BOARD FINANCE COMMITTEE

Tuesday, November 18, 2025

4:00 pm – 5:30 pm

In-person: 1819 Trousdale Dr., Burlingame, CA 94010

Members of the Public may Join Virtually: https://us02web.zoom.us/j/86438477611

Meeting ID: 864 3847 7611 **- By Phone:** +1 253 215 8782; +1 267 831 0333

A G E N D A

- **Call to Order & Roll Call**

- **Approval of Minutes:** p. 1
  - August 12, 2025 Minutes

- **Draft Audited Financials** – CFO Yee p. 5
  - Discussion
  - Q&A
  - **Action, if any**

- **Q1 FY 26 Consolidated Financials** – CFO Yee p. 51
  - Financial Review
  - Q&A
  - **Action, if any**

- **Future agenda items:**
  - Quarterly Financial Review
  - Annual Policy Review
  - Suggestions?

- **Adjournment**

Peninsula HEALTH CARE DISTRICT
Building a Healthier Community

FINANCE COMMITTEE MEETING
Minutes
August 12, 2025

1. **Call to Order:** The meeting was called to order by **Chair Sanchez** at 4:03 pm.

2. **Roll Call:** Present: Chair Sanchez, Vice-Chair Cappel, CEO Pulido, CFO Yee, Member Revelo, Member Angelopoulos, Member Martinez.

3. **Approval of Minutes** from May 12, 2025

   It was moved by Vice-Chair Cappel and seconded by Member Martinez to approve the Minutes from May 12, 2025. The motion passed 6/0/1/0. Ayes: Chair Sanchez, Vice-Chair Cappel, CEO Pulido, CFO Yee, Member Angelopoulos, Member Martinez. Abstain: Member Revelo.

4. **City National Bank** – Robert Meckstroth, Senior Portfolio Manager

   Mr. Meckstroth provided an overview of the District's investment portfolio and performance.
   - The Federal Reserve is expected to cut interest rates two to three times this year, with the first cut expected for September.
   - Mandate from District is conservative fixed income – 95% fixed, 5% cash
   - Average Maturity of the portfolio is 1.90, and Yield to Maturity is 3.87%
   - There was a growth in the portfolio in the last few years, from 2023 to 2025
   - 2022 saw a slight dip in the portfolio due to rising interest rates, but it rebounded when the bonds matured.
   - Short-Term High-Quality Bonds (1-2 years) to minimize interest risk
   - Total additions in the last 6 months are $4,500,000.
   - Annual Estimated Income $901,822
   - Ending value at July 31st is $25,716,412

   Q&A with **Mr. Meckstroth**:
   - ***Chair Sanchez*** *asked, "What is the difference between Actual Portfolio and Tactical Allocation?"*

   Actual is what the District owns, and Tactical is where the District wants to be. Typically, the investment will be between 90% and 100%, with the remainder held in cash as the bonds mature.
   - ***Chair Sanchez*** *asked if the standard deviation is normal.*

   Yes, current interest rates are around 4% and the standard deviation is +/- 3%.
   - ***Member Martinez*** *asked if the excess cash is earning interest.*

   Yes, it's at 4%. However, when the Fed lowers the interest rates, the bonds will be in a stronger position.
   - ***Member Angelopoulos*** *questioned whether the foreign bonds are paid in US dollars.*

   There is only one, and it does pay in dollars.
   - ***Member Angelopoulos*** *asked how quickly cash is deployed upon the maturity of a bond.*

A fixed asset team monitors and assesses the optimal timing for reinvesting the funds. Sometimes cash is held because the team believes the rates will be higher in a few more days.

- ***Member Angelopoulos*** *asked if the bonds are typically purchased at auction or in the secondary market.*

Normally, secondary, because you can find exactly what you're looking for, the yield and maturity.

Mr. Meckstroth commented that the District's portfolio strategy is very conservative, with a limited ability to take on more risks and a 3-year limit. There is also the option to purchase corporate bonds; therefore, the current allocation is 94% government bonds and a small number of corporate bonds. Last year, the District benefited from the higher interest rate environment, achieving a net return of 4.31% after fees. Bonds had a slightly higher return than cash last year. The economy has little impact on the portfolio, given its conservative strategy, unless there are significant movements in interest rates, which he doesn't expect to occur. He also provided a brief overview of Sonrisas portfolio.

5. **Sonrisas FY25 Performance and FY26 Budget –** Tracey Fecher, CEO

Ms. Fecher presented the FY25 performance and outlook for FY26.

- Income for FY25 was $450K, better than the expected loss of $230K
- YTD visits were 1,000 short of the 15,000 budgeted visits due to vacancies in provider positions and unpaid time off.
- Lost FQHC contract due to misunderstanding and misalignment between the two organizations, and converted the visits to HPSM visits
- HPSM pays around $200 per visit, vs. the FQHC contract, which pays $360 per visit
- Served over 5600 PHCD resident visits – 82% were low income
- Screened 4200 children at priority schools across the County – 1500 are within the District
- Partnered with HPSM to bill for care coordination (Community Health Worker)
- Piloted program for children with disabilities and special health care needs in partnership with AbilityPath.
- $384K in individual and corporate giving for FY25 – exceeding goal by 10%
- $800K in PHCD funds
- $839K raised for the Pescadero RV mobile unit – to be opened in a year, serving eight visits per week, then increasing to 45-50 visits
- 63% increase in fundraising revenue from two years ago
- In-kind donations increased by over 45%
- FY26 operations projects include a cybersecurity project plan, refocus on fee-for-service, patient revenue cycle improvements, and special needs dentistry
- FY26 fundraising: 25th anniversary, fortify grant funding, and corporate engagement through volunteer opportunities
- FY26 outreach: CHW billing fully implemented and growing special needs program
- FY27 Tobacco Tax incentives to go away
- HPSM rates will increase by 20%
- FY26 Budget Visits 15,875, compared to FY25's 15,984, due to difficulties in hiring a Saturday provider.
- FY26 FTE reduced from 34.2 to 32.4, 3% Merit Increase Pool, and No COO admin position
- FY26 School and Senior screening to increase by 300
- No $800K funding from PHCD in FY26 due to a rescission in the contract
- Current cash & investment is approx. $2M

Q&A with **Ms. Fecher**:

- ***Member Revelo*** *asked if the unpaid leave was more of an aberration.*

The forecast model does include staff time off. Starting July 1st, Sonrisas implemented an unpaid time-off policy, where staff members cannot take more than two weeks of unpaid time throughout the year. However, several providers and hygienists will take a three-week vacation without having any PTO. It is challenging to hire a hygienist, especially after the pandemic, so they have the opportunity to pick and choose which job they want.

- ***Member Revelo*** *questioned if Ms. Fecher sees the candidate pool for hygienists increasing in the future.*

Hiring hygienists will continue to be a challenge. The only leverage Sonrisas has is the pay, work environment, and the ability to provide more flexibility.

- ***Member Martinez*** *asked what amount of fundraising is considered a stable base.*

Some grants are 2-3 years in duration, and some funders have a long-term relationship with Sonrisas. However, the funder may announce that they are changing their strategy and will provide less funding, allowing Sonrisas to begin planning. Fundraising involves a comprehensive forecasting process and continuous research into the probability of existing funders and new opportunities.

- ***Member Martinez*** *commented that the current loss is not sustainable. What are the different strategies Sonrisas is pursuing for a better prospect?*

Sonrisas has looked at being acquired by a Federally Qualified Health Center, which would provide better per-visit rates. However, the decision was made not to be acquired at this time, so FY26 will be a rebuilding and a transition year to see if Sonrisas can improve and also generate more revenue through the Fee-For-Service model.

- ***Member Angelopolos*** *asked if there is an increase in materials post-tariffs.*

No, there hasn't been any material increase. The last significant increase was during the pandemic, including equipment, installation, and maintenance. Those prices never came down except for PPEs.

6. **FY 24-25 Year-End Consolidated Financials** – CFO Yee

CFO Yee provided a brief overview of the FY25 year-end performance.

- Tax revenues were $10,380,538, better than the budget by $1.3M
- Revenue for The Trousdale was lower than budget due to less occupancy – 84% vs. 93%
- Sonrisas' revenue is down because they had fewer visits due to having fewer providers.
- Sonrisas had a $1M increase in contributions, mainly from fundraising efforts for the Pescadero RV mobile clinic
- Allcove received a service contract during the year that generated $1.2M in income.
- Total Revenue performed better than the budget by $1.6M
- $1M Savings in Community Health Investment funds, mainly from the targeted prevention, new research & development program, and the PWC project.
- $ 800,000 in funding to Sonrisas during the year.
- The Trousdale rent assistance program during the year was $89K
- Increases in Sonrisas legal and IT expenses due to the data breach
- Total expenditure was better than the budget by $3.2M
- Net income is $9.4M, better than the budget at $4.8M

Q&A with **CFO Yee**:

- ***Chair Sanchez*** *asked what the cost of the search firm was for the Sonrisas CEO position.*

The cost of the search firm is not in the current financials. The total cost is expected to exceed $30,000.

- ***Member Martinez*** *asked if Sequoia's new clinic is in the same territory as the San Mateo clinic?*

CEO Pulido responded that some of Sonrisas' current patients who live within the Sequoia district boundaries and near the Redwood City Clinic would naturally transfer there. This shift would free up capacity at the San Mateo Clinic, allowing it to accommodate more patients as additional space becomes available.

CFO Yee commented that Sonrisas will be losing its grant from Sequoia, which is approximately $500K in FY27. Sonrisas receives around $1.1 million in grants and contributions each year, excluding the $ 800,000 from PHCD. It would be very challenging to raise the $500,000 in fundraising.

The Committee had a robust discussion. **Vice-Chair Cappel** commented that there is a need to improve cybersecurity measures and internal operations at Sonrisas. Sonrisas is an excellent program and a valuable asset to the community; however, the challenge lies in making it sustainable. Hopefully, with the new CEO, they can achieve that.

7. **Future Agenda Items**
   - Quarterly Financial Review
   - Draft Audited Financials Report Review

The next meeting was moved to November 18th due to Veterans' Day.

Adjournment: Chair Sanchez adjourned the meeting at 5:15 pm.
Written by Vickie Yee, CFO

Approved by: The Finance Committee XXXXXX

Audited Combined Financial Statements

PENINSULA HEALTH CARE DISTRICT

June 30, 2025 and 2024

Audited Combined Financial Statements

PENINSULA HEALTH CARE DISTRICT

June 30, 2025

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Management's Discussion and Analysis

PENINSULA HEALTH CARE DISTRICT

June 30, 2025

Management of the Peninsula Health Care District (the District) has prepared this annual discussion and analysis in order to provide an overview of performance for the fiscal year ended June 30, 2025 in accordance with the Governmental Accounting Standards Board Statement No. 34, *Basic Financials Statements; Management's Discussion and Analysis for State and Local Governments.* The intent of this document is to provide additional information on the District's historical financial performance as a whole and a prospective look at revenue growth, operating expenses and capital development plans. This discussion should be reviewed in conjunction with the audited financial statements for the fiscal year ended June 30, 2025 and accompanying notes to the financial statements to enhance one's understanding of the District's financial performance.

