

Reports of Independent Auditors,
Consolidated Financial Statements, and Supplementary Information

Partners in Care Foundation, Inc. and Subsidiaries

June 30, 2025
(With summarized comparative information for June 30, 2024)



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Report of Independent Auditors

The Board of Directors
Partners in Care Foundation, Inc. and Subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Partners in Care Foundation, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2025, 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 financial position of Partners in Care Foundation, Inc. and Subsidiaries as of June 30, 2025, and the changes in their net assets and their 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) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Partners in Care Foundation, Inc. and Subsidiaries 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.

Report on Summarized Comparative Financial Information

The summarized comparative financial information of Partners in Care Foundation, Inc. and Subsidiaries as of and for the year ended June 30, 2024, has been derived from their consolidated financial statements as of and for the year ended June 30, 2024, and in our report dated March 28, 2025, we expressed an unmodified opinion on those consolidated financial statements.

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 Partners in Care Foundation, Inc. and Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 consolidated 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 Partners in Care Foundation, Inc. and Subsidiaries' 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 Partners in Care Foundation, Inc. and Subsidiaries' 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal and selected state and other awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis 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 and selected state and other 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 26, 2026, on our consideration of Partners in Care Foundation, Inc. and Subsidiaries' 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Partners in Care Foundation, Inc. and Subsidiaries' 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 Partners in Care Foundation, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Baker Tilly US, LLP

Los Angeles, California
March 26, 2026

Consolidated Financial Statements

Partners in Care Foundation, Inc. and Subsidiaries
Consolidated Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 271,317	\$ 1,157,881
Investments	4,723,310	3,948,791
Accounts receivable (net of allowance of \$1,518,000 and \$853,000 as of June 30, 2025 and 2024, respectively)	24,421,725	16,332,437
Grants and contributions receivable	2,555,476	6,332,600
Deferred compensation plan assets	483,544	521,132
Prepaid expenses and other assets	397,578	409,318
Property and equipment (net)	335,658	421,525
Operating right-of-use asset (net)	619,669	857,796
Finance right-of-use asset (net)	84,093	105,564
TOTAL ASSETS	\$ 33,892,370	\$ 30,087,044
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 5,683,964	\$ 6,216,159
Accrued liabilities	6,895,048	3,699,376
Line of credit	250,000	802,750
Deferred compensation plan liability	483,544	521,132
Deferred revenue	-	53,669
Operating lease liability	648,242	884,542
Finance lease liability	85,439	105,693
TOTAL LIABILITIES	14,046,237	12,283,321
NET ASSETS		
Without donor restrictions	19,820,270	17,490,052
With donor restrictions	25,863	313,671
TOTAL NET ASSETS	19,846,133	17,803,723
TOTAL LIABILITIES AND NET ASSETS	\$ 33,892,370	\$ 30,087,044

See accompanying notes.

Partners in Care Foundation, Inc. and Subsidiaries
Consolidated Statement of Activities
Year Ended June 30, 2025
With Summarized Totals for the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Total 2024
REVENUE AND SUPPORT				
Direct service contracts revenue	\$ 39,939,085	\$ -	\$ 39,939,085	\$ 25,758,305
Government contracts	11,759,486	-	11,759,486	11,807,789
Private grants	135,823	-	135,823	854,237
Special events (net of \$470,967(2025) and \$346,609 (2024) direct special event expenses)	290,109	-	290,109	252,421
Contributions	144,712	-	144,712	274,157
Investment return (net)	460,100	-	460,100	698,971
Net assets released from donor restrictions	287,808	(287,808)	-	-
TOTAL REVENUE AND SUPPORT	53,017,123	(287,808)	52,729,315	39,645,880
EXPENSES				
Program services	43,020,006	-	43,020,006	30,612,789
Management and general	7,094,818	-	7,094,818	6,309,334
Fundraising	572,081	-	572,081	690,610
TOTAL EXPENSES	50,686,905	-	50,686,905	37,612,733
CHANGE IN NET ASSETS	2,330,218	(287,808)	2,042,410	2,033,147
NET ASSETS, beginning of year	17,490,052	313,671	17,803,723	15,770,576
NET ASSETS, end of year	\$ 19,820,270	\$ 25,863	\$ 19,846,133	\$ 17,803,723

See accompanying notes.

