

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2022 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2022 or fiscal plan year beginning 09/01/2022 and ending 08/31/2023	
A	This return/report is for: ☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B	This return/report is: ☐ the first return/report ☐ the final return/report ☒ an amended return/report ☐ a short plan year return/report (less than 12 months)
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: ☐ Form 5558 ☐ automatic extension ☒ the DFVC program ☐ special extension (enter description)
E	If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. ▶ ☐

Part II	Basic Plan Information—enter all requested information
1a	Name of plan CHARLES DREW HEALTH CENTER, INC. 401(K) RETIREMENT PLAN
1b	Three-digit plan number (PN) ▶ 001
1c	Effective date of plan 09/01/2001
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) CHARLES DREW HEALTH CENTER, INC. 2915 GRANT ST OMAHA, NE 68111-3863
2b	Employer Identification Number (EIN) 47-0666715
2c	Plan Sponsor's telephone number 402-451-3553
2d	Business code (see instructions) 621111

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	09/18/2025	ANDRE STRINGFELLOW
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	09/18/2025	ANDRE STRINGFELLOW
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN
		3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN
5 Total number of participants at the beginning of the plan year		5 230
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).		
a(1) Total number of active participants at the beginning of the plan year		6a(1) 182
a(2) Total number of active participants at the end of the plan year		6a(2) 132
b Retired or separated participants receiving benefits		6b 0
c Other retired or separated participants entitled to future benefits.....		6c 43
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d 175
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e 0
f Total. Add lines 6d and 6e		6f 175
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....		6g 126
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....		6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2T 3D		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☒ 1 A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2022 Form M-1 annual report. If the plan was not required to file the 2022 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500. ► Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2022 This Form is Open to Public Inspection
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For calendar plan year 2022 or fiscal plan year beginning 09/01/2022 and ending 08/31/2023	
A Name of plan CHARLES DREW HEALTH CENTER, INC. 401(K) RETIREMENT PLAN	B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 CHARLES DREW HEALTH CENTER, INC.	D Employer Identification Number (EIN) 47-0666715

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions	Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier PRINCIPAL LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
42-0127290	61271	613953	175	09/01/2022	08/31/2023

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.
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(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end.....	4	0
5	Current value of plan's interest under this contract in separate accounts at year end.....	5	0

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount..... Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐**7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ CUSTODIAL GUARANTEED INTEREST CONTRACT

b	Balance at the end of the previous year	7b	513131
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c	Additions: (1) Contributions deposited during the year	7c(1)	5636	
	(2) Dividends and credits	7c(2)		
	(3) Interest credited during the year	7c(3)	5393	
	(4) Transferred from separate account	7c(4)		
	(5) Other (specify below)	7c(5)	19963	

▶ LOAN PAYMENT, OUTSIDE INVESTMENT TRANSFER

(6) Total additions	7c(6)	30992
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d	Total of balance and additions (add lines 7b and 7c(6))	7d	544123
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e Deductions:

e	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	14132	
	(2) Administration charge made by carrier	7e(2)	2663	
	(3) Transferred to separate account	7e(3)		
	(4) Other (specify below)	7e(4)	23710	

▶ LOAN WITHDRAWAL, OUTSIDE INVESTMENT TRANSFER

(5) Total deductions	7e(5)	40505
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f	Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	503618
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Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received	9a(1)		
(2) Increase (decrease) in amount due but unpaid	9a(2)		
(3) Increase (decrease) in unearned premium reserve	9a(3)		
(4) Earned ((1) + (2) - (3))		9a(4)	
b Benefit charges (1) Claims paid	9b(1)		
(2) Increase (decrease) in claim reserves	9b(2)		
(3) Incurred claims (add (1) and (2))		9b(3)	
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees	9c(1)(B)		
(C) Other specific acquisition costs	9c(1)(C)		
(D) Other expenses	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies	9c(1)(F)		
(G) Other retention charges	9c(1)(G)		
(H) Total retention		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount. Specify nature of costs.	10b	

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2022
		This Form is Open to Public Inspection.

