BOARD FINANCE COMMITTEE

Tuesday, November 10, 2026

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/83756405838

Meeting ID: 889 5640 5838 **- 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 11, 2026 Minutes

- **Draft Audited Financials** – CFO Yee p. 6
  - Discussion
  - Q&A
  - **Action, if any**

- **Q1 FY 27 Consolidated Financials** – CFO Yee p. 52
  - Financial Review
  - Q&A
  - **Action, if any**

- **Future agenda items:**
  - 2nd Quarter Financial Review
  - Annual Policy Review
  - Suggestions?

- **Adjournment**

Peninsula HEALTH CARE DISTRICT
Building a Healthier Community

FINANCE COMMITTEE MEETING
Minutes
August 11, 2026

1. **Call to Order:** The meeting was called to order by **Chair Sanchez** at 4:06 pm.

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

3. **Approval of Minutes** from May 12, 2026

   It was moved by Member Martinez and seconded by Member Angelopoulos to approve the Minutes from May 12, 2026. The motion passed 5/0/0/2. Ayes: Chair Sanchez, Member Martinez, Member Angelopoulos, CEO Pulido, CFO Yee. Absent: Member Revelo. Vice-Chair Cappel.

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

   Robert Meckstroth provided an overview of the June 30, 2026 portfolio and highlighted the following.
   - Total portfolio value: $32M+ at fiscal year-end, including $31.5M in the Healthcare District account.
   - Investment objective: Capital preservation and liquidity, managed in accordance with the District's Investment Policy.
   - Portfolio allocation: Approximately 99.5% fixed income and 0.5% cash.
   - Holdings: 98% U.S. Treasury bonds, with the remainder in other highly rated securities.
   - Risk profile: Extremely low risk, with minimal credit risk due to the focus on U.S. government-backed investments.
   - Average maturity: 1.8 years, providing liquidity while limiting interest rate sensitivity.
   - Yield to maturity: 4.2%, significantly higher than yields experienced during the low-interest-rate environment.
   - Investment approach: Individual bonds are generally held to maturity, helping preserve principal and reduce volatility.
   - Manager's goal: Maintain a conservative strategy while meeting or exceeding comparable short-term Treasury benchmarks.

   Chair Sanchez commented that the portfolio appears to have reached an effective balance between earning interest and managing risk through staggered bond maturities and reinvestment. **Mr. Meckstroth** agreed and explained that the laddered maturity structure provides liquidity while reducing exposure to interest rate fluctuations. He noted that the portfolio's short-duration structure helped mitigate the impact of the 2022 bond market decline and that losses recovered as bonds matured and principal was returned.

Mr. Meckstroth reviewed stress-testing scenarios and reported that even under a hypothetical 2% increase in interest rates over a 12-month period, the portfolio would likely remain positive due to its current yield and short duration. **Chair Sanchez** remarked that the analysis demonstrated the portfolio's ability to absorb market volatility while continuing to generate income.

Member Angelopoulos asked when the District has historically accessed portfolio funds. **CEO Pulido** responded that the largest withdrawal occurred for construction of the Trousdale facility. She noted that future capital projects may require similar use of portfolio assets but that ongoing operations are typically funded through property tax revenues. **Member Angelopoulos** suggested matching bond maturities with anticipated project expenditures to reduce the need to liquidate investments. **Mr. Meckstroth** agreed and noted that advance notice of future cash needs would allow maturities to be aligned with planned expenditures. **CFO Yee** stated that staff typically provides advance notice of anticipated liquidity needs, and **Mr. Meckstroth** commented that the process has worked well.

Member Angelopoulos asked about the yield on cash and cash equivalent holdings. **Mr. Meckstroth** reported that the money market holdings were yielding approximately 3.33%, but Treasury bonds continue to offer slightly higher returns and remain the preferred investment vehicle.

Member Angelopoulos asked whether the firm is considering investments in corporate bonds. **Mr. Meckstroth** responded that current corporate bond spreads are not attractive enough to justify additional risk. As a result, the portfolio remains concentrated in Treasuries, although corporate bond allocations have been used in the past when market conditions were more favorable.

Member Angelopoulos asked whether reported performance figures were net of fees. **Mr. Meckstroth** confirmed that all performance figures are reported net of fees. He reviewed performance through June 30 and noted that returns have improved significantly in the higher interest rate environment and have compared favorably to similar short-term Treasury strategies.

Member Angelopoulos asked about the portfolio's blended fee. **Mr. Meckstroth** stated that he did not have the exact figure available and would provide it following the meeting.

Member Martinez asked how cash balances are managed and when cash is reinvested. **Mr. Meckstroth** explained that cash is generally reinvested when sufficient funds accumulate to purchase a new bond position. He noted that average cash balances have remained under 1% during the current year and generally range from 0% to 3%.

Member Martinez asked whether investments are made through larger pooled purchases. **Mr. Meckstroth** clarified that trades are customized specifically for the District's portfolio and are not simply grouped with other client transactions.

Mr. Meckstroth reviewed the Sonrisas account and noted that it follows the same investment strategy as the District's primary portfolio.

CFO Yee stated that there are currently no anticipated liquidity needs or planned changes to the Sonrisas account.

Member Angelopoulos asked about Apple stock appearing in the account. **Mr. Meckstroth** explained that the shares were received as a donation and were subsequently liquidated because individual equities are not part of the account's investment mandate.

CEO Pulido asked Mr. Meckstroth to provide an overview of current economic conditions. **Mr. Meckstroth** reported that strong corporate earnings, consumer spending, and investment in artificial intelligence continue to support economic growth despite inflationary pressures and geopolitical uncertainty. He noted that expectations for Federal Reserve policy have shifted from potential rate cuts to possible rate increases, depending on future inflation and employment data. He stated that rising rates may create short-term pressure on bond prices but ultimately benefit the District's portfolio through higher reinvestment yields.

Member Angelopoulos asked about the firm's outlook for future rate increases. **Mr. Meckstroth** responded that the outlook remains uncertain and largely dependent on upcoming employment and inflation reports. He described the possibility of an additional rate increase as roughly a "coin flip."

Chair Sanchez expressed concern regarding rising consumer debt, economic inequality, food insecurity, and potential reductions in government-supported programs. **Mr. Meckstroth** acknowledged increasing financial pressure on lower-income households and discussed the growing gap between higher-income consumers, who continue to drive spending, and lower-income households facing inflation and debt-related challenges.

Member Martinez commented on the mixed economic indicators presented in the report and noted the uncertainty surrounding future economic growth. **Mr. Meckstroth** responded that artificial intelligence and geopolitical developments remain two of the most significant factors influencing markets and economic projections.

Chair Sanchez discussed the role of artificial intelligence in healthcare and emphasized that technology should complement, rather than replace, human judgment and patient care. **Mr. Meckstroth** agreed that AI can improve efficiency but noted that human interaction and expertise remain essential.

CFO Yee asked whether there were any significant changes between the June and July reports. **Mr. Meckstroth** replied that conditions remained largely unchanged and that portfolio performance was generally consistent from month to month.

Mr. Meckstroth also reviewed responses to previously submitted committee questions regarding bond selection and due diligence. He explained that the firm uses both independent research and credit rating agency analysis when evaluating investments and continues to perform scenario analysis and stress testing to assess portfolio resilience under various market conditions.

5. **FY 26 Year-End Consolidated Financials** – Vickie Yee, CFO

CFO Yee presented an overview of the District's fiscal year-end financial results.

Income

- Program revenue exceeded budget by approximately $2.4 million, primarily due to higher-than-anticipated property tax revenues.
- Grants and contributions were $900,000 below budget, primarily due to:
    - allcove grant funding timing changes, including a $300,000 grant deferred to the next fiscal year and $250,000 received in the prior fiscal year.
    - Sonrisas receiving approximately $400,000 less in grant revenue; however, strong fundraising in the previous year provided sufficient funding for FY 2025-26 operations.
- Investment income exceeded budget by $286,000, ending the year at $3.6 million.
- Leasing income was $26,000 below budget due to a tenant vacancy. Management is not actively pursuing long-term replacement tenants because of the planned affordable housing development and the limited remaining tenancy period.
- Other non-operating income included $1.8 million from the Trousdale settlement.