Partners in Care Foundation, Inc. and Subsidiaries
Consolidated Statement of Functional Expenses
Year Ended June 30, 2025
With Summarized Totals for the Year Ended June 30, 2024

	Total Program Services				Total Program Services	Management and General	Fundraising	Total Expenses	
	Long-Term Support Services	Short-Term Services & HUB	Community Wellness	Strategic Initiative				2025	2024
	Salaries and wages	\$ 6,469,818	\$ 4,079,656	\$ 1,899,701				\$ 107,288	\$ 12,556,463
Fringe benefits	1,406,124	886,656	399,284	23,318	2,715,382	443,262	89,902	3,248,546	2,947,450
TOTAL PERSONNEL COSTS	<u>7,875,942</u>	<u>4,966,312</u>	<u>2,298,985</u>	<u>130,606</u>	<u>15,271,845</u>	<u>3,874,206</u>	<u>503,557</u>	<u>19,649,608</u>	<u>17,871,408</u>
Subcontracted services	296,000	20,430,738	-	-	20,726,738	-	-	20,726,738	11,073,254
Contract labor	122,669	3,512,832	545,977	393,866	4,575,344	1,220,124	33,830	5,829,298	4,118,622
Purchased services	931,012	845	15,059	920	947,836	10,321	243	958,400	1,521,074
Dues, licenses, and subscriptions	115,859	108,699	196,827	1,401	422,786	516,943	17,788	957,517	705,871
Telephone and internet	64,596	41,641	103,326	1,577	211,140	107,497	918	319,555	396,132
Office expense and program supplies	60,288	48,910	101,169	2,060	212,427	129,427	1,203	343,057	386,529
Travel and mileage	65,299	73,760	97,575	7,883	244,517	55,388	9,295	309,200	372,441
Occupancy	155,366	488	4,332	-	160,186	192,668	-	352,854	305,782
Insurance	38,946	44,829	-	-	83,775	163,406	-	247,181	213,107
Credit loss expense	-	-	-	-	-	664,280	-	664,280	359,055
Depreciation and amortization	47,297	22,519	60,794	-	130,610	63,332	-	193,942	177,349
Other expense	-	6,486	524	-	7,010	54,207	1,009	62,226	56,052
Public relations and recruitment	7,739	12,454	5,599	-	25,792	27,614	4,238	57,644	46,530
Interest expense	-	-	-	-	-	15,405	-	15,405	9,527
TOTAL 2025 FUNCTIONAL EXPENSES	<u>\$ 9,781,013</u>	<u>\$ 29,270,513</u>	<u>\$ 3,430,167</u>	<u>\$ 538,313</u>	<u>\$ 43,020,006</u>	<u>\$ 7,094,818</u>	<u>\$ 572,081</u>	<u>\$ 50,686,905</u>	
					85%	14%	1%	100%	
TOTAL 2024 FUNCTIONAL EXPENSES	<u>\$ 15,094,482</u>	<u>\$ 10,794,216</u>	<u>\$ 4,245,810</u>	<u>\$ 478,281</u>	<u>\$ 30,612,789</u>	<u>\$ 6,309,334</u>	<u>\$ 690,610</u>		<u>\$ 37,612,733</u>
					81%	17%	2%		100%

See accompanying notes.