Financial Summary

- Total assets and deferred outflows increased by $5.14 million over the prior fiscal year due mainly to increase in investments. Total cash, cash equivalents and investments increased by $7.95 million (see the Statements of Cash Flows for changes).
- Current assets increased by $8.3 million while current liabilities decreased by approximately $36,586 when compared to the prior fiscal year. The current ratios for current and prior years were 8.56 and 7.09, respectively.
- Operating revenues increased by $1.7 million while operating expenses increased by approximately $1.8 million for the year ended June 30, 2025.
- There was an operating loss of $6.9 million for the year ended June 30, 2025 as compared to an operating loss of $6.7 million in the prior year.
- Non-operating revenues (expenses) increased by $1.7 million due mainly to a $1.0 million increase in District tax revenues. Investments increased by $0.3 million while grants and contributions increased by approximately $0.4 million.
- The increase in net position was $9.3 million for the year ended June 30, 2025 as compared to an increase of $7.8 million in the prior year.

A summary of the District's net assets for 2025, 2024 and 2023 is as follows:

	2025	2024	2023
Assets (000's)			
Current assets	$ 50,030	$ 41,698	$ 36,632
Capital assets	95,423	98,098	100,272
Other assets and deferred outflows	74,355	74,871	72,160
Total	$ 219,808	$ 214,667	$ 209,064
Liabilities (000's)			
Current liabilities	$ 5,848	$ 5,884	$ 7,009
Other liabilities and deferred inflows	103,276	107,432	108,456
Total liabilities	109,124	113,316	115,465
Net position (000's)			
Net investment in capital	57,102	58,105	58,672
Restricted	7,500	7,500	7,500
Unrestricted	46,082	35,746	27,427
Total net position	110,684	101,351	93,599
Total	$ 219,808	$ 214,667	$ 209,064

Cash and Investments

At fiscal year ended June 30, 2025, operating cash, cash equivalents, investments and restricted cash and cash equivalents totaled $47.6 million compared to $39.6 million in fiscal year 2024. Days of cash on hand increased to 659.15 as compared to 589.87 in the prior year. The District maintains sufficient cash and cash equivalents to pay all short-term liabilities.

Capital Assets

During the year, the District spent approximately $569,000 on capital assets and capital improvements, net of a minor amount of disposals, which increased the total historical costs of capital assets to $119.0 million with accumulated depreciation of $23.6 million to bring net capital assets to $95.4 million as of June 30, 2025.

The following shows the revenues, expenses and increase (decrease) in net position for the years ended June 30, 2025 through June 30, 2023.

	2025	2024	2023
Operating revenues (000's)			
Lease revenues	$ 2,960	$ 3,113	$ 2,180
Dental service - net patient revenues	3,336	3,389	2,928
Assisted living/memory care resident revenues	13,271	12,535	10,707
Fitness center revenues	192	136	134
Youth drop-in center	1,259		
Other operating revenues	164	299	4
Total operating revenues	21,182	19,472	15,953
Operating expenses (000's)			
Salaries and wages	11,020	10,519	9,107
Employee benefits	2,738	2,622	2,832
Community services and related programs	4,103	3,006	3,319
Professional fees and registry	1,978	1,909	1,586
Supplies	1,320	1,387	1,272
Purchased services	1,011	1,012	829
Utilities and phone	774	727	692
Building and equipment rent	812	762	599
Insurance	590	603	557
Depreciation and amortization	3,243	3,276	3,046
Interest and fees	74	23	
Other operating expenses	369	351	308
Total operating expenses	28,032	26,197	24,147
Operating income (loss)	(6,850)	(6,725)	(8,194)
Nonoperating revenues (expenses) (000's)			
District tax revenues	10,381	9,865	9,611
Investment income (loss)	3,990	3,698	2,752
Interest expense	(1,562)	(1,608)	(1,699)
Grants and contributions/payments to affiliates	3,375	2,522	1,517
Total nonoperating revenues (expenses)	16,184	14,477	12,181
Increase (decrease) in net position	$ 9,334	$ 7,752	$ 3,987

Dental Service - Net Patient Revenues and Assisted Living/Memory Care Resident Revenues

Net patient service revenues are the resulting difference between gross patient charges and the deductions from revenue. Net patient dental service revenues and assisted living/memory care resident revenues increased in 2025 by approximately $419,376 over 2024 mainly due to increased volumes.

Operating Expenses

Total operating expenses in fiscal year 2025 were $28.0 million compared to $26.2 million in 2024. Significant changes occurred in the following areas:

- Total salaries and wages increased by approximately $0.5 million due to additional FTE's at the new youth drop-in center and filling vacant positions at the dental center.
- Community services and related programs increased by approximately $1.1 million over the prior year, mainly due to a $1 million increase in community grant funds. Professional fees and registry increased by $69,359 over the prior year, mainly due to additional fees paid to service providers and consultants.
- Supplies decreased by approximately $67,200 over the prior year due mainly to increased efficiencies within several departments at the District.
- Depreciation decreased slightly by approximately $33,000.
- Other categories of expenses varied from the prior year only marginally.

Programs

Results of area changes in net position of District programs for the year ended June 30, 2025 and 2024 follows:

	2025	2024
Leasing fund	$ 2,292,730	$ 2,217,939
Sonrisas Dental Health services	814,024	364,941
The Trousdale assisted living/memory care	(1,045,449)	(173,189)
PHCD health & fitness center	51,375	27,802
San Mateo allcove Youth Drop-In Center	386,044	1,249,077
General district operations	6,835,149	4,065,109
	$ 9,333,873	$ 7,751,679

Economic Factors and Next Fiscal Year's Budget

The District's Board approved the fiscal year ending June 30, 2026 capital and operating budgets at the May 2025 regular board meeting. The budget includes the following key programs and community investments:

The Trousdale Assisted Living and Memory Care Community: The Trousdale assisted living and memory care community is a 124-unit facility located in Burlingame, California. The District opened the facility in December 2018 to help fill the Peninsula's need for more living options for the expanding senior population. The District also recognizes the high cost of living on the Peninsula and established a rent assistance fund for qualified individuals at The Trousdale.

Sonrisas Dental Health: Sonrisas Dental Health is a non-profit organization dedicated to providing access to quality dental care and oral health education by removing barriers for all regardless of age, mobility or cognitive limitations and/or ability to pay, and does so with dignity, respect and compassion. Sonrisas works to improve the health of the community members through culturally sensitive, integrated care, with a focus on disease prevention. The dental health centers are located in San Mateo and Half Moon Bay, California.

San Mateo allcove Youth Drop-In Center: The San Mateo allcove center is a standalone, integrated "one-stop-shop" youth center for ages 12-25 to access support for prevention and early intervention mental health services, physical health, peer and family support, supported education and employment services, and substance use support. The center will provide a central point of access and will seek to improve the continuum of care in three ways: (1) increase access to early intervention and treatment through physical, mental, and early addiction services; (2) create a network of community partners and processes to achieve seamless transitions from referrals through different levels of care; and (3) engage the allcove San Mateo Youth Advisory Group to incorporate their voice in all aspects of developing and launching this impactful mental wellness program. The center accepts all youths (ages 12-25) regardless of insurance and/or ability to pay and is open to the public as of January 2024.

Community Grants Program: The community grants program is one of the strategies the District employs to address the health needs of its residents. The District partners with public agencies and non-profit organizations that share the same vision to support the achievement of optimal health through education, prevention, and access to basic health services and programs. Every year, the District board identifies the most pressing community health needs and establishes funding priorities for the grant term. Our 2026 Community Grants Program Focus Areas and Priorities are: (1) Mental & Behavioral Health Grants – Pediatric Mental & Behavioral Health (Ages 0-12, K-7), Senior Mental Health, Reduction of Adverse Child Events (ACE's) and Toxic Stress, (2) Preventive Health Grants – Health Education, Screening Programs, Diabetes Program, and programs that increase access to Preventive Services and Support, (3) Healthy Aging across the Lifespan Grants – Healthy Eating and Nutrition, Physical Activity, Socialization for Seniors, Caregiver Support.

PHCD Health & Fitness Center: The Health & Fitness Center is a gym and educational facility that offers wellness programs in Burlingame, California. The program aligns with the District's strategy to promote healthy aging through physical activity, health education, socialization and connectivity. Unique to the Center is its focus on connection. The member lounge fosters socialization and provides health resources to complement the movement programs, exercise equipment, and educational topics regularly offered to improve overall well-being.

Cooperative Homes: In 2020, the District purchased two five-bedroom homes in San Mateo, California, followed by the purchase of a third five-bedroom home in San Bruno in 2025. In collaboration with AbilityPath and Parca, these properties became the foundation for the first cooperative living homes in San Mateo County designed for adults with developmental disabilities. The "Cooperative Living" model offers affordable housing for individuals who are largely independent but benefit from some additional support. It focuses on fostering essential skills including budgeting, household management, grocery planning and navigating public transportation.

In general, the consolidated budget for the fiscal year 2026 projects an increase in net position with additions to both income and expense.

JWT & Associates, LLP

A Certified Public Accountancy Limited Liability Partnership
7797 North First Street, Suite 101#111, Fresno, California 93720
763 West Lighthouse Drive, Saratoga Springs, Utah 84045
Cell: (559) 287-6591 Email: rjctcpa@aol.com

Report of Independent Auditors

The Board of Directors
Peninsula Health Care District
Burlingame, California

Opinion

We have audited the accompanying financial statements of the Peninsula Health Care District, (the District) as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's combined basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the combined basic financial statements. Such information is the responsibility of management and, although not a part of the combined basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the combined basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America *Government Auditing Standards*, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the combined basic financial statements, and other knowledge we obtained during our audit of the combined basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary schedules as listed in the table of contents are presented for purposes of additional analysis and is not a required part of the combined basic 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 combined basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined basic financial statements or to the combined basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In our opinion, the supplementary schedules as listed in the table of contents are fairly stated, in all material respects, in relation to the combined basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2025, on our consideration of the District's 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

JWT & Associates, LLP

Fresno, California
October 10, 2025

Combined Statements of Net Position

PENINSULA HEALTH CARE DISTRICT

	June 30	
Assets	2025	2024
Current assets:		
Cash and cash equivalents	$ 5,591,087	$ 5,929,256
Investments	38,691,142	30,521,635
Restricted cash and cash equivalents for current purposes	3,303,446	3,184,098
Accounts and leases receivable- current portion	2,129,794	1,807,150
Inventories, prepaid expenses and other current assets	314,255	255,648
Total current assets	50,029,724	41,697,787
Noncurrent assets:		
Non depreciable capital assets	23,205,683	22,933,956
Depreciable capital assets, net of accumulated depreciation	72,217,233	75,164,376
Long term lease receivables and other assets	74,118,032	74,520,433
Total noncurrent assets	169,540,948	172,618,765
Deferred outflows of resources	237,227	350,649
Total assets and deferred outflows of resources	$219,807,899	$214,667,201
Liabilities		
Current liabilities:		
Current maturities of debt borrowings	$ 1,735,000	$ 1,670,000
Accounts payable and accrued expenses	2,642,302	2,366,123
Accrued payroll and related liabilities	991,150	594,767
Unearned revenues	479,222	1,253,370
Total current liabilities	5,847,674	5,884,260
Noncurrent liabilities:		
Debt borrowings, net of current maturities	36,586,111	38,323,664
Lease liabilities and tenant deposits	450,982	1,007,665
Total noncurrent liabilities	37,037,093	39,331,329
Deferred inflows of resources	66,238,694	68,101,047
Total liabilities and deferred inflows of resources	109,123,461	113,316,636
Net Position		
Net investment in capital assets	57,101,805	58,104,668
Restricted	7,500,000	7,500,000
Unrestricted	46,082,633	35,745,897
Total net position	110,684,438	101,350,565
Total liabilities, deferred inflows and net position	$219,807,899	$214,667,201