Expenses

- Community Health Investments were $548,000 under budget, primarily due to lower-than-budgeted spending in Targeted Prevention programs and the Healthy Aging Pathways initiative.
- Personnel expenses were $873,000 under budget across all programs. Sonrisas accounted for approximately $300,000 of the savings due to staff turnover.
- Lease-related building maintenance expenses were essentially on budget, with a modest $4,000 surplus.
- Professional fees were $126,000 under budget, driven by lower clinical partner contract costs at allcove and reduced legal expenses. These savings were partially offset by higher management fees at The Trousdale, which increased with revenue performance.
- General and administrative expenses were $418,000 under budget, largely due to reduced registry staffing costs and lower supply expenses at The Trousdale.

Net income totaled $10.2 million, exceeding budget by approximately $5.6 million.

Balance Sheet Highlights

- Cash in checking accounts totaled approximately $7 million.
- Investments totaled approximately $48 million.
- Outstanding construction loan balance for The Trousdale was $36.5 million.

Member Martinez asked about Sonrisas' funding from the District and whether previous funding concerns had been resolved. **CFO Yee** explained that the original budget included an $800,000 District contribution; however, due to operational issues, the funding was ultimately withdrawn and removed from the budget. Despite not receiving the District contribution, Sonrisas exceeded its budget expectations and performed well financially.

Member Martinez noted that Sonrisas had withdrawn approximately $600,000 from its investment portfolio for cash flow purposes, representing roughly half of its invested assets, and expressed concern about the sustainability of future withdrawals. **CFO Yee** confirmed the $600,000 withdrawal but stated that management does not anticipate an additional draw in FY 2026-27 because the District recently approved $690,000 in funding to address Sonrisas' projected budget gap.

6. **Future Agenda Items**
    - 1st Quarter Financial Review
    - FY 25-26 Draft Audited Financials Report Review

Adjournment: Chair Sanchez adjourned the meeting at 5:09 pm.
Written by Vickie Yee, CFO

Approved by: The Finance Committee X/XX/XXXX

Peninsula
HEALTH CARE DISTRICT
Building a Healthier Community

Audited Combined Financial Statements

PENINSULA HEALTH CARE DISTRICT

June 30, 2026

Audited Combined Financial Statements

PENINSULA HEALTH CARE DISTRICT

June 30, 2026

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Management's Discussion and Analysis

PENINSULA HEALTH CARE DISTRICT

June 30, 2026

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, 2026 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, 2026 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 $6.04 million over the prior fiscal year due mainly to increase in investments. Total cash, cash equivalents and investments increased by $7.36 million (see the Statements of Cash Flows for changes).
- Current assets increased by $7.2 million while current liabilities decreased by approximately $230,600 when compared to the prior fiscal year. The current ratios for current and prior years were 10.19 and 8.56, respectively.
- Operating revenues increased by $3.9 million while operating expenses increased by approximately $1.7 million for the year ended June 30, 2026.
- There was an operating loss of $4.6 million for the year ended June 30, 2026 as compared to an operating loss of $6.9 million in the prior year.
- Non-operating revenues (expenses) decreased by $1.2 million due mainly to a decrease in grants and contributions revenues. In the prior year, the dental fund raised more than $800,000 through a capital campaign for a new mobile dental clinic; no comparable campaign occurred in the current year. Investments increased by $0.3 million while grants and contributions decreased by approximately $1.7 million.
- The increase in net position was $10.3 million for the year ended June 30, 2026 as compared to an increase of $9.3 million in the prior year.

A summary of the District's net assets for 2026, 2025 and 2024 is as follows:

	2026	2025	2024
Assets (000's)			
Current assets	$ 57,230	$ 50,030	$ 41,698
Capital assets	94,931	95,423	98,098
Other assets and deferred outflows	73,683	74,355	74,871
Total	$ 225,844	$ 219,808	$ 214,667
Liabilities (000's)			
Current liabilities	$ 5,617	$ 5,848	$ 5,884
Other liabilities and deferred inflows	99,230	103,276	107,432
Total liabilities	104,847	109,124	113,316
Net position (000's)			
Net investment in capital	58,346	57,102	58,105
Restricted	8,307	8,165	7,500
Unrestricted	54,344	45,417	35,746
Total net position	120,997	110,684	101,351
Total	$ 225,844	$ 219,808	$ 214,667

Cash and Investments

At fiscal year ended June 30, 2026, operating cash, cash equivalents, investments and restricted cash and cash equivalents totaled $54.9 million compared to $47.6 million in fiscal year 2025. Days of cash on hand increased to 753.95 as compared to 659.15 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 $2.7 million on capital assets and capital improvements, net of a minor amount of disposals, which increased the total historical costs of capital assets to $121.8 million with accumulated depreciation of $26.9 million to bring net capital assets to $94.9 million as of June 30, 2026.

The following shows the revenues, expenses and increase (decrease) in net position for the years ended June 30, 2026 through June 30, 2024.

	2026	2025	2024
Operating revenues (000's)			
Lease revenues	$ 2,313	$ 2,960	$ 3,113
Dental service - net patient revenues	3,394	3,336	3,389
Assisted living/memory care resident revenues	15,488	13,271	12,535
Fitness center revenues	240	192	136
Youth wellness center	1,658	1,259	
Other operating revenues	1,975	164	299
Total operating revenues	25,068	21,182	19,472
Operating expenses (000's)			
Salaries and wages	11,409	11,020	10,519
Employee benefits	2,926	2,738	2,622
Community services and related programs	4,790	4,103	3,006
Professional fees and registry	2,107	1,978	1,909
Supplies	1,437	1,320	1,387
Purchased services	1,241	1,011	1,012
Utilities and phone	781	774	727
Building and equipment rent	697	812	762
Insurance	646	590	603
Depreciation and amortization	3,230	3,243	3,276
Interest and fees	74	74	23
Other operating expenses	352	369	351
Total operating expenses	29,690	28,032	26,197
Operating income (loss)	(4,622)	(6,850)	(6,725)
Nonoperating revenues (expenses) (000's)			
District tax revenues	11,022	10,381	9,865
Investment income (loss)	3,680	3,990	3,698
Interest expense	(1,456)	(1,562)	(1,608)
Grants and contributions/payments to affiliates	1,689	3,375	2,522
Total nonoperating revenues (expenses)	14,935	16,184	14,477
Increase (decrease) in net position	$ 10,313	$ 9,334	$ 7,752

Operating revenues

Total operating revenues in fiscal year 2026 were $25.0 million compared to $21.2 million in 2025. Significant changes included the following:

- Leasing revenues decreased by approximately $647,000 as compared to the prior year, primarily due to the expiration of a two-year sale leaseback agreement for one property.
- Assisted living/memory care resident revenue increased by approximately $2.2 million, driven by higher occupancy levels approaching full capacity.
- Other revenues increased by approximately $1.8 million, mainly from a legal settlement.

Operating Expenses

Total operating expenses in fiscal year 2026 were $29.7 million compared to $28.0 million in 2025. Significant changes occurred in the following areas:

- Total salaries and wages increased by approximately $0.4 million, reflecting annual compensation increases and additional full-time equivalent positions in assisted living/memory care and the youth drop-in center to support increased service volumes.
- Community services and related programs increased by approximately $0.7 million, primarily due to additional funding initiatives related to food insecurity programs and the Blue Zones assessment.
- Rent and lease expenses decreased by approximately $115,000 following the conclusion of the sale-leaseback arrangement. Under the new lease agreement, the tenant assumes responsibility for property maintenance costs.
- Insurance expenses increased by approximately $56,000 due mainly to the addition of new insurance policies.
- All other categories of expenses remained generally consistent with the prior year, with only minor fluctuations.