Partners in Care Foundation, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,042,410	\$ 2,033,147
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Realized and unrealized (gains) on investments	(418,510)	(423,368)
Expected credit losses	664,280	359,055
Depreciation and amortization	193,942	177,349
Amortization on operating right-of-use assets	238,127	231,253
Amortization on finance right-of-use assets	21,471	14,229
(Increase) decrease in		
Accounts receivable	(8,753,568)	(12,008,437)
Grants and contributions receivable	3,777,124	(183,387)
Prepaid expenses and other assets	11,740	(322,304)
Increase (decrease) in		
Accounts payable	(532,195)	4,704,640
Accrued liabilities	3,195,672	622,689
Deferred revenue	(53,669)	(196,331)
Operating lease liability	(236,300)	(222,030)
	<u>150,524</u>	<u>(5,213,495)</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(108,075)	(47,444)
Purchases of investments	(966,226)	(613,953)
Proceeds from sales of investments	610,217	1,250,282
	<u>(464,084)</u>	<u>588,885</u>
Net cash (used in) provided by investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on finance lease	(20,254)	(24,817)
Repayments on line of credit	(552,750)	(900,000)
Draws on line of credit	-	1,702,750
	<u>(573,004)</u>	<u>777,933</u>
Net cash (used in) provided by financing activities		
Net decrease in cash and cash equivalents	(886,564)	(3,846,677)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,157,881</u>	<u>5,004,558</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 271,317</u>	<u>\$ 1,157,881</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Change in deferred compensation plan asset and liability	\$ 37,588	\$ 3,555
Right-of-use operating and finance lease assets received in exchange for liability	\$ -	\$ 107,354
Cash paid for interest	\$ 15,405	\$ 9,527

See accompanying notes.

Partners in Care Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 – Organization

Partners in Care Foundation, Inc. and Subsidiaries (the Foundation) has been in the business of bringing medicine, families, and community-based services together since its inception in 1997. The Foundation was founded to enhance healthcare by partnering with organizations, families and community leaders to better serve communities and improve quality of life. Its vision is to be both a think-tank and proving ground for shaping a new era of healthcare that integrates medical and social services for adults with chronic and disabling conditions. The Foundation develops, tests and disseminates high-impact, innovative models of home and community-based care that bring efficient and effective health and social services to diverse people and communities. The Foundation is a state and national leader in disseminating evidence-based, health-impacting, self-management programs throughout care systems and community settings. In addition to developing collaborative networks that address comprehensive and continuous quality care to older adults, the Foundation is also at the forefront of reducing hospital readmissions and nursing home placement, a leadership effort that began long before the issue gained national prominence under the Affordable Care Act.

The Foundation's model in-home and community-based programs and services have focused on improving chronic disease self-management, identifying dangerous medication errors, preventing falls, averting costly hospitalizations and readmissions, and preventing premature nursing home placement for diverse low-income populations across the southland. These programs yield high-impact health results, meeting the widely recognized Institute for Healthcare Improvement's Triple Aim model of better population health, better patient experience, and reduced per-capita cost. The Foundation was awarded a National Committee for Quality Assurance (NCQA) accreditation—the second Community Based Organization in the country to have received this prestigious honor.

The Foundation has the following programs:

Partners at Home network/ Community Care HUB – Partners at Home is the culmination of years of effort to build a network of community-based organizations with the expertise, local knowledge, and cultural sensitivity to deliver services that enable people to live in the community, streamlining access to these services for health plans, hospitals, and physician groups.

Partners at Home provides:

- A single point of access to a large spectrum of services, scalable for regional and state coverage;
- Coordination of resources (medication management, home services, meal delivery, etc.) provided at a competitive price;
- Continuity of services provided by culturally diverse providers with local expertise to engage patients in their own outcomes; and
- A quality-accredited provider of a full-continuum of patient centered services including Private Duty services under CalAIM Community Supports.

Partners in Care Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Home and Community-Based Alternative – The Home and Community-Based Alternatives (HCBA) Waiver allows Medi-Cal beneficiaries with high-level care needs to continue to live at home or in the community by identifying and ensuring they receive services that will sustain their health and safety outside of an institution. Services include case management services that are provided by a multidisciplinary care team comprised of a nurse and social worker, which coordinates Waiver and State Plan services (e.g., medical, behavioral health, In-Home Supportive Services, etc.), and arranges for other available long-term services and support available in the local community.

Enhanced Care Management (ECM) – The Foundation as a Community Based Care Management Entity (CB-CME) for ECM is the frontline provider of service for Medi-Cal beneficiaries at high-risk for emergency department visits and those with three or more chronic conditions. Services include care coordination activities, engagement, and person-centered health action planning.

Community-Based Adult Services Assessments (CBAS) – The Foundation provides eligibility evaluations in California, serving four major managed care plans and more than 200 CBAS centers throughout the state. The Foundation’s team of multi-lingual and culturally competent registered nurses is highly experienced in undertaking “face-to-face” screening evaluations via the CBAS Eligibility Determination Tool, either at a CBAS center or at a member’s home.