See accompanying notes and auditors' report

Combined Statements of Revenues and Expenses

PENINSULA HEALTH CARE DISTRICT

	Year Ended June 30	
Operating revenues	2025	2024
Lease revenues	$ 2,960,122	$ 3,113,798
Dental service - net patient revenues	3,336,268	3,388,784
Assisted living/memory care resident revenues	13,271,347	12,799,455
Fitness center revenues	191,442	136,102
Youth drop-in center	1,258,613	
Other operating revenues	164,524	34,156
Total operating revenues	21,182,317	19,472,295
Operating expenses		
Salaries and wages	11,019,510	10,519,119
Employee benefits	2,737,936	2,621,620
Community services and related programs	4,103,398	3,005,914
Professional fees and registry	1,977,863	1,908,504
Supplies	1,319,529	1,386,700
Purchased services	1,011,205	1,011,691
Utilities and phone	773,998	727,229
Lease expense	812,334	762,248
Insurance	589,820	603,289
Depreciation and amortization	3,243,439	3,276,446
Interest and fees	74,143	22,668
Other operating expenses	369,170	351,424
Total operating expenses	28,032,345	26,196,852
Operating income (loss)	(6,850,028)	(6,724,557)
Nonoperating revenues (expenses)		
District tax revenues	10,380,539	9,864,552
Investment income	3,989,865	3,697,634
Interest expense	(1,561,503)	(1,607,698)
Grants and contributions/payments to affiliates	3,375,000	2,521,748
Total nonoperating revenues (expenses)	16,183,901	14,476,236
Increase in net position	9,333,873	7,751,679
Net position at beginning of the year	101,350,565	93,598,886
Net position at end of the year	$110,684,438	$101,350,565

See accompanying notes and auditor's report

Combined Statements of Cash Flows

PENINSULA HEALTH CARE DISTRICT

	Year Ended June 30	
	2025	2024
Cash flows from operating activities:		
Cash received from assisted living/memory care and other revenues	$ 13,994,332	$ 11,936,565
Cash received from dental service - net patient revenues	3,085,862	3,438,138
Cash received from tenants	1,085,173	1,184,911
Cash payments to suppliers and contractors	(10,842,194)	(10,285,005)
Cash payments to employees and benefit programs	(13,315,815)	(13,015,647)
Net cash (used in) operating activities	(5,992,642)	(6,741,038)
Cash flows from noncapital financing activities:		
District tax revenues	10,809,335	9,864,552
Grants and contributions	2,946,204	2,521,748
Net cash provided by noncapital financing activities	13,755,539	12,386,300
Cash flows from capital and related financing activities:		
Purchase of capital assets, disposals and other asset changes	(568,830)	(1,103,116)
Principal payments on debt borrowings	(1,672,553)	(1,606,939)
Interest on debt borrowings	(1,561,503)	(1,607,698)
Net cash (used in) capital financing activities	(3,802,886)	(4,317,753)
Cash flows from investing activities:		
Change in restricted cash and cash equivalents	(118,538)	(32,124)
Investment income	3,989,865	3,697,634
Net cash provided by investing activities	3,871,327	3,665,510
Net increase in cash, cash equivalents and investments	7,831,338	4,993,019
Cash, cash equivalents and investments at beginning of year	36,450,891	31,457,872
Cash, cash equivalents and investments at end of year	$ 44,282,229	$ 36,450,891

See accompanying notes and auditor's report

Combined Statements of Cash Flows (continued)

PENINSULA HEALTH CARE DISTRICT

	Year Ended June 30	
	2025	2024
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ (6,850,028)	$ (6,724,557)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,243,439	3,276,446
Changes in operating assets and liabilities:		
Patient accounts receivables	(250,406)	49,354
Rent receivables	51,945	(34,122)
Lease and other receivables	419,437	(2,925,014)
Inventories, prepaid expenses and other assets	(164,975)	(33,694)
Accounts payable and accrued expenses	247,876	(471,644)
Accrued payroll and related liabilities	396,383	(30,345)
Unearned revenues	(774,151)	(715,582)
Lease payables, net	(2,162,410)	730,219
Tenant deposits	(195,000)	(17,536)
Pension related accounts	45,248	155,437
Net cash (used in) operating activities	$ (5,992,642)	$ (6,741,038)

See accompanying notes and auditor's report

Notes to Combined Financial Statements

PENINSULA HEALTH CARE DISTRICT

June 30, 2025

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Peninsula Health Care District (the District) is a public entity healthcare district organized under Local Hospital District Law as set forth in the Health and Safety Code of the State of California. The District is a political subdivision of the State of California and is generally not subject to federal or state income taxes. The District is governed by a five-member Board of Directors, elected from within the district to specified terms of office.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for financial reporting, in conjunction with the Financial Accounting Standards Board (FASB).

The District was formed in 1947, purchased land in Burlingame, and built and operated Peninsula Hospital. In 1985, the Board brought in a hospital operator to run the hospital. In 2006, with a 92% favorable vote of its residents, the Board entered into a 50-year master lease agreement with Sutter Health to build, own, and operate a new seismically compliant hospital on the District's Burlingame acreage. Sutter Health's new hospital opened on May 15, 2011, the 50-year lease started as of that day, and the District's Peninsula Hospital was demolished by the end of 2011.

The District's investments to address the health priorities of its residents transitioned from a hospital-focus to a community-based focus. The vision of the District is for all its residents to achieve their optimal health and wellness through education, prevention, advocacy and access to basic health care services - medical, behavioral, and dental. The District's Strategic Values are: (1) "Stewardship" - ensuring that all District assets are used for the community's health benefit; (2) "Collaboration" - working in partnership with others committed to improving the health of their community; (3) "Inclusion" - ensuring that the health care needs of all District residents will be considered regardless of financial and health status; and (4) "Transparency" - conducting the District's business through processes that encourage public input, review, and comment.

Component Units: The Peninsula Health Care District Financing Corporation (the Corporation) was established during the fiscal year 2013-14 for the purpose of providing assistance to the District in financing the acquisition, construction and improvement of health care facility buildings, works and equipment for the District. Although legally separate from the District, the Corporation is reported as if it were part of the District because its sole purpose is to provide financing to the District under debt issuance agreements of the District. However, the Corporation had no transactions to report on during the years ended June 30, 2025 and 2024.

In addition, the Sonrisas Dental, Inc. (Sonrisas) is included in the financial statements as a component unit due to the financial relationship between Sonrisas and the District as the District controls the voting majority of the governing board of Sonrisas. The operations of Sonrisas are included in the financial statements.

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Preparation: The accounting policies and combined financial statements of the District generally conform with the recommendations of the audit and accounting guide, *Health Care Organizations*, published by the American Institute of Certified Public Accountants. The combined financial statements are presented in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operational revenues and expenses.

The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on GASB Statement Number 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the District has elected to apply the provisions of all relevant pronouncements as the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Within the District's financial transactions are five funds utilized by the District designed to focus on the operations of selected areas of the District's overall financial well-being as follows:

Leasing Fund : The Leasing Fund of the District accounts for the financial transactions related to the property leasing operations of the District.

Dental Fund: The Dental Fund of the District accounts for the financial transactions related to the dental service operations provided by Sonrisas.

Trousdale Fund: The Trousdale Fund of the District accounts for the financial transactions related to the assisted living/memory care service operations of the District.

Health & Fitness Fund: The Health & Fitness Fund of the District accounts for the financial transactions related to the fitness center operations of the District.

San Mateo allcove Youth Drop-in Center: The San Mateo allcove Youth Drop-in Center of the District accounts for the financial transactions related to the recently opened youth mental health center by the District in January, 2024.

The financial results of these five funds are presented as supplemental schedules within this report (see table of contents).

Use of Estimates: The preparation of the combined 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 and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents and Investments: The District considers cash and cash equivalents to include cash on hand, demand deposits, and certain investments in highly liquid debt instruments, when present, with an original maturity of a short-term nature or subject to withdrawal upon request. Exceptions are for those investments which are intended to be continuously invested. Investments in debt securities are reported at market value. Interest, dividends and both unrealized and realized gains and losses on investments are included as investment income in nonoperating revenues when earned. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated value as represented by the external pool. The District has elected not to report investments at amortized cost. Cash and cash equivalents also include cash held with County treasuries and State funds.

Patient Accounts Receivable: Patient accounts receivable consist of amounts owed by various governmental agencies, insurance companies and private patients. The District manages its receivables by regularly reviewing the accounts, inquiring with respective payors as to collectability and providing for allowances on their accounting records for estimated contractual adjustments and uncollectible accounts. Significant concentrations of patient accounts receivable are discussed further in the footnotes.

Inventories: Inventories are consistently reported from year to year at cost determined on combination of first-in, first-out (FIFO) basis for certain types of inventory and replacement values, which are not in excess of market, for other types of inventory. Inventories as of June 30, 2025 and 2024 amount to $29,239 and $31,640, respectively.

Restricted Assets: Restricted assets include contributor restricted funds, amounts designated by the Board of Directors for replacement or purchases of capital assets, and other specific purposes, and amounts held by trustees under specified agreements. Restricted assets consist primarily of deposits on hand with local banking and investment institutions, and bond trustees.

Capital Assets: Capital assets consist of property and equipment and are reported on the basis of cost, or in the case of donated items, on the basis of fair market value at the date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures which increase values, change capacities, or extend useful lives are capitalized. During periods of asset construction, the District capitalizes interest cost net of any interest earned on temporary investments of the proceeds set aside for construction projects funded by tax-exempt debt borrowings. Interest expense is also capitalized for projects financed with operating funds.

Depreciation of property and equipment and amortization of property under capital leases are combined in the statements of revenues, expenses and changes in net position and are computed by the straight-line method for both financial reporting and cost reimbursement purposes over the estimated useful lives of the assets, which range from 10 to 40 years for buildings and improvements, and 3 to 10 years for equipment. The District periodically reviews its capital assets for value impairment. As of June 30, 2025 and 2024, the District has determined that no capital assets are significantly impaired.

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Assets: As of June 30, 2025, other assets are comprised of long-term lease receivables of $73,564,470, pension assets of $399,461 and deposits of $154,101 for a total of $74,118,032 As of June 30, 2024, other assets are comprised of long-term lease receivables of $74,108,089, pension assets of $367,607 and deposits of $47,737 for a total of $74,520,433. The lease receivables are due to GASB 87 and the lease recording requirements as discussed further in footnote J.

Deferred Inflows and Outflows of Resources: The District records deferred inflows and outflows of resources which are associated with the District's retirement plan. For purposes of measuring net pension liability and deferred inflows/outflows of resources related to the District's pensions, and pension expense, information about the fiduciary net position of the District's California Public Employee's Retirement System (CalPERS) plan (the Plan) and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Compensated Absences: The District's employees earn paid-time-off (PTO) benefits at varying rates depending on years of service. PTO benefits can accumulate up to specified maximum levels. Employees are paid for PTO accumulated benefits if they leave either upon termination or separation. Accrued PTO liabilities as of June 30, 2025 and 2024 were $90,987 and $93,914, respectively.

Unearned Revenue: Unearned revenues arise when resources are received by the District before they are earned. In subsequent periods, when the revenue recognition criteria is met, or when the District has legal claim to these resources, the liability for unearned revenue is removed and the revenue is recognized. Unearned revenues are comprised mainly of prepaid rent.