Programs

Results of area changes in net position of District programs for the year ended June 30, 2026 and 2025 follows:

	2026	2025
Leasing fund	$ 3,410,512	$ 2,292,730
Sonrisas Dental Health services	(950,521)	814,024
The Trousdale assisted living/memory care	758,767	(1,045,449)
PHCD health & fitness center	61,036	51,375
allcove San Mateo youth wellness center	(87,204)	386,044
General district operations	7,120,613	6,835,149
	$ 10,313,203	$ 9,333,873

Economic Factors and Next Fiscal Year's Budget

The District's Board approved the fiscal year ending June 30, 2027 capital and operating budgets at the May 2026 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.

Sonrisas currently operates dental health centers in San Mateo and Half Moon Bay, California. In 2027, the organization will launch its third location, a mobile dental clinic based in Pescadero. Featuring a two-chair dental RV, the clinic will provide much-needed dental services to farmworkers and low-income residents in Pescadero, La Honda, Loma Mar, and San Gregorio.

allcove San Mateo Youth Wellness Center: The allcove San Mateo 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 provides a central point of access and seeks 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 was open to the public in 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 2027 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; and (4) Safety Net Services - Oral Health and Dental Services, Medi-Cal Benefits Navigation, Community Health Worker and Care Coordination.

PHCD Health & Fitness Center: The Health & Fitness Center, located in Burlingame, California, is a fitness and educational facility dedicated to supporting the health and wellness needs of older adults. The Center advances the District's healthy aging strategy by promoting physical activity, health education, social engagement, and community connection. In addition to access to fitness equipment, members can participate in fitness classes, preventative health programs, social and wellness activities, and massage therapy. Through these comprehensive offerings, the Center helps older adults remain active, maintain their independence, build meaningful relationships, and enhance their overall health and quality of life in a welcoming and supportive environment.

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 2027 projects an increase in net position with additions to both income and expense.

JWT & Associates, LLP

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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, 2026 and 2025, 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, 2026 and 2025, 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 15, 2026, 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 15, 2026

Combined Statements of Net Position

PENINSULA HEALTH CARE DISTRICT

	June 30	
Assets	2026	2025
Current assets:		
Cash and cash equivalents	$ 6,307,609	$ 5,090,812
Investments	44,406,175	38,691,142
Restricted cash and cash equivalents for current purposes	4,232,144	3,803,721
Accounts and leases receivable- current portion	1,961,646	2,129,794
Inventories, prepaid expenses and other current assets	321,946	314,255
Total current assets	57,229,520	50,029,724
Noncurrent assets:		
Non depreciable capital assets	23,632,756	22,899,380
Depreciable capital assets, net of accumulated depreciation	71,298,451	72,523,536
Long term lease receivables and other assets	73,441,196	74,118,032
Total noncurrent assets	168,372,403	169,540,948
Deferred outflows of resources	242,348	237,227
Total assets and deferred outflows of resources	$225,844,271	$219,807,899
Liabilities		
Current liabilities:		
Current maturities of debt borrowings	$ 1,805,000	$ 1,735,000
Accounts payable and accrued expenses	2,338,559	2,642,302
Accrued payroll and related liabilities	905,569	991,150
Unearned revenues	567,947	479,222
Total current liabilities	5,617,075	5,847,674
Noncurrent liabilities:		
Debt borrowings, net of current maturities	34,780,000	36,586,111
Lease liabilities and tenant deposits	48,085	450,982
Total noncurrent liabilities	34,828,085	37,037,093
Deferred inflows of resources	64,401,470	66,238,694
Total liabilities and deferred inflows of resources	104,846,630	109,123,461
Net Position		
Net investment in capital assets	58,346,207	57,101,805
Restricted	8,307,110	8,165,275
Unrestricted	54,344,324	45,417,358
Total net position	120,997,641	110,684,438
Total liabilities, deferred inflows and net position	$225,844,271	$219,807,899

See accompanying notes and auditors' report

Combined Statements of Revenues and Expenses

PENINSULA HEALTH CARE DISTRICT

	Year Ended June 30	
Operating revenues	2026	2025
Lease revenues	$ 2,312,947	$ 2,960,122
Dental service - net patient revenues	3,393,553	3,336,268
Assisted living/memory care resident revenues	15,488,313	13,271,347
Fitness center revenues	240,531	191,442
Youth wellness center	1,657,675	1,258,613
Other operating revenues	1,974,964	164,524
Total operating revenues	25,067,983	21,182,317
Operating expenses		
Salaries and wages	11,409,321	11,019,510
Employee benefits	2,925,957	2,737,936
Community services and related programs	4,790,320	4,103,398
Professional fees and registry	2,107,140	1,977,863
Supplies	1,436,682	1,319,529
Purchased services	1,240,743	1,011,205
Utilities and phone	780,501	773,998
Lease expense	697,086	812,334
Insurance	645,992	589,820
Depreciation and amortization	3,230,258	3,243,439
Interest and fees	74,334	74,143
Other operating expenses	351,852	369,170
Total operating expenses	29,690,186	28,032,345
Operating income (loss)	(4,622,203)	(6,850,028)
Nonoperating revenues (expenses)		
District tax revenues	11,021,558	10,380,539
Investment income	3,679,983	3,989,865
Interest expense	(1,455,685)	(1,561,503)
Grants and contributions/payments to affiliates	1,689,550	3,375,000
Total nonoperating revenues (expenses)	14,935,406	16,183,901
Increase in net position	10,313,203	9,333,873
Net position at beginning of the year	110,684,438	101,350,565
Net position at end of the year	$120,997,641	$110,684,438

See accompanying notes and auditor's report

Combined Statements of Cash Flows

PENINSULA HEALTH CARE DISTRICT

	Year Ended June 30	
	2026	2025
Cash flows from operating activities:		
Cash received from assisted living/memory care and other revenues	$ 3,434,752	$ 13,994,332
Cash received from dental service - net patient revenues	715,324	3,085,862
Cash received from tenants	19,737,364	1,085,173
Cash payments to suppliers and contractors	(12,426,669)	(10,842,194)
Cash payments to employees and benefit programs	(14,561,265)	(13,315,815)
Net cash (used in) operating activities	(3,100,494)	(5,992,642)
Cash flows from noncapital financing activities:		
District tax revenues	11,021,558	10,809,335
Grants and contributions	1,689,550	2,946,204
Net cash provided by noncapital financing activities	12,711,108	13,755,539
Cash flows from capital and related financing activities:		
Purchase of capital assets, disposals and other asset changes	(2,738,548)	(568,830)
Principal payments on debt borrowings	(1,736,111)	(1,672,553)
Interest on debt borrowings	(1,455,685)	(1,561,503)
Net cash (used in) capital financing activities	(5,930,344)	(3,802,886)
Cash flows from investing activities:		
Change in restricted cash and cash equivalents	(428,423)	(618,813)
Investment income	3,679,983	3,989,865
Net cash provided by investing activities	3,251,560	3,371,052
Net increase in cash, cash equivalents and investments	6,931,830	7,331,063
Cash, cash equivalents and investments at beginning of year	43,781,954	36,450,891
Cash, cash equivalents and investments at end of year	$ 50,713,784	$ 43,781,954

See accompanying notes and auditor's report

Combined Statements of Cash Flows (continued)

PENINSULA HEALTH CARE DISTRICT

	Year Ended June 30	
	2026	2025
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ (4,622,203)	$ (6,850,028)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,230,258	3,243,439
Changes in operating assets and liabilities:		
Patient accounts receivables	41,199	(250,406)
Rent receivables	(30,940)	51,945
Lease and other receivables	961,818	419,437
Inventories, prepaid expenses and other assets	(7,689)	(164,975)
Accounts payable and accrued expenses	(294,330)	247,876
Accrued payroll and related liabilities	(85,581)	396,383
Unearned revenues	88,725	(774,151)
Lease payables, net	(2,209,917)	(2,162,410)
Tenant deposits	(31,428)	(195,000)
Pension related accounts	(140,406)	45,248
Net cash (used in) operating activities	$ (3,100,494)	$ (5,992,642)

See accompanying notes and auditor's report

Notes to Combined Financial Statements

PENINSULA HEALTH CARE DISTRICT

June 30, 2026

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, 2026 and 2025.

