250,000. Management believes the risk in these situations to be minimal.

***INVESTMENT RISK AND UNCERTAINTIES***

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at December 31, 2023:

Policy, partnerships and advocacy	\$ 252,300
Diversity and equity initiatives	<u>220,100</u>
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 472,400</u></b>

# DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 9 – RETIREMENT PLAN

The Organization provides retirement benefits to its employees through a 403(b) retirement plan, which allows for employer matching contributions and employer discretionary contributions. Contributions to the Plan during the year ended December 31, 2023, totaled \$181,822.

### NOTE 10 – KEY PROGRAM DESCRIPTIONS

The following summarizes the key program services provided by the Organization:

#### ***HEALTH INFORMATION TECHNOLOGY***

Represents the programs designed to develop and implement electronic medical records at community health care centers and enable the electronic exchange of clinical data by establishing a regional health information exchange to connect health centers and hospitals into a health information systems network. Includes data management initiatives aimed at aggregating clinical data to produce utilization and quality metrics to facilitate health center performance and population health outcomes improvement.

#### ***POLICY, PARTNERSHIP & ADVOCACY***

Initiatives identify and act on opportunities to support health center sustainability, as well as address the social determinants of health mainly through the DC PACT (Positive Accountable Community Transformation) coalition, whose vision is to align clinical and community services so as to create a seamless community of care that improves health and increases health equity in the District of Columbia. The Organization's Policy and Advocacy initiatives have also brought together various member FQHCs (Federally Qualified Health Centers) and FQHC-look-alikes leadership and policy making teams on the same platform to guarantee more unified and coordinated legislative, administrative, and budgetary priorities outcomes and amplifications, to ensure continued access to high quality, comprehensive, culturally informed and integrated primary health care, focused on value for both DC Residents, health centers and District of Columbia health care policy administrators.

#### ***QUALITY IMPROVEMENT & PRACTICE TRANSFORMATION***

Programs focus on the provision of technical assistance and training to health centers to support improvements in access, operational excellence, and health outcomes. Through partnerships with experienced content experts, the Organization develops and facilitates training sessions, conferences, on-site technical assistance, and peer groups to accelerate the use of innovative and evidence-based best practices. The Organization assists health centers leverage data and health information technology to improve care processes and outcomes, and prepare providers for alternative delivery and payment systems.

#### ***CONNECTED CARE NETWORK***

Represents amounts restricted under the programs sponsored by the Connected Care Network.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 11 – AVAILABILITY AND LIQUIDITY**

Financial assets available for use within one year of the Consolidated Statement of Financial Position, comprise the following at December 31, 2023:

Financial Assets:	
Cash and cash equivalents	\$ 1,295,382
Investments	969,138
Accounts receivable	667,517
Grants receivable	<u>333,520</u>
Total Financial Assets	3,265,557
Less: Amounts not available for use with one year:	
Financial assets restricted by the donor	<u>(472,400)</u>
<b>Financial Assets Available for Expenditure</b>	<b><u>\$ 2,793,157</u></b>

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. The Organization invests cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, the Organization also could draw upon the remaining \$1,000,000 available in the line of credit (See Note 6).

**NOTE 12 – INCOME TAX STATUS**

DCPCA and CCN are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and are only subject to tax on unrelated business income. DCPCA and CCN are not private foundations. For the year ended December 31, 2023, there was no unrelated business income and, consequently, no provision for income taxes has been made.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification Topic 740, Income Taxes. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's consolidated financial statements. The Organization evaluated its uncertainty in income taxes for the year ended December 31, 2023, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. U.S. federal jurisdictions and/or the various states and local jurisdictions in which the Organization files tax returns are open for examination; however, there are currently no examinations pending or in progress. It is the Organization's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2023, the Organization had no accruals for interest and/or penalties.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE 13 – PRIOR YEAR SUMMARIZED FINANCIAL INFORMATION**

The accompanying 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 GAAP. Accordingly, such information should be read in conjunction with the Organization’s consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

**NOTE 14 – SUBSEQUENT EVENTS**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 24, 2024, the date the consolidated financial statements were issued. There were no subsequent events identified through September 24, 2024, required to be recognized or disclosed in these consolidated financial statements.