Risk Management: The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters.

Net position: Net position is presented in three categories. The first category of net position is "net investment in capital assets". This category of net position consists of capital assets (both depreciable and non depreciable), net of accumulated depreciation and reduced by the outstanding principal balances of any debt borrowings that were attributable to the acquisition, construction, or improvement of those capital assets. The second category is "restricted" net position. This category consists of externally designated constraints placed on assets by creditors (such as through debt covenants), grantors, contributors, law or regulations of other governments or government agencies, or law or constitutional provisions or enabling legislation. The District is required to maintain liquid assets in the amount of $7,500,000 as required by debt covenants. The third category is "unrestricted" net position. This category consists of net position that does not meet the definition or criteria of the previous two categories

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Patient Service Revenues: Net patient service revenues related to the dental operations are reported in the period at the estimated net realized amounts from patients, third-party payors and others including estimated retroactive adjustments under reimbursement agreements with third-party programs. Normal estimation differences between final reimbursement and amounts accrued in previous years are reported as adjustments of current year's net patient service revenues.

Charity Care: The District accepts all dental patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the District. Essentially, these policies define charity services as those services for which no payment is anticipated. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenues. Services provided are recorded as gross patient revenues and then written off entirely as an adjustment to net patient service revenues. Partial payments to which the District is entitled from public assistance programs on behalf of certain patients that meet the District's charity care criteria are reported under net patient service revenues. These supplemental programs are generally funded from governmental agencies and others. Total charity care was considered minimal for the years ended June 30, 2025 and 2024, respectively.

District Tax Revenues: The District receives approximately 27% of its financial support from property taxes. These funds are used to support programs of the District. They are classified as non-operating revenue as the revenue is not directly linked to the four basic services provided by the District. Property taxes are levied and collected by the San Mateo County (the County) on the District's behalf during the year, and are intended to help finance the District's activities during the same year. Amounts are levied on the basis of the most current property values on record with the County under the Teeter Plan, therefore taxes receivable, uncollectible, or deferred do not affect the distribution to the District. The County has established certain dates to levy, lien, mail bills, and receive payments from property owners during the year. Those dates are: (1) lien date of January 1; and (2) due dates of December 10 and April 10 Property taxes are considered delinquent on the day following each payment due date.

Operating and Nonoperating Revenues and Expenses: The District's statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing services related to the five basic funds as previously mentioned, which are the District's principal activities. Operating expenses are all expenses incurred to provide these services, other than financing costs. Nonoperating revenues and expenses are those transactions not considered directly linked to providing services within these four basic service areas.

Recently Adopted Accounting Pronouncement: In June 2017 the Governmental Accounting Standards Board released GASB 87 regarding changes in the way leases are accounted for. GASB 87 superseded GASB 13 and GASB 62 and more accurately portrays lease obligations by recognizing lease assets and lease liabilities on the statement of net position and disclosing key information about leasing arrangements. The District has adopted GASB 87 effective July 1, 2021 in accordance with the timetable established by GASB 87.

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition: As previously stated, net patient service revenues are reported at amounts that reflect the consideration to which the District expects to be entitled in exchange for dental patient services. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of third-party payor audits, reviews, and investigations. Generally, the District bills the patients and third-party payors several days after the patient receives dental services at Sonrisas. Revenue is recognized as services are rendered.

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. Payment arrangements include prospectively determined rates per day, discharge or visit, reimbursed costs, discounted charges and per diem payments. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Gifts of long-lived assets such as land, buildings, or equipment are reported as net assets without donor restrictions unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit donor restrictions that specify how the asset is to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived asset is placed in service. Cash received in excess of revenue recognized is deferred revenue.

Contributions are recognized as revenue when they are received or unconditionally pledged. Donor stipulations that limit the use of the donation are recognized as contributions with donor restrictions. When the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from donor restrictions. Donor restricted contributions whose restriction expire during the same fiscal year are recognized as net assets without donor restrictions. Absent donor-imposed restrictions, the District records donated services, materials, and facilities as net assets without donor restrictions.

From time to time, the District receives grants from various governmental agencies and private organizations. Revenues from grants are recognized when all eligibility requirements, including time requirements are met. Grants may be restricted for either specific operating purposes or capital acquisitions. These amounts, when recognized upon meeting all requirements, are reported as components of the statement of revenues, expenses and changes in net position.

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS

As of June 30, 2025 and 2024, the District had deposits with various financial institutions in the form of operating cash and cash equivalents amounting to $5,590,888 and $5,929,057. All of these funds were held in deposits, which are collateralized in accordance with the California Government Code (CGC) and are federally insured.

The CGC requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless waived by the governmental unit). California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. The pledged securities are held by the pledging financial institution's trust department in the name of the District. The market value of pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. As of June 30, 2025 and 2024, $5,090,889 and $5,429,053, respectively, of the District's deposits with financial institutions in excess of FDIC limits was held in collateralized accounts.

The District is authorized under the CGC to make deposits into a variety of investment types. Investments consist of several types authorized by the CGC including U.S. Government securities and state and local agency funds invested in U. S. Government securities. These investments are stated at quoted market values. Changes in market value between years are reflected as a component of investment income in the accompanying statement of revenues, expenses and changes in net position.

The State makes available the Local Agency Investment Fund (LAIF) through which local governments may pool investments. Investments are highly liquid and can be converted to cash within 24 hours. Participation in LAIF is voluntary and is limited to $40 million for each entity. The fair value of the District's investment in LAIF is reported based on the District's pro rata share of the fair value provided by LAIF for the entire portfolio.

NOTE C - CONCENTRATION OF CREDIT RISK

Financial Instruments: Financial instruments, potentially subjecting the District to concentrations of credit risk, consist primarily of bank deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limits of $250,000. Although deposits exceed the limit in certain bank accounts, management believes that the risk of loss is minimal due to the high financial quality of the bank with which the District does business. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the CGC. There are no investments in one issuer that represent 5% or more of the District's total investment portfolio, other than U.S. Treasury obligations and U.S. Securities. Management believes that there is no risk of material loss due to concentration of credit risk with regards to investments as of June 30, 2025 and 2024.

NOTE C - CONCENTRATION OF CREDIT RISK (continued)

Accounts Receivable: The District grants credit without collateral to its patients and third-party payors. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the District and management does not believe that there are any credit risks associated with these governmental agencies. Contracted and other accounts receivable consist of various payors including individuals involved in diverse activities, subject to differing economic conditions and do not represent any concentrated credit risks to the District. Concentration of accounts receivable at June 30, 2025 and 2024 were as follows:

	2025	2024
Interest receivable	$ 327,250	$ 309,977
Rent receivable	24,749	76,694
Patient accounts receivable, net of allowances	294,960	277,081
Grants and other agency receivables	1,054,572	752,204
Leases receivable - current portion	228,274	221,536
Other miscellaneous receivables	199,989	169,658
Total accounts receivable, net of allowances	$ 2,129,794	$ 1,807,150

NOTE D - RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents as of June 30, 2025 and 2024 were comprised of the following:

Restricted for the following various purposes:	2025	2024
Sonrisas donor restricted cash and cash equivalents		
Certificate of deposits - restricted per loan covenant	$ 3,303,446	$ 3,184,098
	3,303,446	3,184,098
Less restricted cash available for current purposes	(3,303,446)	(3,184,098)
	$	$

NOTE E -INVESTMENTS

The District's investment balances and average maturities were as follows at June 30, 2025 and 2024:

		Investment Maturities in Years		
As of June 30, 2025	Fair Value	Less than 1	1 to 5	Over 5
Local agency investment fund	$ 6,350,622	$ 6,350,622		
San Mateo County treasury	3,856,729	3,856,729		
Money market and cash equivalents	1,003,649	1,003,649		
U.S. Treasury obligations	25,457,674	8,404,225	$ 17,053,449	
Corporate equities	1,025,873	533,833	492,040	
Certificates of deposit	3,303,446	3,303,446		
Foreign equities	996,598	494,703	501,895	$
Total investments	$ 41,994,591	$ 23,947,207	$ 18,047,384	$

		Investment Maturities in Years		
As of June 30, 2024	Fair Value	Less than 1	1 to 5	Over 5
Local agency investment fund	$ 6,067,951	$ 6,067,951		
San Mateo County treasury	3,710,676	3,710,676		
Money market and cash equivalents	246,553	246,553		
U.S. Treasury obligations	18,393,995	7,856,758	$ 10,537,237	
Corporate equities	1,127,941	129,129	998,812	
Certificates of deposit	3,184,098	3,184,098		
Foreign equities	969,902	494,697	475,205	$
Total investments	$ 33,701,116	$ 21,689,862	$ 12,011,254	$

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a position of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for District operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the preceding schedules that shows the distribution of the District's investments by maturity.

NOTE E -INVESTMENTS (continued)

Credit Risk: Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, such as Moody's Investor Service, Inc. The District adheres to the CGC's minimum rating requirements for their investment policy. Ratings range from AAA to BBB+ and some are either exempt from ratings or not rated.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer), the District would not be able to recover the value of its investment or collateral securities that are in the possession of another party. The CGC and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools such as LAIF or the San Mateo County investment pool.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The District's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the CGC. There are no investments in one issuer that represent 5% or more of total District investments (other than U.S. Treasury obligations and U.S. Agency securities).

Investment Hierarchy - The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant other unobservable inputs. The District's June 30, 2025 and 2024 investments at Level 1 were $28,480,317 and $20,738,391, respectively. There were no investments at Level 2 or 3 for either year.

NOTE F - REGULATORY ENVIRONMENT

The District is subject to several laws and regulations. These laws and regulations include matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Government activity has increased with respect to possible violations of statues and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with all applicable government laws and regulations and is not aware of any future actions or unasserted claims at this time.