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.

allcove San Mateo Youth Wellness Center: The allcove San Mateo Youth Wellness Center of the District accounts for the financial transactions related to the services provided at the Center.

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, 2026 and 2025 amount to $27,364 and $29,239, 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, 2026 and 2025, 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, 2026, other assets are comprised of long-term lease receivables of $72,868,130, pension assets of $526,554 and deposits of $46,512 for a total of $73,441,196 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. 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, 2026 and 2025 were $136,441 and $90,987, 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, 2026 and 2025, 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, 2026 and 2025, the District had deposits with various financial institutions in the form of operating cash and cash equivalents amounting to $7,114,719 and $5,590,888. 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, 2026 and 2025, $6,567,932 and $5,090,889, 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, 2026 and 2025.

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, 2026 and 2025 were as follows:

	2026	2025
Interest receivable	$ 367,803	$ 327,250
Rent receivable, net of allowance	55,537	24,749
Patient accounts receivable, net of allowances	253,761	294,960
Grants and other agency receivables	854,862	1,054,572
Leases receivable - current portion	357,542	228,274
Other miscellaneous receivables	71,141	199,989
Total accounts receivable, net of allowances	$ 1,961,646	$ 2,129,794

NOTE D - RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents as of June 30, 2026 and 2025 were comprised of the following:

Restricted for the following various purposes:	2026	2025
Sonrisas donor restricted cash and cash equivalents	$ 807,110	$ 500,275
Certificate of deposits - restricted per loan covenant	3,425,034	3,303,446
	4,232,144	3,803,721
Less restricted cash available for current purposes	(4,232,144)	(3,803,721)
	$	$

NOTE E -INVESTMENTS

The District's investment balances and average maturities were as follows at June 30, 2026 and 2025:

		Investment Maturities in Years		
As of June 30, 2026	Fair Value	Less than 1	1 to 5	Over 5
Local agency investment fund	$ 6,623,234	$ 6,623,234		
San Mateo County treasury	4,010,947	4,010,947		
Money market and cash equivalents	1,053,080	1,053,080		
U.S. Treasury obligations	32,340,125	8,693,923	$ 23,646,202	
Certificates of deposit	3,425,034	3,425,034		
Foreign equities	500,870	500,870		$
Total investments	$ 47,953,290	$ 24,307,088	$ 23,646,202	$

		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	$

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, 2026 and 2025 investments at Level 1 were $33,769,106 and $28,480,317, 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, 2025	Transfers & Additions	Deletions	June 30, 2026
Capital assets not being depreciated				
Land	$ 22,899,380	$ 733,376	$	$ 23,632,756
Total	$ 22,899,380	$ 733,376	$	$ 23,632,756
Capital assets to be depreciated				
Buildings and improvements	$ 91,527,362	$ 1,563,220	$	$ 93,090,582
Equipment	4,319,401	274,765		4,594,166
Construction-in-progress	306,303	163,183		469,486
Total	96,153,066	2,001,168		98,154,234
Less accumulated depreciation for:				
Buildings and improvements	(16,597,459)	(2,579,208)		(19,176,667)
Equipment	(7,032,071)	(647,045)		(7,679,116)
Total accumulated depreciation	(23,629,530)	(3,226,253)		(26,855,783)
Total assets being depreciated	$ 72,523,536	$ (918,782)	$	$ 71,298,451
Total capital assets, net	$ 95,422,916	$ (491,709)	$	$ 94,931,207

	June 30, 2024	Transfers & Additions	Deletions	June 30, 2025
Capital assets not being depreciated				
Land	$ 22,899,380	$	$	$ 22,899,380
Total	$ 22,899,380	$	$	$ 22,899,380
Capital assets to be depreciated				
Buildings and improvements	$ 91,398,530	$ 128,832	$	$ 91,527,362
Equipment	4,151,937	167,464		4,319,401
Construction-in-progress	34,576	310,140	(38,413)	306,303
Total	95,585,043	606,436	(38,413)	96,153,066
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)	$	$ 72,523,536
Total capital assets, net	$ 98,098,332	$ (2,637,003)	$ (38,413)	$ 95,422,916

NOTE H - DEBT BORROWINGS

As of June 30, 2026 and 2025, debt borrowings were as follows:

	2026	2025
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:	$ 28,835,000	$ 30,215,000
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:	7,750,000	8,105,000
Minor capital leases		1,111
	36,585,000	38,321,111
Less current maturities of debt borrowings	(1,805,000)	(1,735,000)
	$ 34,780,000	$ 36,586,111

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: $1,805,000 in 2027; $1,875,000 in 2028; $1,950,000 in 2029; $2,030,000 in 2030 and $2,110,000 in 2031. Thereafter maturities are $26,815,000.

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, 2026 the District has recorded $469,486 as construction-in-progress representing cost capitalized for the build-out of the mobile dental clinic for the dental health center. Estimated future costs to complete the projects as of June 30, 2026 are approximately $405,513.

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, 2026 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, 2026 and 2025.

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 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 and 381 Huntington 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 $483,914 and $1,131,090 for the years ended June 30, 2026 and 2025, 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, 2026 and 2025 were $371,352 and $377,092, 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 Center 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 11 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, 2026 and 2025 consist of the following:

Assets:	2026	2025
Operating lease asset - noncurrent receivable portion	$ 306,886	$ 661,109
Total lease assets	$ 306,886	$ 661,109
Liabilities:		
Operating lease payable - current portion	$ 367,613	$ 381,122
Operating lease payable - noncurrent portion		383,054
Total lease liabilities	$ 367,613	$ 764,176

Total operating lease expense under this lease arrangement for the year ended June 30, 2026 was $377,124 and the related interest expense was $20,070.

The future minimum rental payments required under operating lease obligations as of June 30, 2026, having initial or remaining non-cancelable lease terms in excess of one year are summarized as follows:

Years ending June 30,

2027	$ 374,077
2028	-0-
2029	-0-
Thereafter	-0-
Total	374,077
Less: interest	(6,464)
Present value of lease liabilities	$ 367,613

The weighted average for the remaining lease term of this operating lease is .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, 2026 and 2025 were $1,829,033 and $1,829,033, respectively. The related interest income for the years ended June 30, 2026 and 2025 were $2,190,827 and $2,197,565, respectively.

Lessor-lease related assets and liabilities as of June 30, 2026 and 2025 consist of the following:

Assets:	2026	2025
Lease receivable - current portion	$ 357,542	$ 228,274
Lease receivable - noncurrent portion	72,545,818	72,903,361
Total lease assets	$ 72,903,360	$ 73,131,635
Deferred inflows of resources:		
Deferred inflows of resources	$ 64,320,990	$ 66,150,022
Total lease liabilities	$ 64,320,990	$ 66,150,022

The future minimum rental payments required under operating lease obligations as of June 30, 2026, having initial or remaining non-cancelable lease terms in excess of one year are summarized as follows:

Years ending June 30,

2027	$ 2,540,057
2028	2,564,248
2029	2,564,248
2030	2,692,460
Thereafter	114,950,582
Total	125,311,595
Less: interest	(52,408,235)
Present value of lease receivable	$ 72,903,360

The weighted average for the remaining lease term of this operating lease is 35.1 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, 2026 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	6.94%
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, 2026 and 2025, the District reported pension assets for its proportionate share of the net pension asset of the Plan in the amounts of $526,554 and $399,461, 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, 2026 and 2025 was as follows:

Proportion - June 30, 2025	-	0.00826%
Proportion - June 30, 2026	-	0.01320%
Change - increase (decrease)	-	0.00494%

For the fiscal years ended June 30, 2026 and 2025, the District recognized pension (credit) expense of $(52,655) and $131,816, respectively.