HomeMedsSM and HomeMeds Plus – Data shows that 40% to 50% (unaudited) of elders using home or community-based care are using medications inappropriately, leading to a range of preventable issues, including falls, 911 calls, ER visits, and hospitalizations. HomeMedsSM utilizes an evidenced-based computerized risk assessment and alert process. A social worker gathers the information in the home and a pharmacist reviews medication to identify problems and follows through with the patient, their family, and the prescriber. HomeMedsSM was awarded with the Highest Evidence Level rating by the U.S. Administration for Community Living and it is now being implemented across 45 sites in 18 states (unaudited).

HomeMeds Plus adds psychosocial, functional needs, and safety assessments to the evaluation. Performed by highly skilled health coaches competent in cultural and linguistic diversity, adept at patient engagement and knowledgeable about community resources, these evaluations are carried out in the home to create an individualized service plan.

Multipurpose Senior Services Program (MSSP) – This program empowers the low-income frail elderly on Medi-Cal to live independently in the community for as long as possible, thus delaying or avoiding entirely the need for nursing home placement. Trained coaches visit the person at home to conduct a health and psychosocial assessment, enabling them to determine the best range of services for each individual’s needs. Services may include home delivered meals, transportation, chore and personal assistance, emergency response system, home safety modifications, medical equipment, protective supervision, counseling, and caregiver respite.

Partners in Care Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Chronic Disease Self-Management Education – The Foundation offers a range of powerful consumer empowerment tools including the Stanford University developed and licensed Chronic Disease, Diabetes, and Chronic Pain Self-Management Programs. Each workshop is six weeks long, and guides participants through peer led sessions to develop skills and learn new tools to help them manage their conditions on a daily basis. Topics covered include healthy eating, symptom and medications management, physical activity, and communicating with medical providers. The overall Chronic Disease Self-Management Program is a cross-cutting program for any chronic condition, such as high blood pressure, arthritis, diabetes, and heart disease, while the others have specific focus for individuals with diabetes or chronic pain. Participants who attend workshops are better able to manage symptoms, exercise more, are better able to communicate with physicians, and have better self-reported health and improved exercise. They typically also spend fewer days in the hospital or have fewer outpatient visits and hospitalizations. The workshop is also available in Spanish as “Tomando Control de su Salud.”

Geriatric Social Work Education Consortium (GSWEC) and Workforce Development– As one of ten Centers of Excellence, the Foundation is a founding partner in the collaboration of universities and agencies facilitating the GSWEC program – the nation’s first integrated network to improve social work education and field training among those working in older adult services and care .As well as Workforce Development Training Center offers training and learning opportunities through several different methods, including asynchronous on-line, self-study with remote small group meetings, and in-person workshops for Community Health Workers.

Note 2 – Summary of Significant Accounting Policies

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

Principles of consolidation – The consolidated financial statements include the accounts of Partners in Care Foundation, Inc. as well as those of its subsidiaries: California Health Innovation Center (CHIC), Inc., and Visiting Nurse Community Services (VNCS). All significant inter-company transactions and balances have been eliminated on consolidation.

Net assets – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-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-imposed restrictions. The board of directors has not designated any amounts for special purposes.

Partners in Care Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Net assets with donor restrictions – Contributions, grants, and government contracts restricted by donors or other third parties 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 consolidated statement of activities as net assets released from donor restrictions.

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 and cash equivalents at June 30, 2025, approximates its fair value.

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

Investments – Investments are reported at fair value in the consolidated statement of financial position. Securities are generally held in custodial investment accounts administered by financial institutions.

Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date, net of advisor fees. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in the consolidated statement of activities and represent the current year change in the difference between the cost and fair value of investments held at the end of the fiscal year. Investments received through gifts are recorded at estimated fair value at the date of donation.

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 consolidated statement of financial position.

Accounts receivable and related revenue recognition – Accounts receivable reflects the outstanding amount of consideration to which the Foundation expects to be entitled in exchange for providing services under direct service contracts. These amounts are due from third-party payors (including health insurers and government programs) and others based on outstanding timeline, purpose and dispute timeline. Accounts receivable is presented net of a provision for credit losses. The provision for credit losses is calculated based on historical experience and management's forecasts. No collateral is obtained nor is interest charged. The Foundation established a provision for credit losses totaling approximately \$1,518,000 and \$853,000 at June 30, 2025 and 2024, respectively.