Notes to Combined Financial Statements (continued)

PENINSULA HEALTH CARE DISTRICT

NOTE G - CAPITAL ASSETS

Capital assets were comprised of the following:

	June 30, 2024	Transfers & Additions	Transfers & Deletions	June 30, 2025
Capital assets not being depreciated				
Land	$ 22,899,380		$	$ 22,899,380
Construction-in-progress	34,576	$ 310,140	(38,413)	306,303
Total	$ 23,933,956	$ 310,140	$ (38,413)	$ 23,205,683
Capital assets being depreciated				
Buildings and improvements	91,398,530	$ 128,832		91,527,362
Equipment	4,151,937	167,464		4,319,401
Total	95,550,467	296,296		95,846,763
Less accumulated depreciation for:				
Buildings and improvements	(14,373,599)	(2,223,860)		(16,597,459)
Equipment	(6,012,492)	(1,019,579)		(7,032,071)
Total accumulated depreciation	(20,386,091)	(3,243,439)		(23,629,530)
Total assets being depreciated	$ 75,164,376	$ (2,947,143)	$	$ 72,217,233
Total capital assets, net	$ 98,098,332	$ (2,637,003)	$ (38,413)	$ 95,422,916

	June 30, 2023	Transfers & Additions	Transfers & Deletions	June 30, 2024
Capital assets not being depreciated				
Land	$ 22,899,380		$	$ 22,899,380
Construction-in-progress	244,587	$ 34,576	(244,587)	34,576
Total	$ 23,143,967	$ 34,576	$ (244,587)	$ 23,933,956
Capital assets being depreciated				
Buildings and improvements	90,511,736	$ 1,135,134	(248,340)	91,398,530
Equipment	3,778,576	380,251	(6,890)	4,151,937
Total	94,290,312	1,515,385	(255,230)	95,550,467
Less accumulated depreciation for:				
Buildings and improvements	(11,520,944)	(2,852,655)		(14,373,599)
Equipment	(5,641,172)	(423,791)	52,471	(6,012,492)
Total accumulated depreciation	(17,162,116)	(3,276,446)	52,471	(20,386,091)
Total assets being depreciated	$ 77,128,196	$ (1,761,061)	$ (202,759)	$ 75,164,376
Total capital assets, net	$100,272,163	$ (1,726,485)	$ (447,346)	$ 98,098,332

NOTE H - DEBT BORROWINGS

As of June 30, 2025 and 2024, debt borrowings were as follows:

	2025	2024
Peninsula Health Care District Certificate of Participation; principal due each February 1st at various amounts through 2038; interest due semi-annually on August 1st and February 1st (3.91%); collateralized by District assets and revenues:	$ 30,215,000	$ 31,540,000
Peninsula Health Care District Certificate of Participation; principal due each February 1st at various amounts through 2038; interest due semi-annually on August 1st and February 1st (3.47%); collateralized by District assets and revenues:	8,105,000	8,450,000
Minor capital leases	1,111	3,664
	38,321,111	41,600,603
Less current maturities of debt borrowings	(1,735,000)	(1,670,000)
	$ 36,586,111	$ 38,323,664

The first Certificate of Participation was issued during fiscal year ended June 30, 2014 in the amount of $40,000,000 for the purpose of financing the costs of construction and equipping of an assisted living/memory care facility in Burlingame, California. The second Certificate of Participation was issued during the fiscal year ended June 30, 2016 in the amount of $10,000,000, also for the purpose of continuing to finance the costs of construction and equipping the assisted living/memory care facility. Both were entered into with debt agreements with the Western Alliance Bank.

Future principal maturities for the Certificates of Participation for the next five succeeding years are: $1,735,000 in 2026; $1,805,000 in 2027; $1,875,000 in 2028; $1,950,000 in 2029; and $2,030,000 in 2030. Thereafter maturities are $28,925,000.

The Certificates of Participation are subject to certain loan covenants which are: (1) maintain liquid assets in an amount equal to at least $7,500,000; (2) maintain a debt service coverage ratio of 1.2 times; (3) the District will not issue any new obligations unless certain requirements are met; and (4) the District will maintain at least $3,000,000 in an affiliate bank of Western Alliance Bank

NOTE I - COMMITMENTS AND CONTINGENCIES

Construction-in-Progress: As of June 30, 2025 the District has recorded $306,303 as construction-in-progress representing cost capitalized for improvements at the assisted living/memory care community and dental health center. Estimated future costs to complete the projects as of June 30, 2025 is $209,810.

Litigation: The District may from time-to-time be involved in litigation and regulatory investigations which arise in the normal course of doing business. After consultation with legal counsel, management estimates that matters existing as of June 30, 2025 will be resolved without material adverse effect on the District's future financial position, results from operations or cash flows.

Medical Malpractice Insurance: The District maintains commercial malpractice liability insurance coverage under a claims made and reported policy covering losses up to $10 million per claim and $20 million in the annual aggregate, with a per claim deductible of $10,000. The District plans to maintain the insurance coverage by renewing its current policy, or by replacing it with equivalent insurance.

HIPAA: The Health Insurance Portability and Accountability Act (HIPAA) was enacted August 21, 1996, to ensure health insurance portability, reduce health care fraud and abuse, guarantee security and privacy of health information, and enforce standards for health information. Organizations are subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations. Management believes the District is in compliance with HIPAA as of June 30, 2025 and 2024.

Definitive Agreement: The Definitive Agreements between the District and MPHS became effective on November 1, 2006. Under these agreements, MPHS was to construct and equip a new hospital on land leased from the District, and then demolish the old and existing hospital facility.

At the end of the ground lease, or upon the District's early termination of the Definitive Agreement with MPHS, the District is obligated to reimburse MPHS for certain items. Depending upon the circumstances and timing of the termination of the ground lease, these obligations could include the Net Book Value (NBV) of all post term assets and/or the Fair Market Value (FMV) of the use of certain hospital building improvements and equipment for whatever term of the ground lease remained as of the date of termination. Post term assets are defined as certain equipment and hospital building improvements either specifically approved by the District's Board in the 25-year period prior to the lease end, required by law, or necessitated by uninsured damage to the new hospital.

The early termination of the Definitive Agreement with MPHS is only allowed if MPHS commits a "Paramount Default" as defined in Section 5.01.B of the Master Agreement of the Definitive Agreement at any time after MPHS opens the new hospital.

NOTE J - LEASES

The District transitioned its prior hospital facilities and equipment lease into a Master Agreement with Mills-Peninsula Health Services (MPHS) effective November 1, 2006. This agreement included lease of the hospital facilities, a construction ground lease, and rental of additional District land upon which MPHS constructed the new Mills-Peninsula Medical Center and Palo Alto Foundation Clinic. On May 15, 2011, the new hospital was completed and available for use and the 50-year ground lease between the District and the MPHS became effective.

The lease rate for the District land was set on November 1, 2006 at $1,500,000 per year with a CPI adjustment every 3 years over the term of the ground lease. MPHS has the option to extend the ground lease for an additional 25 years with the written consent of the District.

The District is the lessor of four additional buildings to various tenants. The building at 1764 Marco Polo was acquired at the end of June 2023 and is being leased to a community non-profit organization with agreement dates and terms. The building at 1740 Marco Polo is being leased to nine separate parties with various agreement dates and terms. The building at 1720 Marco Polo is being leased to six separate parties with various agreement dates and terms. The homes at 111 and 113 16th Avenue are being leased to a community non-profit organization. These lease agreements either did not qualify for the GASB 87 adoption or were considered to not be material. Rental revenue for these properties were $1,131,090 and $1,133,407 for the years ended June 30, 2025 and 2024, respectively.

The District is the lessee for two other buildings - 2600 El Camino Real in San Mateo and 210 San Mateo Road, Suite 104, located in Half Moon Bay. Lease expense for these units for the years ended June 30, 2025 and 2024 were $377,092 and $383,825, respectively. It was determined that GASB 87 did not apply to these leases, except for the 2600 El Camino Real lease described below.

GASB 87 Adoption: As of July 1, 2021 the District adopted the Governmental Accounting Standards Board (GASB) 87 requiring certain changes in the way the District accounted for leases, both as a lessee and as a lessor.

Lessee: The District leases a building in San Mateo for the San Mateo allcove Youth Drop-In Centet for services under an operating lease located at 2600 El Camino Real. Lease commencement occurred on June 1, 2022. Remaining terms for the lease is 23 months with options to extend. The lease does not contain a readily determinable discount rate. The estimated borrowing rate of 3.5% was used to discount the remaining cash flows for this operating lease.

The District's lease agreement does not contain any material restrictions, covenants, or any material residual value guarantees.

NOTE J - LEASES (continued)

Lessee -lease related assets and liabilities as of June 30, 2025 and 2024 consist of the following:

Assets:	2025	2024
Operating lease asset - noncurrent receivable portion	$ 661,109	$ 976,454
Total lease assets	$ 661,109	$ 976,454
Liabilities:		
Operating lease payable - current portion	$ 381,122	$ 352,816
Operating lease payable - noncurrent portion	383,054	744,737
Total lease liabilities	$ 764,176	$ 1,097,553

Total operating lease expense under this lease arrangement for the year ended June 30, 2025 was $334,784 and the related interest expense was $32,806.

The future minimum rental payments required under operating lease obligations as of June 30, 2025, having initial or remaining non-cancelable lease terms in excess of one year are summarized as follows:

Years ending June 30,

2026	$ 397,194
2027	374,077
Thereafter	-0-
Total	771,271
Less: interest	(10,095)
Present value of lease liabilities	$ 761,176

The weighted average for the remaining lease term of this operating lease is 1.9 years and the weighted average discount rate for this operating lease is 3.5%

NOTE J - LEASES (continued)

Lessor: As previously mentioned, there is a Master Agreement with MPHS under an operating lease. Original terms for the lease is 50 years. This lease contains an option to extend for another 25 years. The lease does not contain a readily determinable discount rate. The estimated borrowing rate of 3.0% was used to discount the remaining cash flows for this operating lease.

Total lease revenue under this lease agreement for the years ended June 30, 2025 and 2024 were $1,829,033 and $1,980,391, respectively. The related interest income for the years ended June 30, 2025 and 2024 were $2,197,565 and $2,391,679, respectively.

Lessor-lease related assets and liabilities as of June 30, 2025 and 2024 consist of the following:

Assets:	2025	2024
Lease receivable - current portion	$ 228,274	$ 221,536
Lease receivable - noncurrent portion	72,903,361	73,131,635
Total lease assets	$ 73,131,635	$ 73,353,171
Deferred inflows of resources:		
Deferred inflows of resources	$ 66,150,022	$ 67,979,056
Total lease liabilities	$ 66,150,022	$ 67,979,056

The future minimum rental payments required under operating lease obligations as of June 30, 2025, having initial or remaining non-cancelable lease terms in excess of one year are summarized as follows:

Years ending June 30,

2026	$ 2,419,102
2027	2,540,057
2028	2,564,248
2029	2,564,248
Thereafter	117,643,043
Total	127,730,698
Less: interest	(54,599,063)
Present value of lease receivable	$ 73,131,635

The weighted average for the remaining lease term of this operating lease is 36.1 years and the weighted average discount rate for this operating lease is 3.0%

NOTE K - RETIREMENT PLAN

Plan Description: All qualified employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan (the Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a miscellaneous risk pool. Plan assets may be used to pay for benefits for any employer rate plan of the miscellaneous plan. Accordingly, rate plans within the miscellaneous pool is not a separate plan. Individual employers may sponsor more than one rate plan in the miscellaneous pool. The District sponsors two rate miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and District Board resolutions. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service The death benefit is the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2025 are as follows:

Hire Date	On or after January 1, 2013
Benefit formula	2.0% @ 60
Benefit vest after	5 years service
Benefit payments	monthly for life
Earliest retirement age	52
Required employee contribution rates	6.93%
Required employer contribution rates	10.6%

Contributions: Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

NOTE K - RETIREMENT PLAN (continued)

Pension Liabilities (Assets), Expenses, and Deferred Outflows/Inflows of Resources: As of June 30, 2025 and 2024, the District reported pension assets for its proportionate share of the net pension asset of the Plan in the amounts of $399,461 and $364,607, respectively.

The District's net pension asset for the Plan is measured as the proportionate share of the net pension asset/liability. The net pension asset of the Plan is measured as of June 30, 2024, and the total pension liability for the Plan used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024 using standard update procedures. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension asset for the Plan as of June 30, 2024 and 2025 was as follows:

Proportion - June 30, 2024	-	0.00729%
Proportion - June 30, 2025	-	0.00826%
Change - increase (decrease)	-	0.00097%

For the fiscal years ended June 30, 2025 and 2024, the District recognized pension expense of $131,816 and $230,257, respectively.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 86,568	
Change in assumptions		$ 10,267
Net differences between expected and actual experience		33,189
Net differences in actual contribution and proportionate share		22,219
Change in proportions	150,659	
Net differences between projected and actual plan investment earnings		22,997
Totals of deferred outflows of resources and inflows of resources	$ 237,227	$ 88,672

NOTE K - RETIREMENT PLAN (continued)

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 75,020	
Change in assumptions		$ 22,013
Net differences between expected and actual experience		15,737
Net differences in actual contribution and proportionate share		25,209
Change in proportions	275,630	
Net differences between projected and actual plan investment earnings		59,033
Totals of deferred outflows of resources and inflows of resources	$ 350,649	$ 121,992

For June 30, 2025, $86,568 was reported as deferred outflows of resources related to contributions subsequent to the measurement date and was recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2025.