At June 30, 2026, 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	$ 87,750	
Change in assumptions		
Net differences between expected and actual experience		$ 63,094
Net differences in actual contribution and proportionate share		
Change in proportions	83,350	17,388
Net differences between projected and actual plan investment earnings	71,249	
Totals of deferred outflows of resources and inflows of resources	$ 242,349	$ 80,481

NOTE K - RETIREMENT PLAN (continued)

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

For June 30, 2026, $87,750 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, 2026.

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.

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,

2027	$ (34,892)
2028	38,739
2029	43,071
2030	27,188
Total	$ 74,117

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, 2024
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	6.80%
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 6.80%. 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 6.80% 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	$254,211	$526,554	$750,690

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 15, 2026, 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, 2026

	Leasing Fund	Dental Fund	Trousdale Fund
Assets			
Current assets:			
Cash and cash equivalents	$ 1,032,882	$ 322,772	$ 2,899,789
Investments		599,330	2,888
Restricted cash and cash equivalents		807,110	3,425,034
Accounts and leases receivable	360,161	548,962	54,404
Inventories, prepaid expenses and other	3,681	79,916	89,575
Total current assets	1,396,724	2,358,090	6,471,690
Noncurrent assets:			
Non depreciable capital assets	21,512,756		
Depreciable capital assets, net	11,531,905	1,129,224	57,050,671
Long-term lease receivable and other assets	72,545,818	16,297	15,426
Total noncurrent assets	105,590,479	1,145,521	57,066,097
Deferred outflows of resources			
Total assets and deferred outflows of resources	$106,987,203	$ 3,503,611	$ 63,537,787
Liabilities			
Current liabilities:			
Current maturities of debt borrowings			$ 1,805,000
Accounts payable and accrued expenses	$ 194,606	$ 86,786	1,291,930
Accrued payroll and related liabilities		267,237	513,727
Unearned revenues	464,781	9,611	82,642
Total current liabilities	659,387	363,634	3,693,299
Noncurrent liabilities			
Debt borrowings, net of current maturities			34,780,000
Lease liabilities and tenant deposits			48,085
Total noncurrent liabilities			34,828,085
Deferred inflows of resources	64,320,989		
Total liabilities and deferred inflows of resources	64,320,989	363,634	38,521,384
Net Position			
Net investment capital assets	33,044,661	1,129,224	20,465,671
Restricted		807,110	7,500,000
Unrestricted (deficit)	8,962,166	1,203,643	(2,949,268)
Total net position	42,006,827	3,139,977	25,016,403
Total liabilities, deferred inflows and net position	$106,987,203	$ 3,503,611	$ 63,537,787

Combining Statements of Net Position (continued)

PENINSULA HEALTH CARE DISTRICT

June 30, 2026

	Health & Fitness	allcove Center	General District
Assets			
Current assets:			
Cash and cash equivalents	$ 228,346	$ 162,035	$ 1,661,785
Investments			43,803,957
Restricted cash and cash equivalents			
Accounts and leases receivable	7,144	456,578	534,397
Inventories, prepaid expenses and other	7,032	74,014	67,728
Total current assets	242,522	692,627	46,067,867
Noncurrent assets:			
Non depreciable capital assets			2,120,000
Depreciable capital assets, net	28,787	968,237	589,627
Long-term lease receivable and other assets		337,101	526,554
Total noncurrent assets	28,787	1,305,338	3,236,181
Deferred outflows of resources			242,349
Total assets and deferred outflows of resources	$ 271,309	$ 1,997,965	$ 49,546,397
Liabilities			
Current liabilities:			
Current maturities of debt borrowings			
Accounts payable and accrued expenses	$ 9,174	$ 436,007	$ 320,057
Accrued payroll and related liabilities	11,446	14,041	99,118
Unearned revenues	10,913		
Total current liabilities	31,533	450,048	419,175
Noncurrent liabilities			
Debt borrowings, net of current maturities			
Lease liabilities and tenant deposits			
Total noncurrent liabilities			
Deferred inflows of resources			80,481
Total liabilities and deferred inflows of resources	31,533	450,048	499,656
Net Position			
Net investment capital assets	28,787	968,237	2,709,627
Restricted			
Unrestricted	210,989	579,680	46,337,114
Total net position	239,776	1,547,917	49,046,741
Total liabilities, deferred inflows and net position	$ 271,309	$ 1,997,965	$ 49,546,397

Combining Statements of Net Position (continued)

PENINSULA HEALTH CARE DISTRICT

June 30, 2026

	Combining Total
Assets	
Current assets:	
Cash and cash equivalents	$ 6,307,609
Investments	44,406,175
Restricted cash and cash equivalents	4,232,144
Accounts and leases receivable	1,961,646
Inventories, prepaid expenses and other	321,946
Total current assets	57,229,520
Noncurrent assets:	
Non depreciable capital assets	23,632,756
Depreciable capital assets, net	71,298,451
Long-term lease receivable and other assets	73,441,196
Total noncurrent assets	168,372,403
Deferred outflows of resources	242,348
Total assets and deferred outflows of resources	$225,844,271
Liabilities	
Current liabilities:	
Current maturities of debt borrowings	$ 1,805,000
Accounts payable and accrued expenses	2,338,559
Accrued payroll and related liabilities	905,569
Unearned revenues	567,947
Total current liabilities	5,617,075
Noncurrent liabilities	
Debt borrowings, net of current maturities	34,780,000
Lease liabilities and tenant deposits	48,085
Total noncurrent liabilities	34,828,085
Deferred inflows of resources	64,401,470
Total liabilities and deferred inflows of resources	104,846,630
Net Position	
Net investment capital assets	58,346,207
Restricted	8,307,110
Unrestricted	54,344,324
Total net position	120,997,641
Total liabilities, deferred inflows and net position	$225,844,271

Combining Statement of Revenues, Expenses and Changes in Net Position

PENINSULA HEALTH CARE DISTRICT

Year Ended June 30, 2026

	Leasing Fund	Dental Fund	Trousdale Fund
Operating revenues			
Lease revenues	$ 2,312,947		
Dental service - net patients revenues		$ 3,393,553	
Assisted living/memory care resident revenues			$ 15,488,313
Fitness center revenues			
Youth wellness center			
Other operating revenues		169,814	1,805,050
Total operating revenues	2,312,947	3,563,367	17,293,363
Operating expenses			
Salaries and wages		4,009,004	6,032,766
Employee benefits		599,304	2,069,800
Community services and related programs	541,378	140,440	
Professional fees and registry	124,243	294,194	804,280
Supplies		384,733	998,753
Purchased services		361,335	653,796
Utilities and phone		84,754	650,352
Lease expense	319,734	47,808	
Insurance		47,304	438,899
Depreciation and amortization	362,903	150,331	2,582,294
Interest and fees		74,334	
Other operating expenses	44,878	54,913	
Total operating expenses	1,393,136	6,248,454	14,230,940
Operating income (loss)	919,811	(2,685,087)	3,062,423
Nonoperating revenues (expenses)			
District tax revenues			
Investment income	2,193,287	45,016	131,959
Interest expense			(1,435,615)
Interfund transfer	297,414		(1,000,000)
Grants and contributions /payments to affiliates		1,689,550	
Total nonoperating revenues (expenses)	2,490,701	1,734,566	(2,303,656)
Increase (decrease) in net position	3,410,512	(950,521)	758,767
Net position at beginning of the year	38,596,315	4,090,498	24,257,636
Net position at end of the year	$ 42,006,827	$ 3,139,977	$ 25,016,403