Partners in Care Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

The Foundation's revenues from contracts with customers are generated from direct service contracts to coordinate or provide evidence-based healthcare to eligible members, as well as health-related education and outreach. Such contracts provide for specified rates per services provided, such as care coordination and management, patient assessments and referrals, various healthcare workshops, and other services. Certain contracts may be structured based on a negotiated fixed fee on a per-member-per-month basis that are subsequently settled based on actual services provided.

Direct service contract revenue is recognized over time as the Foundation satisfies its performance obligations by serving eligible members or fulfilling their service requirements, in accordance with ASC 606. This method reflects the transfer of services throughout the performance obligation period based on the inputs necessary to meet those obligations. Revenue is reported at the estimated transaction price, which represents the consideration the Foundation expects to receive for the related services, determined based on the agreed-upon contractual rates, net of estimates for disallowed claims. This approach ensures that revenue recognition aligns with the timing and nature of the services provided. Disallowed claims are determined based on a member losing eligibility and are determined once submitted to the payor based on member disenrolled at date of service.

Grants and contributions receivable and related revenue recognition – The Foundation recognizes unconditional contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest are received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Intentions to give are not included as support until payments are made or enforceable promises to give are executed. The Foundation evaluated the collectability of grants and contributions receivable and determined an allowance was not necessary. Collectability is determined based on agreement requirements being met, review of budget vs actual or allowable cost reimbursement and potential denials of clients based on enrollment. Due to agreements requiring prior authorizations or enrollment approval allowance is not necessary for potential denials. The entire amount of grants and contributions receivable at June 30, 2025, is due within the next year.

The Foundation holds special events on an annual basis. Sponsorship amounts received for such special events in advance of the event are deferred until the event takes place.

A portion of the Foundation's grants are derived from fee-for-service and cost reimbursement grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Such grants are generally considered nonreciprocal transactions restricted by the awarding agencies for certain purposes. Amounts received are recognized as revenue when the Foundation has satisfied the specific performance requirements or incurred expenditures in compliance with specific contract or grant provisions. The Foundation has elected to adopt a policy whereby donor-restricted grants and contributions that were initially conditional and whose conditions and restrictions are met in the same reporting period are recognized as revenue without donor restrictions. Amounts received prior to incurring qualifying expenditures or fulfilling the specific performance obligations are reported as deferred revenue in the consolidated statement of financial position.

Credit risk – Concentration of credit risk with respect to receivables is limited, as the majority of the Foundation's receivables consist of earned fees from health insurers and governmental agencies.

Partners in Care Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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:

Furniture and equipment	5 Years
Computers and software	5 Years
Vehicles	5 Years
Leasehold improvements	Shorter of estimated life or term of the lease

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 \$1,000 and the useful life is greater than one year.

Leases – The Foundation evaluates whether its contractual arrangements contain leases at the inception of such arrangements. Specifically, the Foundation considers whether it can control the underlying asset and have the right to obtain substantially all of the economic benefits or outputs from the asset. The Foundation has elected not to recognize a right-of-use (ROU) asset and lease liability for leases with terms of 12 months or less. Additionally, the Foundation has adopted the other two practical expedients permitted under Accounting Standards Codification (ASC) 842: it combines non-lease components with lease components and treats them as a single lease component, and it expenses lease payments on a straight-line basis over the lease term for operating leases. The ROU operating and finance lease assets represent the right to use an underlying asset for the lease term, and operating and finance lease liabilities represent the obligation to make lease payments.

Both the ROU operating and finance lease asset and liability are recognized as of the lease commencement date or adoption of the standard, whichever is later, at the present value of the lease payments over the lease term. The Foundation's leases do not provide an implicit rate that can readily be determined. Therefore, the Foundation uses a risk-free rate as per the practical expedient.

Operating and finance lease expense is recognized on a straight-line basis over the lease term and is included in operating expenses on the accompanying consolidated statement of activities.

Long-lived assets – The Foundation 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, 2025, no impairment losses were recognized.