For June 30, 2024, $75,020 was reported as deferred outflows of resources related to contributions subsequent to the measurement date and was recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (credit) as follows:

Years ending June 30,

2026	$ 82,123
2027	(35,858)
2028	7,751
2029	7,881
Total	$ 61,897

NOTE K - RETIREMENT PLAN (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability: The total pension liabilities in the most recent actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	6.90%
Inflation Rate	2.30%
Projected Salary Increase	Varies by Entry-Age and Service
Investment Rate of Return	4.50%

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 6.90% discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed to be necessary.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10-years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTE K - RETIREMENT PLAN (continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

	Strategic Allocation	Real Return Years 1-10
Global Equity	42.0%	4.28%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporations	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.0%)	(0.59%)
Total	100.00%	

For the years 1-10, an expected inflation rate of 2.30% was used for this period.

Sensitivity of the Proportionate Share of the Net Pension Asset to Changes in the Discount Rate: The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1% point lower (5.90%) or 1% point higher (7.90%) than the current rate:

	1% Decrease	Current	1% Increase
	5.90%	6.90%	7.90%
Proportionate Share of Net Pension Asset	$127,514	$399,461	$623,315

Pension Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net positions are available in the separately issued CalPERS financial reports.

NOTE L - SUBSEQUENT EVENTS

Management evaluated the effect of subsequent events on the combined financial statements through October 10, 2025, the date the combined financial statements are issued, and determined that there are no material subsequent events that have not been disclosed.

SUPPLEMENTARY SCHEDULES

Combining Statements of Net Position

PENINSULA HEALTH CARE DISTRICT

June 30, 2025

	Leasing Fund	Dental Fund	Trousdale Fund
Assets			
Current assets:			
Cash and cash equivalents	$ 539,766	$ 1,256,382	$ 1,997,439
Investments		1,148,973	3,474
Restricted cash and cash equivalents			3,303,446
Accounts and leases receivable	237,725	1,307,866	18,009
Inventories, prepaid expenses and other	3,755	60,247	125,030
Total current assets	781,246	3,773,468	5,447,398
Noncurrent assets:			
Non depreciable capital assets	20,779,380		61,500
Depreciable capital assets, net	10,946,500	858,691	58,982,282
Long-term lease receivable and other assets	72,903,361	123,887	19,439
Total noncurrent assets	104,629,241	982,578	59,063,221
Deferred outflows of resources			
Total assets and deferred outflows of resources	$105,410,487	$ 4,756,046	$ 64,510,619
Liabilities			
Current liabilities:			
Current maturities of debt borrowings			$ 1,735,000
Accounts payable and accrued expenses	$ 201,537	$ 417,419	1,208,402
Accrued payroll and related liabilities		218,059	661,183
Unearned revenues	416,685	28,959	25,957
Total current liabilities	618,222	664,437	3,630,542
Noncurrent liabilities			
Debt borrowings, net of current maturities		1,111	36,585,000
Lease liabilities and tenant deposits	45,928		37,441
Total noncurrent liabilities	45,928	1,111	36,622,441
Deferred inflows of resources	66,150,022		
Total liabilities and deferred inflows of resources	66,814,172	665,548	40,252,983
Net Position			
Net investment capital assets	31,725,880	857,580	20,723,782
Restricted			7,500,000
Unrestricted (deficit)	6,870,435	3,232,918	(3,966,146)
Total net position	38,596,315	4,090,498	24,257,636
Total liabilities, deferred inflows and net position	$105,410,487	$ 4,756,046	$ 64,510,619

Combining Statements of Net Position (continued)

PENINSULA HEALTH CARE DISTRICT

June 30, 2025

	Health & Fitness	allcove Center	General District
Assets			
Current assets:			
Cash and cash equivalents	$ 171,681	$ 662,038	$ 963,781
Investments			37,538,695
Restricted cash and cash equivalents			
Accounts and leases receivable	9,700	41,666	514,828
Inventories, prepaid expenses and other	612	65,337	59,274
Total current assets	181,993	769,041	39,076,578
Noncurrent assets:			
Non depreciable capital assets			2,120,000
Depreciable capital assets, net	29,291	1,053,371	591,901
Long-term lease receivable and other assets		671,884	399,461
Total noncurrent assets	29,291	1,725,255	3,111,362
Deferred outflows of resources			237,227
Total assets and deferred outflows of resources	$ 211,284	$ 2,494,296	$ 42,425,167
Liabilities			
Current liabilities:			
Current maturities of debt borrowings			
Accounts payable and accrued expenses	$ 21,682	$ 472,040	$ 321,222
Accrued payroll and related liabilities	3,241	19,522	89,145
Unearned revenues	7,621		
Total current liabilities	32,544	491,562	410,367
Noncurrent liabilities			
Debt borrowings, net of current maturities			
Lease liabilities and tenant deposits		367,613	
Total noncurrent liabilities		367,613	
Deferred inflows of resources			88,672
Total liabilities and deferred inflows of resources	32,544	859,175	499,039
Net Position			
Net investment capital assets	29,291	1,053,371	2,711,901
Restricted			
Unrestricted	149,449	581,750	39,214,227
Total net position	178,740	1,635,121	41,926,128
Total liabilities, deferred inflows and net position	$ 211,284	$ 2,494,296	$ 42,425,167

Combining Statements of Net Position (continued)

PENINSULA HEALTH CARE DISTRICT

June 30, 2025

	Combining Total
Assets	
Current assets:	
Cash and cash equivalents	$ 5,591,087
Investments	38,691,142
Restricted cash and cash equivalents	3,303,446
Accounts and leases receivable	2,129,794
Inventories, prepaid expenses and other	314,255
Total current assets	50,029,724
Noncurrent assets:	
Non depreciable capital assets	22,960,880
Depreciable capital assets, net	72,462,036
Long-term lease receivable and other assets	74,118,032
Total noncurrent assets	169,540,948
Deferred outflows of resources	237,227
Total assets and deferred outflows of resources	$219,807,899
Liabilities	
Current liabilities:	
Current maturities of debt borrowings	$ 1,735,000
Accounts payable and accrued expenses	2,642,302
Accrued payroll and related liabilities	991,150
Unearned revenues	479,222
Total current liabilities	5,847,674
Noncurrent liabilities	
Debt borrowings, net of current maturities	36,586,111
Lease liabilities and tenant deposits	450,982
Total noncurrent liabilities	37,037,093
Deferred inflows of resources	66,238,694
Total liabilities and deferred inflows of resources	109,123,461
Net Position	
Net investment capital assets	57,101,805
Restricted	7,500,000
Unrestricted	46,082,633
Total net position	110,684,438
Total liabilities, deferred inflows and net position	$219,807,899

Combining Statement of Revenues, Expenses and Changes in Net Position

PENINSULA HEALTH CARE DISTRICT

Year Ended June 30, 2025

	Leasing Fund	Dental Fund	Trousdale Fund
Operating revenues			
Lease revenues	$ 2,960,122		
Dental service - net patients revenues		$ 3,336,268	
Assisted living/memory care resident revenues			$ 13,271,347
Fitness center revenues			
Youth drop-in center			
Other operating revenues	135,469	25,462	
Total operating revenues	3,095,591	3,361,730	13,271,347
Operating expenses			
Salaries and wages		4,104,794	5,548,189
Employee benefits		598,185	1,714,635
Community services and related programs	416,701	142,078	
Professional fees and registry	495,139	305,099	641,505
Supplies		352,623	907,080
Purchased services		295,342	514,984
Utilities and phone		82,580	646,944
Lease expense	429,742	47,808	
Insurance		36,280	429,471
Depreciation and amortization	344,204	248,111	2,529,519
Interest and fees		74,143	
Other operating expenses		67,563	
Total operating expenses	1,685,786	6,354,606	12,932,327
Operating income (loss)	1,409,805	(2,992,876)	339,020
Nonoperating revenues (expenses)			
District tax revenues			
Investment income	2,200,698	60,796	115,385
Interest expense	(28,843)		(1,499,854)
Interfund transfer	(1,288,930)		
Grants and contributions /payments to affiliates		3,746,104	
Total nonoperating revenues (expenses)	882,925	3,806,900	(1,384,469)
Increase (decrease) in net position	2,292,730	814,024	(1,045,449)
Net position at beginning of the year	36,303,585	3,276,474	25,303,085
Net position at end of the year	$ 38,596,315	$ 4,090,498	$ 24,257,636

Combining Statement of Revenues, Expenses and Changes in Net Position (continued)

PENINSULA HEALTH CARE DISTRICT

Year Ended June 30, 2025

	Health & Fitness	allcove Center	General District
Operating revenues			
Lease revenues			
Dental service - net patient revenues			
Assisted living/memory care resident revenues			
Fitness center revenues	$ 191,442		
Youth drop-in center		$ 1,258,614	
Other operating revenues	3,377		$ 216
Total operating revenues	194,819	1,258,614	216
Operating expenses			
Salaries and wages	186,668	379,467	800,392
Employee benefits	54,506	110,638	259,972
Community services and related programs		74,173	3,470,446
Professional fees and registry	28,473	310,010	197,637
Supplies	16,225	23,394	20,207
Purchased services	60,908	49,492	90,479
Utilities and phone	18,456	6,997	19,021
Lease expense		334,784	
Insurance	5,969	40,813	77,287
Depreciation and amortization	6,497	87,577	27,531
Interest and fees			
Other operating expenses	9,351	101,316	190,940
Total operating expenses	387,053	1,518,661	5,153,912
Operating income (loss)	(192,234)	(260,047)	(5,153,696)
Nonoperating revenues (expenses)			
District tax revenues			10,380,539
Investment income	471	1,111	1,611,404
Interest expense		(32,806)	
Interfund transfer	243,138	248,890	796,902
Grants and contributions/payments to affiliates		428,896	(800,000)
Total nonoperating revenues (expenses)	243,609	646,091	11,988,845
Increase (decrease) in net position	51,375	386,044	6,835,149
Net position at beginning of the year	127,365	1,249,077	35,090,979
Net position at end of the year	$ 178,740	$ 1,635,121	$ 41,926,128

Combining Statement of Revenues, Expenses and Changes in Net Position (continued)

PENINSULA HEALTH CARE DISTRICT

Year Ended June 30, 2025

	Combining Total
Operating revenues	
Lease revenues	$ 2,960,122
Dental service - net patient revenues	3,336,268
Assisted living/memory care resident revenues	13,271,347
Fitness center revenues	191,442
Youth drop-in center	1,258,614
Other operating revenues	164,524
Total operating revenues	21,182,317
Operating expenses	
Salaries and wages	11,019,510
Employee benefits	2,737,936
Community services and related programs	4,103,398
Professional fees and registry	1,977,863
Supplies	1,319,529
Purchased services	1,011,205
Utilities and phone	773,998
Lease expense	812,334
Insurance	589,820
Depreciation and amortization	3,243,439
Interest and fees	74,143
Other operating expenses	369,170
Total operating expenses	28,032,345
Operating income (loss)	(6,850,028)
Nonoperating revenues (expenses)	
District tax revenues	10,380,539
Investment income	3,989,865
Interest expense	(1,561,503)
Interfund transfers	-0-
Grants and contributions /payments to affiliates	3,375,000
Total nonoperating revenues (expenses)	16,183,901
Increase (decrease) in net position	9,333,873
Net position at beginning of the year	101,350,565
Net position at end of the year	$110,684,438