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

PENINSULA HEALTH CARE DISTRICT

Year Ended June 30, 2026

	Health & Fitness	allcove Center	General District
Operating revenues			
Lease revenues			
Dental service - net patient revenues			
Assisted living/memory care resident revenues			
Fitness center revenues	$ 240,531		
Youth wellness center		$ 1,657,675	
Other operating revenues	100		$
Total operating revenues	240,631	1,657,675	
Operating expenses			
Salaries and wages	227,763	420,794	718,994
Employee benefits	65,100	118,598	73,155
Community services and related programs		56,304	4,052,198
Professional fees and registry	26,257	601,606	256,560
Supplies	19,277	18,481	15,438
Purchased services	58,211	63,073	104,328
Utilities and phone	20,027	6,490	18,878
Lease expense		329,544	
Insurance	19,649	57,506	82,634
Depreciation and amortization	10,785	92,599	31,346
Interest and fees			
Other operating expenses	16,855	87,605	147,601
Total operating expenses	463,924	1,852,600	5,501,132
Operating income (loss)	(223,293)	(194,925)	(5,501,132)
Nonoperating revenues (expenses)			
District tax revenues			11,021,558
Investment income	415	916	1,308,390
Interest expense		(20,070)	
Interfund transfer	283,914	126,875	291,797
Grants and contributions/payments to affiliates			
Total nonoperating revenues (expenses)	284,329	107,721	12,621,745
Increase (decrease) in net position	61,036	(87,204)	7,120,613
Net position at beginning of the year	178,740	1,635,121	41,926,128
Net position at end of the year	$ 239,776	$ 1,547,917	$ 49,046,741

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

PENINSULA HEALTH CARE DISTRICT

Year Ended June 30, 2026

	Combining Total
Operating revenues	
Lease revenues	$ 2,312,947
Dental service - net patient revenues	3,393,553
Assisted living/memory care resident revenues	15,488,313
Fitness center revenues	240,531
Youth wellness center	1,657,675
Other operating revenues	1,974,964
Total operating revenues	25,067,983
Operating expenses	
Salaries and wages	11,409,321
Employee benefits	2,925,957
Community services and related programs	4,790,320
Professional fees and registry	2,107,140
Supplies	1,436,682
Purchased services	1,240,743
Utilities and phone	780,501
Lease expense	697,086
Insurance	645,992
Depreciation and amortization	3,230,258
Interest and fees	74,334
Other operating expenses	351,852
Total operating expenses	29,690,186
Operating income (loss)	(4,622,203)
Nonoperating revenues (expenses)	
District tax revenues	11,021,558
Investment income	3,679,983
Interest expense	(1,455,685)
Interfund transfers	-0-
Grants and contributions /payments to affiliates	1,689,550
Total nonoperating revenues (expenses)	14,935,406
Increase (decrease) in net position	10,313,203
Net position at beginning of the year	110,684,438
Net position at end of the year	$120,997,641

JWT & Associates, LLP

A Certified Public Accountancy Limited Liability Partnership

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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, 2026 and 2025, 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 15, 2026.

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 15, 2026

Peninsula Health Care District
Statement of Revenues and Expenditures - Preliminary Draft, Consolidated
As of September 30, 2026

	PHCD Year To Date 9/30/2026	allcove Year To Date 9/30/2026	Health and Fitness Year To Date 9/30/2026	The Trousdale Year To Date 9/30/2026	Sonrisas Year To Date 9/30/2026	Year To Date 9/30/2026			Year Ending 6/30/2027
	Actual	Actual	Actual	Actual	Actual	Actual	2026 2027 BUDGET	Actual minus budget	2026 2027 BUDGET
Revenues over Expenditures									
Revenues									
Program Service Revenue									
Program Revenue	4,962	0	0	4,163,624	0	4,168,586	3,882,387	286,199	25,855,903
Revenue - Services	0	7,186	0	0	869,322	876,508	846,212	30,296	4,219,977
Total Program Service Revenue	4,962	7,186	0	4,163,624	869,322	5,045,094	4,728,599	316,495	30,075,880
Grant Revenues	0	125,000	0	0	0	125,000	69,983	55,017	279,930
Contributions									
Grants and Donations	0	0	0	0	615,654	615,654	620,303	(4,649)	2,419,212
Fundraising Events Revenue	0	0	0	0	148,254	148,254	200,000	(51,746)	250,000
Total Contributions	0	0	0	0	763,908	763,908	820,303	(56,395)	2,669,212
Membership Dues	0	0	69,475	0	0	69,475	65,158	4,317	267,936
Investment Income									
Investment Inc - LAIF	65,025	0	0	0	0	65,025	49,192	15,833	196,769
Investment Inc - SMC	41,520	0	0	0	0	41,520	29,789	11,731	119,156
Investment Inc - CNB	303,536	0	0	0	0	303,536	211,562	91,974	846,250
Investment Inc - FT	15,222	0	0	0	0	15,222	14,108	1,114	56,431
Investment Inc - Torrey	0	0	0	29,049	0	29,049	25,467	3,582	101,868
Investment Inc - US Bank	0	0	0	1,063	0	1,063	0	1,063	0
Investments - Unrealized G/L	(395,216)	0	0	0	0	(395,216)	0	(395,216)	0
Interest Income	1,630	46	141	2,099	6	3,922	3,240	682	12,960
Interest Income - Leasing GASB 87	556,378	0	0	0	0	556,378	556,378	0	2,221,515
Dividends	0	0	0	0	0	0	4,500	(4,500)	18,000
Unrealized gain(loss)-CityNational	0	0	0	0	4,137	4,137	0	4,137	0
Investment Income	0	0	0	0	(7,228)	(7,228)	750	(7,978)	3,000
Total Investment Income all	588,095	46	141	32,211	(3,085)	617,408	894,986	(277,578)	3,575,949
Rental Income									
Lease Income - Hospital	464,205	0	0	0	0	464,205	464,205	0	1,856,820
Lease Income - 1720 Marco Polo	29,294	0	0	0	0	29,294	29,294	0	117,176
Lease Income - 1740 Marco Polo	59,281	0	0	0	0	59,281	59,280	1	237,122
Lease Income - 111-113 16th St.	0	0	0	0	0	0	1	(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)	150,053	0	0	0	0	150,053	150,054	(1)	600,214
Total Rental Income	732,833	0	0	0	0	732,833	732,834	(1)	2,931,333
Other Revenue									
Other Revenue	0	132,969	0	0	0	132,969	7,969	125,000	32,375
Other Income	0	0	0	0	62,112	62,112	10,000	52,112	40,000
Total Other Revenue	0	132,969	0	0	62,112	195,081	17,969	177,112	72,375
Total Revenues	1,325,890	265,201	69,616	4,195,835	1,692,257	7,548,799	7,329,832	218,967	39,872,615