Partners in Care Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Reserve for contract settlements – The Foundation performs services under certain managed care contracts with third-party payors that are paid at a negotiated fixed fee on a per-member-per-month and that are subsequently settled based on actual services provided. Settlements with third-party payors for retroactive revenue adjustments due to such reconciliations are considered variable consideration and are included in the determination of the estimated transaction price for providing contract services. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Foundation's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. At June 30, 2025, a reserve for estimated contract settlements was not considered necessary.

There is no significant financing component related to third-party settlements because it is not a result of the provision of a financing arrangement with a government payor.

Concentration of risk – Approximately 22% of revenue and support generated by the Foundation during the year ended June 30, 2025, was derived from government contracts.

Approximately 62% of the Foundation's receivable balance is due from two entities as of June 30, 2025.

Income taxes – Partners in Care Foundation, Inc. and VNCS are exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

CHIC for-profit subsidiary accounts for income taxes in accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) *Topic 740 – Uncertainty in Income Taxes* (ASC 740). These principles require an asset and liability approach to the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the consolidated financial statement carrying amounts and the tax bases of assets and liabilities using enacted laws and rates currently in effect. For the year ended June 30, 2025, the Foundation has not recorded any tax asset or liability in the consolidated financial statements for these entities in the belief that these amounts would be immaterial.

In accordance with the FASB ASC 740, the Foundation 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, 2025, the Foundation performed an evaluation of uncertain tax positions and did not identify any matters that would require recognition in the consolidated financial statements or which might have an effect on its tax-exempt status.

Functional allocation of expenses – The costs of providing the Foundation's programs and other activities have been presented in the consolidated 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. The Foundation allocates indirect costs based on the estimated proportionate staff time spent on various activities, relative to total staff time, or the ratio of direct program costs to total costs.

Partners in Care Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Use of estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions related to the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may materially differ from those estimates.

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 GAAP. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Reclassifications – Certain prior year amounts have been reclassified to conform to current presentation with no impact on net assets.

Subsequent events – The Foundation has evaluated events and transactions occurring subsequent to the consolidated statements of financial position date of June 30, 2025, for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through March 26, 2026, the date these consolidated financial statements were available to be issued.

Note 3 – Fair Value Measurements

The Foundation accounts for assets and liabilities 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 (or liabilities). 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 (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

Partners in Care Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

The following tables present information about the Foundation's assets that are measured at fair value on a recurring basis at June 30, 2025, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2025	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Equities - domestic	\$ 3,323,131	\$ 3,323,131	\$ -	\$ -
Exchange-traded funds				
Equity	361,786	361,786	-	-
Fixed income	777,624	777,624	-	-
Cash equivalent	260,769	260,769	-	-
	4,723,310	4,723,310	-	-
Deferred Compensation - Rabbi Trust				
Annuity contracts	483,544	-	483,544	-
Total	\$ 5,206,854	\$ 4,723,310	\$ 483,544	\$ -

The fair values of investments within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year. These investments can be redeemed daily.

The annuity contract is valued based on the cash surrender value plus other accrued income.

The change in Level 2 assets is as follows for the year ended June 30, 2025:

	Rabbi Trust
Balance - beginning of year	\$ 521,132
Distribution	(44,159)
Investment return	6,571
Balance - end of year	\$ 483,544

Partners in Care Foundation, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 4 – Property and Equipment

Property and equipment consist of the following at June 30, 2025:

Leasehold improvements	\$ 724,117
Furniture and equipment	138,115
Computers and software	<u>823,904</u>
 Total	 1,686,136
Less accumulated depreciation	<u>(1,350,478)</u>
 Total property and equipment, net	 <u><u>\$ 335,658</u></u>

Depreciation expense for the year ended June 30, 2025, was \$193,942.

Note 5 – Leases

The Foundation operates its facilities under a series of operating lease agreements and one finance lease agreement. ROU assets represent right to use an underlying asset for the lease term. Lease liabilities represent obligations to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

The lease term consists of the noncancelable period of the lease, and the periods covered by options to extend or terminate the lease when it is reasonably certain the Foundation will exercise such options. None of the lease agreements contain a residual value guarantee, restrictions, or covenants.