JWT & Associates, LLP

A Certified Public Accountancy Limited Liability Partnership

7797 North First Street, Suite 101#111, Fresno, California 93720

763 West Lighthouse Drive, Saratoga Springs, Utah 84045

Cell: (559) 287-6591 Email: rjctcpa@aol.com

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

The Board of Directors
Peninsula Health Care District
Burlingame, California

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 combined financial statements of the Peninsula Health Care District (the District) as of and for the years ended June 30, 2025 and 2024, and the related notes to the combined financial statements, which collectively comprise the District's combined financial statements, and have issued our report thereon dated October 10, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the District's 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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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 combined 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 those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's combined 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 combined financial statement. 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

JWT & Associates, LLP

Fresno, California
October 10, 2025

Peninsula Health Care District
Statement of Revenues and Expenditures - Preliminary Draft, Consolidated
As of September 30, 2025

	PHCD Year To Date 9/30/2025	allcove Year To Date 9/30/2025	ealth and Fitnes Year To Date 9/30/2025	The Trousdale Year To Date 9/30/2025	Sonrisas Year To Date 9/30/2025	Year To Date 9/30/2025			Year Ending 6/30/2026
	Actual	Actual	Actual	Actual	Actual	Actual	2025 2026 BUDGET	Budget Diff	2025 2026 BUDGET
Revenues over Expenditures									
Revenues									
Program Service Revenue									
Program Revenue	11,982	0	0	3,526,413	0	3,538,395	3,502,125	36,270	24,357,280
Revenue - Services	0	175	0	0	798,226	798,401	805,564	(7,163)	3,194,735
Total Program Service Revenue	11,982	175	0	3,526,413	798,226	4,336,796	4,307,689	29,107	27,552,015
Grant Revenues	0	0	0	0	0	0	280,031	(280,031)	1,620,125
Contributions									
Grants and Donations	0	0	0	0	402,226	402,226	461,942	(59,716)	1,885,294
Fundraising Events Revenue	0	0	0	0	149,314	149,314	200,000	(50,686)	200,000
Total Contributions	0	0	0	0	551,540	551,540	661,942	(110,402)	2,085,294
Membership Dues	0	0	54,748	0	0	54,748	53,479	1,269	226,637
Investment Income									
Investment Inc - LAIF	68,372	0	0	0	0	68,372	47,630	20,742	190,519
Investment Inc - SMC	37,831	0	0	0	0	37,831	28,644	9,187	114,576
Investment Inc - CNB	256,867	0	0	0	0	256,867	175,370	81,497	701,479
Investment Inc - FT	16,802	0	0	0	0	16,802	13,701	3,101	54,805
Investment Inc - Torrey	0	0	0	31,908	0	31,908	24,000	7,908	96,000
Investment Inc - US Bank	0	0	0	1,332	0	1,332	0	1,332	0
Investments - Unrealized G/L	37,988	0	0	0	0	37,988	0	37,988	0
Interest Income	1,082	461	122	1,860	259	3,784	3,540	244	14,160
Interest Income - Leasing GASB 87	548,347	0	0	0	0	548,347	548,346	1	2,190,817
Interest Income-Heritage	0	0	0	0	548	548	600	(52)	2,400
Dividends	0	0	0	0	0	0	4,500	(4,500)	18,000
Unrealized gain(loss)-CityNational	0	0	0	0	10,871	10,871	4,500	6,371	18,000
Investment Income	0	0	0	0	12,702	12,702	0	12,702	0
Total Investment Income all	967,289	461	122	35,100	24,380	1,027,352	850,831	176,521	3,400,756
Rental Income									
Lease Income - Hospital	457,258	0	0	0	0	457,258	457,258	0	1,829,033
Lease Income - 1720 Marco Polo	29,206	0	0	0	0	29,206	29,020	186	117,818
Lease Income - 1740 Marco Polo	66,491	0	0	0	0	66,491	66,238	253	268,927
Lease Income - 111-113 16th St.	1	0	0	0	0	1	0	1	1
Lease Income - 1764 Marco Polo	30,000	0	0	0	0	30,000	30,000	0	120,000
Rental Value for Use of Facilities (rent-free)	126,216	0	0	0	0	126,216	126,216	0	504,864
Lease Income - Health & Fitness	0	0	0	0	0	0	869	(869)	3,476
Total Rental Income	709,172	0	0	0	0	709,172	709,601	(429)	2,844,119
Other Revenue									
Other Program Revenue	0	0	0	0	74,362	74,362	0	74,362	0
Other Non-Operating Income	0	0	0	1,805,050	0	1,805,050	0	1,805,050	0
Other Revenue	0	133,469	0	0	0	133,469	127,119	6,350	508,476

	PHCD Year To Date 9/30/2025	allcove Year To Date 9/30/2025	ealth and Fitnes Year To Date 9/30/2025	The Trousdale Year To Date 9/30/2025	Sonrisas Year To Date 9/30/2025	Year To Date 9/30/2025			Year Ending 6/30/2026
Other Income	0	0	0	0	0	0	6,175	(6,175)	61,750
Total Other Revenue	0	133,469	0	1,805,050	74,362	2,012,881	133,294	1,879,587	570,226
Total Revenues	1,688,443	134,105	54,870	5,366,563	1,448,508	8,692,489	6,996,867	1,695,622	38,299,172
Expenditures									
Program Expenses									
Community Grants	0	0	0	0	0	0	0	0	1,979,477
Impact Partnership Grants	0	0	0	0	0	0	268,380	268,380	870,523
Healthcare Workforce	0	0	0	0	0	0	12,500	12,500	50,000
Small Grants & Sponsorships	21,788	0	0	0	0	21,788	20,000	(1,788)	100,000
Other Contributions	0	0	0	0	0	0	25,000	25,000	25,000
Targeted Prevention Program	12,702	0	0	0	0	12,702	50,000	37,298	200,000
Special Funding Initiatives	42,403	11,044	0	0	0	53,447	224,000	170,553	754,000
Community Outreach	7,301	0	0	0	0	7,301	17,500	10,199	75,000
Community Education	32,500	0	0	0	0	32,500	20,000	(12,500)	75,000
New Program Research & Development	0	0	0	0	0	0	62,499	62,499	250,000
Donated Value for Use of Facilities (rent-free)	126,216	0	0	0	0	126,216	126,216	0	504,864
PWC Project Cost	583	0	0	0	0	583	0	(583)	0
Peninsula LiveWell Project	28,958	0	0	0	0	28,958	126,000	97,042	500,000
Total Program Expenses	272,451	11,044	0	0	0	283,495	952,095	668,600	5,383,864
Personnel									
Salary and Wages	170,336	111,027	55,852	1,456,529	991,428	2,785,172	2,997,608	212,436	12,035,829
PR Benefits	57,988	8,738	3,863	497,772	67,943	636,304	672,211	35,907	2,740,504
PR Taxes	16,534	8,415	4,391	0	73,512	102,852	142,977	40,125	572,311
Total Personnel	244,858	128,180	64,106	1,954,301	1,132,883	3,524,328	3,812,796	288,468	15,348,644
Occupancy									
Lease Expenses - 1720 Marco Polo	7,676	0	0	0	0	7,676	9,000	1,324	36,000
Lease Expenses - 1740 Marco Polo	37,297	0	0	0	0	37,297	40,200	2,903	160,800
Lease Expenses - 1764 Marco Polo	13,441	0	0	0	0	13,441	9,000	(4,441)	36,000
Lease Expenses - 430 No. El Camino Real	5,080	0	0	0	0	5,080	9,750	4,670	39,000
Lease Expenses - 1875 Trousdale	6,015	0	0	0	0	6,015	6,650	635	26,000
Lease Expenses - 111-113 16th St.	3,281	0	0	0	0	3,281	4,200	919	16,800
Lease Expenses - PWC Land	1,700	0	0	0	0	1,700	1,035	(665)	4,140
Outreach Storage Rent	0	0	0	0	1,500	1,500	1,500	0	6,000
Rent Expense	0	78,456	0	0	10,452	88,908	94,149	5,241	376,592
Total Occupancy	74,490	78,456	0	0	11,952	164,898	175,484	10,586	701,332
Professional Fees									
Clinical Partner Contract Expense	0	130,798	0	0	0	130,798	181,224	50,426	798,996
Computer Accessories	0	0	0	0	1,909	1,909	150	(1,759)	600
Computer Support	0	0	0	0	37,007	37,007	27,825	(9,182)	111,300
Consultant - Accounting	0	0	0	0	0	0	0	0	6,000
Consultant - Audit	8,925	0	0	0	0	8,925	5,000	(3,925)	31,000
Consultant - Communications	24,000	0	0	0	0	24,000	24,000	0	96,000
Consultant - Financial	0	0	0	0	0	0	11,500	11,500	17,000
Consultant - General	3,575	0	0	0	0	3,575	4,439	864	10,750
Consultant - HR Professionals	0	0	0	0	7,800	7,800	7,800	0	31,200
Consultant - Leadership Coaching	0	0	0	0	0	0	10,500	10,500	42,000
Consultant - Legal	0	0	0	0	4,150	4,150	0	(4,150)	0