	PHCD Year To Date 9/30/2026	allcove Year To Date 9/30/2026	Health and Fitness Year To Date 9/30/2026	The Trousdale Year To Date 9/30/2026	Sonrisas Year To Date 9/30/2026	Year To Date 9/30/2026			Year Ending 6/30/2027
	Actual	Actual	Actual	Actual	Actual	Actual	2026 2027 BUDGET	Actual minus budget	2026 2027 BUDGET
Expenditures									
Program Expenses									
Community Grants	0	0	0	0	0	0	0	0	3,712,896
Impact Partnership Grants	259,934	0	0	0	0	259,934	79,104	(180,830)	1,212,104
Small Grants & Sponsorships	56,200	0	0	0	0	56,200	18,750	(37,450)	75,000
Other Contributions	0	0	0	0	0	0	25,000	25,000	25,000
Targeted Prevention Program	30,233	0	0	0	0	30,233	49,998	19,765	200,000
Special Funding Initiatives	116,063	31,314	0	0	0	147,377	237,104	89,727	948,413
Blue Zones Project	0	0	0	0	0	0	250,000	250,000	1,000,000
Community Outreach	13,838	0	0	0	0	13,838	16,251	2,413	65,000
Community Education	21,250	0	0	0	0	21,250	32,500	11,250	75,000
New Program Research & Development	0	0	0	0	0	0	0	0	250,000
Donated Value for Use of Facilities (rent-free)	150,054	0	0	0	0	150,054	150,054	0	600,214
Peninsula LiveWell Project	22,842	0	0	0	0	22,842	150,000	127,158	600,000
Total Program Expenses	670,414	31,314	0	0	0	701,728	1,008,761	307,033	8,763,627
Personnel									
Salary and Wages	171,821	78,129	51,998	1,683,180	1,137,192	3,122,320	3,339,576	217,256	13,196,513
PR Benefits	42,890	17,133	12,128	491,258	71,398	634,807	721,083	86,276	2,926,105
PR Taxes	14,886	5,957	4,294	0	87,854	112,991	152,052	39,061	616,436
Total Personnel	229,597	101,219	68,420	2,174,438	1,296,444	3,870,118	4,212,711	342,593	16,739,054
Occupancy									
Lease Expenses - 1720 Marco Polo	7,550	0	0	0	0	7,550	9,600	2,050	40,000
Lease Expenses - 1740 Marco Polo	37,553	0	0	0	0	37,553	39,000	1,447	156,000
Lease Expenses - 1764 Marco Polo	7,759	0	0	0	0	7,759	14,000	6,241	32,000
Lease Expenses - 430 No. El Camino Real	6,869	0	0	0	0	6,869	8,400	1,531	38,800
Lease Expenses - 1875 Trousdale	7,426	0	0	0	0	7,426	9,000	1,574	36,000
Lease Expenses - 111-113 16th St.	3,288	0	0	0	0	3,288	3,900	612	21,300
Lease Expenses - 381 Huntington Ave	2,424	0	0	0	0	2,424	5,400	2,976	31,800
Lease Expenses - PWC Land	500	0	0	0	0	500	900	400	6,000
Outreach Storage Rent	0	0	0	0	1,500	1,500	1,500	0	6,000
Rent Expense	0	83,696	0	0	10,452	94,148	94,148	0	382,698
Total Occupancy	73,369	83,696	0	0	11,952	169,017	185,848	16,831	750,598
Professional Fees									
Clinical Partner Contract Expense	0	165,975	0	0	0	165,975	193,881	27,906	865,327
Computer Accessories	0	0	0	0	98	98	408	310	1,632
Computer Support	0	0	0	0	28,951	28,951	30,980	2,029	123,920
Consultant - Accounting	0	0	0	0	36	36	0	(36)	8,000
Consultant - Audit	19,425	0	0	0	0	19,425	8,400	(11,025)	34,000
Consultant - Communications	24,000	0	0	0	0	24,000	24,000	0	96,000
Consultant - Financial	0	0	0	0	0	0	2,000	2,000	17,000
Consultant - General	225	0	0	0	0	225	3,000	2,775	12,000
Consultant - General	0	0	0	0	3,370	3,370	7,500	4,130	30,000
Consultant - HR	24,818	0	0	0	0	24,818	29,250	4,432	117,000
Consultant - HR Professionals	0	0	0	0	12,000	12,000	12,000	0	48,000

	PHCD Year To Date 9/30/2026	allcove Year To Date 9/30/2026	Health and Fitness Year To Date 9/30/2026	The Trousdale Year To Date 9/30/2026	Sonrisas Year To Date 9/30/2026	Year To Date 9/30/2026			Year Ending 6/30/2027
	Actual	Actual	Actual	Actual	Actual	Actual	2026 2027 BUDGET	Actual minus budget	2026 2027 BUDGET
Consultant - Legal	0	0	0	0	1,513	1,513	5,000	3,487	20,000
Consulting Services	0	3,285	0	0	0	3,285	2,250	(1,035)	9,000
Contract Labor - Masseuse	0	0	1,573	0	0	1,573	3,666	2,093	15,397
Contract Labor - Trainer	0	0	5,950	0	0	5,950	4,200	(1,750)	16,800
IT Service Consultant	8,019	2,429	0	0	0	10,448	11,499	1,051	46,000
Legal - General	6,483	0	0	0	0	6,483	15,000	8,517	60,000
Legal - Real Estate	1,935	0	0	0	0	1,935	75,000	73,065	300,000
Management Fees	0	0	0	192,369	0	192,369	157,696	(34,673)	653,836
Professional Fees	0	0	0	15,521	0	15,521	0	(15,521)	0
Website Services	2,942	0	0	0	0	2,942	3,000	58	12,000
Total Professional Fees	87,847	171,689	7,523	207,890	45,968	520,917	588,730	67,813	2,485,912
Patient Services									
Lab Fees	0	0	0	0	24,781	24,781	35,641	10,860	178,158
Claims Processing	0	0	0	0	2,030	2,030	4,867	2,837	21,131
Patient Notification	0	0	0	0	2,394	2,394	3,780	1,386	15,120
Total Patient Services	0	0	0	0	29,205	29,205	44,288	15,083	214,409
General and Administrative Expenses									
Office Supplies	6,075	4,257	4,413	238,351	73,013	326,109	330,452	4,343	1,381,805
Copying and Printing	0	0	0	0	0	0	900	900	4,200
Postage and Delivery	0	0	0	0	441	441	1,125	684	4,500
Telecommunication	5,179	1,909	0	0	6,383	13,471	17,356	3,885	69,424
Repairs and Maintenance	0	1,831	944	0	0	2,775	1,200	(1,575)	10,800
Advertising and Promotion	0	15,788	2,181	0	4,525	22,494	23,425	931	95,700
Business Licenses and Permits	0	0	0	0	2,096	2,096	3,999	1,903	15,996
Conferences, Conventions, and Meetings	0	1,635	149	0	645	2,429	28,316	25,887	76,019
Due and Subscriptions	28,122	3,445	1,561	0	21,867	54,995	61,712	6,717	351,111
Insurance	21,017	19,537	9,039	121,979	15,512	187,084	185,915	(1,169)	749,025
Equipment Expense	0	0	0	0	6,555	6,555	14,450	7,895	51,800
Facilities	8,586	10,219	5,150	0	18,382	42,337	39,106	(3,231)	158,322
Utilities	0	0	6,392	171,230	14,095	191,717	182,985	(8,732)	772,251
Travel Expenses	15,323	490	500	0	4,341	20,654	20,050	(604)	79,500
Fundraising Fees	0	0	0	0	67,794	67,794	47,000	(20,794)	188,000
Interest Expenses	0	2,928	0	349,093	0	352,021	352,021	0	1,380,061
Credit Card and Other Service Charges	0	0	0	0	0	0	1,800	1,800	7,200
Miscellaneous Expense	2,818	489	0	0	176	3,483	7,850	4,367	39,550
Other Expenses	4,512	6,189	19,447	208,900	82,762	321,810	239,946	(81,864)	1,194,422
Depreciation	100,620	23,317	2,891	652,212	34,208	813,248	872,827	59,579	3,532,564
Total General and Administrative Expenses	192,252	92,034	52,667	1,741,765	352,795	2,431,513	2,432,435	922	10,162,250
Total Expenditures	1,253,479	479,952	128,610	4,124,093	1,736,364	7,722,498	8,472,773	750,275	39,115,850
Payments to Affiliates									
SDH San Mateo Funding	(699,460)	0	0	0	699,460	0	(490,710)	490,710	109,290
Trousdale Rent Assistance Fund	(12,000)	0	0	12,000	0	0	0	0	0
Total Payments to Affiliates	(711,460)	0	0	12,000	699,460	0	(490,710)	490,710	109,290
Total Revenues over Expenditures	**(639,049)**	**(214,751)**	**(58,994)**	**83,742**	**655,353**	**(173,699)**	**(1,633,651)**	**1,459,952**	**866,055**