Weighted-average remaining lease term and discount rate – The weighted-average remaining lease term and weighted-average discount rate used to calculate the present value of lease liabilities are as follows for the year ended June 30, 2025:

	Year Ended June 30, 2025
	<u> </u>
Weighted-average remaining lease term – operating leases	2.93
Weighted-average remaining lease term – finance lease	3.92
Weighted-average discount rate – operating leases	3.00%
Weighted-average discount rate – finance lease	3.00%

Partners in Care Foundation, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Lease maturities – The following table summarizes the maturity of the lease liabilities as of June 30, 2025:

<u>Years Ending June 30,</u>	<u>Operating</u>	<u>Finance</u>
2026	\$ 266,577	\$ 23,148
2027	185,370	23,148
2028	168,013	23,148
2029	<u>56,832</u>	<u>21,219</u>
Total lease payments	676,792	90,663
Less imputed interest	<u>(28,550)</u>	<u>(5,224)</u>
Total	<u>\$ 648,242</u>	<u>\$ 85,439</u>

Note 6 – Line of Credit

The Foundation had established a line of credit with a limit of \$1,500,000 and reached maturity as of September 11, 2024. As of June 30, 2025, there was no outstanding balance.

On May 19, 2025, the Foundation established a new line of credit with a limit of \$2,000,000. As of June 30, 2025, the Foundation has drawn \$250,000 on this line of credit. This balance is subject to interest, covenants, and other terms as per the agreement with the financial institution. The maturity date on this line of credit is May 19, 2026.

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2025:

	<u>2025</u>
Subject to expenditure for specified purpose	
Other programs	<u>\$ 25,863</u>
Total net assets with donor restrictions	<u>\$ 25,863</u>

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, 2025:

	<u>2025</u>
Satisfaction of purpose restrictions	
Align social care project	\$ 188,174
Evidence-based care	<u>99,634</u>
Total net assets released from with donor restrictions	<u>\$ 287,808</u>

Partners in Care Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 8 – Commitments and Contingencies

Contracts – The Foundation’s grants and contracts are subject to inspection and audits by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated.

Litigation – In the normal course of business, the Foundation may become a party to litigation. Management believes there are no asserted or unasserted claims or contingencies that would have a material impact on the consolidated financial statements of the Foundation as of June 30, 2025.

Note 9 – Retirement and Deferred Compensation Plans

The Foundation has a 401(k) defined contribution plan (the Plan) covering all eligible employees. Eligible participants may contribute from 1% to 99% of their eligible compensation to the Plan, limited to the maximum as determined by the Internal Revenue Service for each year.

The Foundation’s contributions to the Plan are categorized as safe harbor and are equal to 100% of the first 4% of eligible pay contributed by the participant to the Plan on a pay period basis. The participant becomes immediately vested at 100% in the matching contributions. The Foundation contributed \$352,797 during the year ended June 30, 2025.

The Foundation has a nonqualified deferred compensation plan (the Rabbi Trust), available to one member of senior management. The Rabbi Trust is a legally separate entity set up as an irrevocable trust invested in annuities and is managed by a former Board member of the Foundation. The deferred compensation Rabbi Trust assets consist primarily of annuity contracts, which are valued based on their cash surrender values using fair value hierarchy Level 2 inputs (Note 3).

Partners in Care Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 10 – Liquidity and Availability of Financial Resources

The total financial assets held by the Foundation at June 30, 2025, and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the consolidated statement of financial position are summarized in the following table:

Cash and cash equivalents	\$ 271,317
Investments	4,723,310
Accounts receivable (net)	24,421,725
Grants and contributions receivable	<u>2,555,476</u>
Financial assets available to meet general expenditures within one year	<u>\$ 31,971,828</u>

The Foundation 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 Foundation is substantially supported by government grants, direct services contracts, and Foundation grants. The Foundation also has a line of credit at its disposal, see Note 6. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and highly liquid investments. As part of the Foundation'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.