	PHCD Year To Date 9/30/2025	allcove Year To Date 9/30/2025	ealth and Fitnes Year To Date 9/30/2025	The Trousdale Year To Date 9/30/2025	Sonrisas Year To Date 9/30/2025	Year To Date 9/30/2025			Year Ending 6/30/2026
Consultant-Outreach System	0	0	0	0	1,500	1,500	0	(1,500)	0
Consultant-Project Manager	0	0	0	0	1,600	1,600	14,400	12,800	57,600
Consulting Services	0	1,890	0	0	0	1,890	6,000	4,110	24,000
Contract Labor - Masseuse	0	0	3,433	0	0	3,433	4,653	1,220	21,009
Contract Labor - Trainer	0	0	2,610	0	0	2,610	3,000	390	12,000
Dental Specialist-Claims Processing	0	0	0	0	22,577	22,577	23,506	929	23,507
IT Service Consultant	7,115	2,611	0	0	0	9,726	10,200	474	40,800
Legal - General	15,583	0	0	0	0	15,583	15,000	(583)	60,000
Legal - Real Estate	123,265	0	0	0	0	123,265	75,000	(48,265)	300,000
Management Fees	0	0	0	141,057	0	141,057	139,585	(1,472)	600,292
Website Services	2,284	0	0	0	0	2,284	1,950	(334)	7,800
Total Professional Fees	184,747	135,299	6,043	141,057	76,543	543,689	565,732	22,043	2,291,854
Patient Services									
Sterilization Services	0	0	0	0	2,783	2,783	2,806	23	11,379
Lab Fees	0	0	0	0	25,005	25,005	39,341	14,336	155,621
Claims Processing	0	0	0	0	2,105	2,105	1,140	(965)	4,560
Patient Notification	0	0	0	0	2,394	2,394	3,597	1,203	14,388
Total Patient Services	0	0	0	0	32,287	32,287	46,884	14,597	185,948
General and Administrative Expenses									
Office Supplies	3,662	5,571	7,446	237,349	70,365	324,393	356,879	32,486	1,434,634
Copying and Printing	0	0	0	0	3,545	3,545	900	(2,645)	4,200
Postage and Delivery	0	0	0	0	1,140	1,140	390	(750)	1,660
Telecommunication	4,575	1,665	0	0	5,952	12,192	13,201	1,009	52,804
Repairs and Maintenance	0	0	1,052	0	0	1,052	1,900	848	7,600
Advertising and Promotion	0	34,876	1,826	0	4,809	41,511	23,066	(18,445)	84,263
Business Licenses and Permits	0	0	0	0	2,603	2,603	3,999	1,396	15,996
Conferences, Conventions, and Meetings	0	521	518	0	1,300	2,339	12,950	10,611	49,750
Due and Subscriptions	24,939	2,558	429	0	9,151	37,077	55,690	18,613	321,260
Insurance	20,683	12,748	3,278	104,215	10,517	151,441	168,613	17,172	701,948
Equipment Expense	0	0	0	0	10,101	10,101	15,300	5,199	61,200
Facilities	6,461	10,269	3,450	0	18,910	39,090	35,849	(3,241)	143,396
Utilities	0	0	5,720	155,374	15,631	176,725	188,787	12,062	757,137
Travel Expenses	11,154	0	298	0	674	12,126	15,430	3,304	70,220
Fundraising Fees	0	0	0	0	94,139	94,139	111,360	17,221	168,950
Interest Expenses	0	6,247	0	365,663	0	371,910	371,909	(1)	1,455,105
State and Local Taxes	0	0	0	0	0	0	0	0	52
Miscellaneous Expense	1,596	2,340	0	0	241	4,177	8,775	4,598	49,660
Other Expenses	3,094	10,582	9,405	147,607	41,908	212,596	327,086	114,490	1,041,758
Depreciation	93,947	23,149	2,371	635,222	38,997	793,686	809,766	16,080	3,233,461
Total General and Administrative Expenses	170,111	110,526	35,793	1,645,430	329,983	2,291,843	2,521,850	230,007	9,655,054
Total Expenditures	946,657	463,505	105,942	3,740,788	1,583,648	6,840,540	8,074,841	1,234,301	33,566,696
Payments to Affiliates									
SDH San Mateo Funding	0	0	0	0	0	0	0	0	0
Trousdale Rent Assistance Fund	(26,576)	0	0	26,576	0	0	0	0	0
Total Payments to Affiliates	(26,576)	0	0	26,576	0	0	0	0	0
Total Revenues over Expenditures	715,210	(329,400)	(51,072)	1,652,351	(135,140)	1,851,949	(1,077,974)	2,929,923	4,732,476

Peninsula Health Care District
Statement of Net Assets - Preliminary Draft, Consolidated
As of September 30, 2025

	PHCD	allcove	Health and Fitness	The Trousdale	Sonrisas	Total
Assets						
Current Assets						
Cash and Cash Equivalents	1,138,109	473,197	160,341	3,738,047	1,427,664	6,937,358
Accounts Receivable, Net						
Accounts Receivable						
Accounts Receivable-Patients	0	500	0	0	292,274	292,774
Account Receivable - Rent	5,515	0	572	0	0	6,087
Account Receivable - TT Tenant	0	0	0	58,694	0	58,694
Allowance for Bad Debt - TT Tenant AR	0	0	0	(200)	0	(200)
Accounts Receivable - Grants	0	0	0	0	519,106	519,106
Accounts Receivable - Services	0	0	5,672	0	0	5,672
Contra Acct - Allowance for Bad Debt	0	0	0	0	(68,112)	(68,112)
Accounts Receivable - Agencies	0	83,333	0	0	36,591	119,924
Accounts Receivable - Employee	20	0	0	0	0	20
Interest Receivable	332,413	0	0	0	0	332,413
Accounts Receivable - Other	0	0	2,467	3,402	0	5,869
Total Accounts Receivable	337,948	83,833	8,711	61,896	779,859	1,272,247
Other Current Assets						
Other Current Assets	228,275	0	0	0	0	228,275
Prepaid Expenses						
Prepaid - General	69,834	34,661	262	0	34,815	139,572
Prepaid - Insurance	121,747	46,930	18,098	0	0	186,775
Prepaid - Benefits / WC	0	0	0	0	0	0
Prepaid - Trousdale	0	0	0	215,776	0	215,776
Total Prepaid Expenses	191,581	81,591	18,360	215,776	34,815	542,123
Inventory	0	0	0	24,598	0	24,598
Total Other Current Assets	419,856	81,591	18,360	240,374	34,815	794,996
Total Current Assets	1,895,913	638,621	187,412	4,040,317	2,242,338	9,004,601
Long-term Assets						
Property & Equipment						
Construction-In-Progress (CIP)	0	0	0	14,657	295,500	310,157
Building	13,102,755	0	0	72,375,689	0	85,478,444
Land	22,899,379	0	0	0	0	22,899,379
Improvements	1,093,295	865,801	21,935	455,585	1,240,651	3,677,267
Equipment	1,785,236	84,094	61,499	336,410	1,670,607	3,937,846
Furniture/Fixtures	30,452	251,992	7,533	42,533	186,659	519,169
Vehicle	0	0	0	0	51,108	51,108
Pre Opening Cost	0	0	0	2,505,662	0	2,505,662
Accum Depreciation (Trousdale)	0	0	0	(17,232,682)	0	(17,232,682)
Accum Depreciation	(4,522,595)	(164,202)	(61,638)	0	(2,441,182)	(7,189,617)
Total Property & Equipment	34,388,522	1,037,685	29,329	58,497,854	1,003,343	94,956,733
Other Long-term Assets						
Deposits and Prepayments	1,585,784	30,215	0	0	16,297	1,632,296
Other Assets						
Deferred Outflow	350,649	(83,696)	0	0	0	266,953
Right Of Use - (GASB 87)	0	641,670	0	19,319	0	660,989
Net Pension Asset	364,607	0	0	0	0	364,607

	PHCD	allcove	Health and Fitness	The Trousdale	Sonrisas	Total
Lease Receivable - Long-Term (GASB 87)	72,846,932	0	0	0	0	72,846,932
Total Other Assets	73,562,188	557,974	0	19,319	0	74,139,481
Total Other Long-term Assets	75,147,972	588,189	0	19,319	16,297	75,771,777
Total Long-term Assets	109,536,494	1,625,874	29,329	58,517,173	1,019,640	170,728,510
Investments						
Long Term Investments						
Board Designated Fund - LAIF	6,420,199	0	0	0	0	6,420,199
Board Designated Fund - SMC	3,895,710	0	0	0	0	3,895,710
Board Designated Fund - CNB	25,588,371	0	0	0	0	25,588,371
Board Designated Fund - FT	1,854,196	0	0	0	0	1,854,196
Board Designated Fund - Torrey	0	0	0	3,335,355	0	3,335,355
Board Designated Fund - Unrealized G/L	192,916	0	0	0	0	192,916
Investment Acct. - City National	0	0	0	0	1,112,069	1,112,069
Unrealized Gain(loss) on Investment	0	0	0	0	60,149	60,149
Total Long Term Investments	37,951,392	0	0	3,335,355	1,172,218	42,458,965
Investment in Subsidiary						
Project Acct - US Bank 44000	0	0	0	1,050	0	1,050
Project Acct - US Bank 56000	0	0	0	281	0	281
Total Investment in Subsidiary	0	0	0	1,331	0	1,331
Total Investments	37,951,392	0	0	3,336,686	1,172,218	42,460,296
Interfund Due from	243,160	(208,367)	(61,369)	26,576	0	0
Total Assets	**149,626,959**	**2,056,128**	**155,372**	**65,920,752**	**4,434,196**	**222,193,407**
Liabilities and Net Assets						
Liabilities						
Short-term Liabilities						
Accounts Payable						
Accounts Payable	99,388	35,200	8,606	695,984	115,142	954,320
Credit Card Payable	(230)	0	0	0	0	(230)
Accrued Payable - General	70,957	40,359	2,925	372,214	0	486,455
Patient Prepayments	0	0	0	0	40,414	40,414
Patient Refunds Payable	0	0	0	0	6,423	6,423
Total Accounts Payable	170,115	75,559	11,531	1,068,198	161,979	1,487,382
Accrued Liabilities						
Accrued Payroll	79,183	21,609	5,581	257,665	208,667	572,705
Accrued PTO	0	0	0	0	100,137	100,137
FSA Employee Account	906	0	0	0	0	906
Total Accrued Liabilities	80,089	21,609	5,581	257,665	308,804	673,748
Deferred Revenue						
Prepaid Rent	2,217,510	0	0	90,309	0	2,307,819
Prepaid Membership Dues	0	0	9,949	0	0	9,949
Prepaid Other	10,000	0	0	0	0	10,000
Deferred Income	3,500	0	0	0	0	3,500
Deposit - TT Tenants	0	0	0	11,500	0	11,500
Security Deposits	45,928	0	0	0	0	45,928
Total Deferred Revenue	2,276,938	0	9,949	101,809	0	2,388,696
Withholding Tax Payable						
Accrued Payroll Taxes	2,159	1,307	643	0	7,661	11,770
Total Withholding Tax Payable	2,159	1,307	643	0	7,661	11,770
Other Short-term Liabilities						
Short-term Liabilities						
Lease Payable - Current (GASB 87)	0	377,124	0	3,903	0	381,027
Total Short-term Liabilities	0	377,124	0	3,903	0	381,027

	PHCD	allcove	Health and Fitness	The Trousdale	Sonrisas	Total
Loans Payable - Current						
Accrued Interest	0	0	0	243,775	0	243,775
Total Loans Payable - Current	0	0	0	243,775	0	243,775
Total Other Short-term Liabilities	0	377,124	0	247,678	0	624,802
Total Short-term Liabilities	2,529,301	475,599	27,704	1,675,350	478,444	5,186,398
Long Term Liabilities						
Notes Payable - Long Term						
Note Payable - WAB 40M	0	0	0	30,215,000	0	30,215,000
Note Payable - WAB 10M	0	0	0	8,105,000	0	8,105,000
Total Long Term Notes Payable	0	0	0	38,320,000	0	38,320,000
Other Long-term Liabilities						
Capital Leases	0	0	0	0	395	395
Other Liabilities						
Lease Payable - Long-Term (GASB 87)	0	274,808	0	15,416	0	290,224
Deferred Inflow	65,814,756	0	0	0	0	65,814,756
Total Other Liabilities	65,814,756	274,808	0	15,416	0	66,104,980
Total Other Long-term Liabilities	65,814,756	274,808	0	15,416	395	66,105,375
Total Long Term Liabilities	65,814,756	274,808	0	38,335,416	395	104,425,375
Total Liabilities	68,344,057	750,407	27,704	40,010,766	478,839	109,611,773
Net Assets						
Net Assets	80,567,692	1,635,121	178,740	24,257,636	4,090,497	110,729,686
Change In Net Assets	715,210	(329,400)	(51,072)	1,652,350	(135,140)	1,851,948
Total Net Assets	81,282,902	1,305,721	127,668	25,909,986	3,955,357	112,581,634
Total Liabilities and Net Assets	**149,626,959**	**2,056,128**	**155,372**	**65,920,752**	**4,434,196**	**222,193,407**