Peninsula Health Care District
Statement of Net Assets - Preliminary Draft, Consolidated
As of September 30, 2026

	PHCD	allcove	Health and Fitness	The Trousdale	Sonrisas	Total
Assets						
Current Assets						
Cash and Cash Equivalents	3,032,385	90,518	226,671	3,429,593	1,163,208	7,942,375
Accounts Receivable						
Accounts Receivable-Patients	0	0	0	0	268,265	268,265
Account Receivable - Rent	2,618	0	0	0	0	2,618
Account Receivable - TT Tenant	0	0	0	15,205	0	15,205
Allowance for Bad Debt - TT Tenant AR	0	0	0	50	0	50
Accounts Receivable - Grants	0	0	0	0	675,527	675,527
Accounts Receivable - Services	0	0	7,688	0	0	7,688
Accounts Receivable - Agencies	0	498,245	0	0	42,855	541,100
Interest Receivable	358,989	0	0	0	0	358,989
Accounts Receivable - Other	0	0	772	148	39,443	40,363
Total Accounts Receivable	361,607	498,245	8,460	15,403	1,026,090	1,909,805
Other Current Assets						
Other Current Assets	357,543	0	0	0	0	357,543
Prepaid Expenses						
Prepaid - General	81,790	92,590	396	0	43,182	217,958
Prepaid - Insurance	120,754	52,096	20,600	0	0	193,450
Prepaid - Benefits / WC	967	0	0	0	0	967
Prepaid - Trousdale	0	0	0	201,512	0	201,512
Total Prepaid Expenses	203,511	144,686	20,996	201,512	43,182	613,887
Inventory	0	0	0	28,563	0	28,563
Total Other Current Assets	561,054	144,686	20,996	230,075	43,182	999,993
Total Current Assets	3,955,046	733,449	256,127	3,675,071	2,232,480	10,852,173
Long-term Assets						
Property & Equipment						
Construction-In-Progress (CIP)	0	0	0	0	591,946	591,946
Building	13,893,530	0	0	72,375,689	0	86,269,219
Land	23,632,756	0	0	0	0	23,632,756
Improvements	1,232,770	865,802	21,935	967,044	1,240,650	4,328,201
Equipment	1,791,271	87,439	75,784	338,582	1,724,190	4,017,266
Furniture/Fixtures	47,112	251,991	7,533	42,532	200,996	550,164
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	(19,828,261)	0	(19,828,261)
Accum Depreciation	(4,923,518)	(256,967)	(72,943)	0	(2,585,147)	(7,838,575)
Total Property & Equipment	35,673,921	948,265	32,309	56,401,248	1,223,743	94,279,486
Other Long-term Assets						
Deposits and Prepayments	0	30,215	0	0	16,297	46,512
Other Assets						
Deferred Outflow	237,227	0	0	0	0	237,227
Right Of Use	0	223,189	0	14,809	0	237,998
Net Pension Asset	399,461	0	0	0	0	399,461
Lease Receivable - Long-Term (GASB 87)	72,481,504	0	0	0	0	72,481,504
Total Other Assets	73,118,192	223,189	0	14,809	0	73,356,190
Total Other Long-term Assets	73,118,192	253,404	0	14,809	16,297	73,402,702
Total Long-term Assets	108,792,113	1,201,669	32,309	56,416,057	1,240,040	167,682,188
Investments						
Long Term Investments						
Board Designated Fund - LAIF	6,687,889	0	0	0	0	6,687,889
Board Designated Fund - SMC	4,051,068	0	0	0	0	4,051,068
Board Designated Fund - CNB	31,706,312	0	0	0	0	31,706,312
Board Designated Fund - FT	1,914,886	0	0	0	0	1,914,886
Board Designated Fund - Torrey	0	0	0	3,454,083	0	3,454,083
Board Designated Fund - Unrealized G/L	(517,297)	0	0	0	0	(517,297)
Investment Acct. - City National	0	0	0	0	501,236	501,236

	PHCD	allcove	Health and Fitness	The Trousdale	Sonrisas	Total
Unrealized Gain(loss) on Investment	0	0	0	0	94,832	94,832
Total Long Term Investments	43,842,858	0	0	3,454,083	596,068	47,893,009
Investment in Subsidiary						
Project Acct - US Bank 44000	0	0	0	3,079	0	3,079
Project Acct - US Bank 56000	0	0	0	226	0	226
Total Investment in Subsidiary	0	0	0	3,305	0	3,305
Total Investments	43,842,858	0	0	3,457,388	596,068	47,896,314
Interfund Due from	285,080	(229,980)	(67,100)	12,000	0	0
Total Assets	**156,875,097**	**1,705,138**	**221,336**	**63,560,516**	**4,068,588**	**226,430,675**
Liabilities and Net Assets						
Liabilities						
Short-term Liabilities						
Accounts Payable						
Accounts Payable	103,057	70,251	9,040	579,733	49,020	811,101
Accrued Payable - General	8,754	16,339	3,929	651,418	2,185	682,625
Patient Prepayments	0	0	0	0	21,670	21,670
Total Accounts Payable	111,811	86,590	12,969	1,231,151	72,875	1,515,396
Accrued Liabilities						
Accrued Payroll	91,975	15,871	12,182	301,398	44,335	465,761
Accrued PTO	0	0	0	0	144,958	144,958
FSA Employee Account	(1,591)	0	0	0	0	(1,591)
Total Accrued Liabilities	90,384	15,871	12,182	301,398	189,293	609,128
Deferred Revenue						
Prepaid Rent	2,392,593	0	0	48,491	0	2,441,084
Prepaid Membership Dues	0	0	14,743	0	0	14,743
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	46,500	0	46,500
Security Deposits	44,879	0	0	0	0	44,879
Total Deferred Revenue	2,450,972	0	14,743	94,991	0	2,560,706
Withholding Tax Payable						
Accrued Payroll Taxes	2,353	992	667	0	11,090	15,102
Total Withholding Tax Payable	2,353	992	667	0	11,090	15,102
Other Short-term Liabilities						
Short-term Liabilities						
Lease Payable - Current	0	268,519	0	4,095	0	272,614
Total Short-term Liabilities	0	268,519	0	4,095	0	272,614
Loans Payable - Current						
Accrued Interest	0	0	0	232,729	0	232,729
Total Loans Payable - Current	0	0	0	232,729	0	232,729
Total Other Short-term Liabilities	0	268,519	0	236,824	0	505,343
Total Short-term Liabilities	2,655,520	371,972	40,561	1,864,364	273,258	5,205,675
Long Term Liabilities						
Notes Payable - Long Term						
Note Payable - WAB 40M	0	0	0	28,835,000	0	28,835,000
Note Payable - WAB 10M	0	0	0	7,750,000	0	7,750,000
Total Long Term Notes Payable	0	0	0	36,585,000	0	36,585,000
Other Long-term Liabilities						
Lease Payable - Long-Term	0	0	0	11,006	0	11,006
Deferred Inflow	63,945,457	0	0	0	0	63,945,457
Total Other Long-term Liabilities	63,945,457	0	0	11,006	0	63,956,463
Total Long Term Liabilities	63,945,457	0	0	36,596,006	0	100,541,463
Total Liabilities	66,600,977	371,972	40,561	38,460,370	273,258	105,747,138
Net Assets						
Net Assets	90,913,161	1,547,917	239,776	25,016,404	3,139,978	120,857,236
Change In Net Assets	(639,049)	(214,751)	(58,993)	83,742	655,352	(173,699)
Total Net Assets	90,274,112	1,333,166	180,783	25,100,146	3,795,330	120,683,537
Total Liabilities and Net Assets	**156,875,089**	**1,705,138**	**221,344**	**63,560,516**	**4,068,588**	**226,430,675**