Supplementary Information

Partners in Care Foundation, Inc. and Subsidiaries
Schedule of Expenditures of Federal and Selected State and Other Awards
Year Ended June 30, 2025

Federal Grantor/Passed Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Contract Number	Total Contract Expenditures			
			Federal	State	Other	Total
U.S. Department of Health and Human Services						
Pass-through, State of California - Department of Aging						
Grants to States for Medicaid	93.778	MS-2425-40	\$ 1,008,801	\$ 504,401	\$ -	\$ 1,513,202
Grants to States for Medicaid	93.778	MS-2425-43	2,735,851	1,367,926	-	4,103,777
Grants to States for Medicaid	93.778	MS-2425-51	942,307	471,154	-	1,413,461
Grants to States for Medicaid	93.778	MS-2425-54	947,571	473,786	-	1,421,357
Grants to States for Medicaid	93.778	18-95227	5,240,024	2,620,012	-	7,860,036
Total Medicaid Cluster			10,874,554	5,437,279	-	16,311,833
U.S. Department of Health and Human Services						
Pass-through, City of Los Angeles - Department of Aging						
Special programs for the Aging - Title III - Part D						
Disease Prevention and Health Promotion Services	93.043	C-200479	369,359	-	-	369,359
COVID-19 ARPA Title IIID	93.043	C-200479	68,073	-	-	68,073
Pass-through, County of Los Angeles						
Special programs for the Aging - Title III - Part D						
Disease Prevention and Health Promotion	93.043	DPHP2122	492,755	-	-	492,755
COVID-19 ARPA Title IIID	93.043	DPHP2122	250,796	-	-	250,796
Total 93.043			1,180,983	-	-	1,180,983
Total U.S. Department of Health and Human Services			12,055,537	5,437,279	-	17,492,816
U.S. Department of Housing and Urban Development						
Pass-through, City of Los Angeles - Department of Aging:						
Community Development Block Grants/Entitlement Grants						
Technical Assistance	14.218	C-201064	27,450	-	-	27,450
Total 14.218, CDBG-Entitlement Grants Cluster			27,450	-	-	27,450
TOTAL EXPENDITURES			\$ 12,082,987	\$ 5,437,279	\$ -	\$ 17,520,266

See notes to the schedule of expenditures of federal and selected state and other awards.

**Notes to the Schedule of Expenditures of Federal and
Selected State and Other Awards
Year Ended June 30, 2025**

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal and selected state and other awards (the Schedule) includes the federal and selected state and other award activity of Partners in Care Foundation, Inc. and Subsidiaries (the Foundation) for the year ended June 30, 2025. The information in 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). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the consolidated financial position, changes in net assets, functional expenses, or cash flows of the Foundation.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

The Foundation has not elected to use the de minimis indirect cost rate allowed under the Uniform Guidance.

The Foundation has not provided any federal awards to subrecipients from the federal expenditures presented in this Schedule.

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

The Board of Directors
Partners in Care Foundation, Inc. and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Partners in Care Foundation, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2025, 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, and have issued our report thereon dated March 26, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Partners in Care Foundation, Inc. and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Partners in Care Foundation, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Partners in Care Foundation, Inc. and Subsidiaries' internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Baker Tilly US, LLP

Los Angeles, California
March 26, 2026

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
Partners in Care Foundation, Inc. and Subsidiaries

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Partners in Care Foundation, Inc. and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Partners in Care Foundation, Inc. and Subsidiaries' major federal program for the year ended June 30, 2025. Partners in Care Foundation, Inc. and Subsidiaries' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Partners in Care Foundation, Inc. and Subsidiaries complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of Partners in Care Foundation, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Partners in Care Foundation, Inc. and Subsidiaries' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Partners in Care Foundation, Inc. and Subsidiaries' federal program.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Partners in Care Foundation, Inc. and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Partners in Care Foundation, Inc. and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Partners in Care Foundation, Inc. and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Baker Tilly US, LLP

Los Angeles, California
March 26, 2026

Partners in Care Foundation, Inc. and Subsidiaries
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I – Summary of Auditor’s Results

Consolidated Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over the major federal program:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal program and type of auditor’s report issued on compliance for the major federal program:

Federal Assistance Listing Number	Name of Federal Program or Cluster	Type of Auditor’s Report Issued on Compliance for Major Federal Program
93.778	Medicaid cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II – Consolidated Financial Statement Findings

None reported.

Section III – Federal and State Award Findings and Questioned Costs

None reported.

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