For calendar plan year 2022 or fiscal plan year beginning 09/01/2022 and ending 08/31/2023		
A Name of plan CHARLES DREW HEALTH CENTER, INC. 401(K) RETIREMENT PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 CHARLES DREW HEALTH CENTER, INC.	D Employer Identification Number (EIN) 47-0666715	

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
PRINCIPAL LIFE INSURANCE COMPANY
42-0127290

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
--

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 37 50 64	CONTRACT ADMINISTRATOR	6768	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

EVERGREEN CAPITAL MANAGEMENT

47-0730826

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27 50	INVESTMENT ADVISORY	29265	Yes ☒ No ☐	Yes ☐ No ☒	111	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2022 This Form is Open to Public Inspection
For calendar plan year 2022 or fiscal plan year beginning 09/01/2022 and ending 08/31/2023		
A Name of plan CHARLES DREW HEALTH CENTER, INC. 401(K) RETIREMENT PLAN		B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 CHARLES DREW HEALTH CENTER, INC.		D Employer Identification Number (EIN) 47-0666715

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	10143	9438
(2) Participant contributions.....	1b(2)	17647	17165
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants).....	1c(7)		
(8) Participant loans.....	1c(8)	152096	188723
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts.....	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	5261142	5658055
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	513131	503618
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	5954159	6376999

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	5954159	6376999
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	278825	
(B) Participants	2a(1)(B)	476988	
(C) Others (including rollovers)	2a(1)(C)	8455	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		764268
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	8255	
(F) Other	2b(1)(F)	5393	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		13648
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	52078	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		52078
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		397530
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total	2d		1227524
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	768651	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		768651
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	6768	
(3) Investment advisory and management fees	2i(3)	29265	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		36033
j Total expenses. Add all expense amounts in column (b) and enter total	2j		804684
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		422840
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: LUTZ & COMPANY, P.C.

(2) EIN: 47-0625816

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)

	Yes	No	Amount
4a		X	

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined

If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2022 This Form is Open to Public Inspection.
For calendar plan year 2022 or fiscal plan year beginning 09/01/2022 and ending 08/31/2023		
A Name of plan CHARLES DREW HEALTH CENTER, INC. 401(K) RETIREMENT PLAN		B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 CHARLES DREW HEALTH CENTER, INC.		D Employer Identification Number (EIN) 47-0666715
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 42-0127290		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....		6a
b Enter the amount contributed by the employer to the plan for this plan year.....		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock?..... ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)..... ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?..... ☐ Yes ☐ No		
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2022 v. 220413		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that (1) contributed more than 5% of total contributions to the plan during the plan year or (2) was one of the top-ten highest contributors (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:	14a		
a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....		14b	
b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)			14c
c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)			
15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:	15a		
a The corresponding number for the plan year immediately preceding the current plan year.....		15b	
b The corresponding number for the second preceding plan year.....			
16 Information with respect to any employers who withdrew from the plan during the preceding plan year:	16a		
a Enter the number of employers who withdrew during the preceding plan year		16b	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....			
17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐			

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

20 PBGC missed contribution reporting requirements. If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

INDEPENDENT AUDITORS' REPORT

Board of Directors
Charles Drew Health Center, Inc. and Affiliate
Omaha, Nebraska

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Charles Drew Health Center, Inc. and Affiliate (the Organization) which comprise the consolidated statements of financial position as of August 31, 2023 and 2022, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of August 31, 2023 and 2022, and the changes in their net assets and their 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – New Accounting Pronouncement

As discussed in Note 1 to the financial statements, the Organization adopted Accounting Standards Update 2016-02, *Leases (Topic 842)*, issued by the Financial Accounting Standards Board (FASB), related to the accounting treatment for leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Organization's ability to continue as a going concern for one year after the date that the financial statements are issued or available to be issued.

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

C D H C, I. 401() R

EIN 47 0666715
 PLAN NUMBER 001
 PLAN YEAR 09/01/2022 TO 08/31/2023

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
	American Funds Service Company	Registered Investment Company Am Fds New Persp R1 Fund	\$ 0.00	\$ 125,149.83
	American Funds Service Company	Registered Investment Company Am Fds Wash Mut Inv R1 Fund	\$ 0.00	\$ 178,191.77
*	Principal Life Insurance Company	Insurance Company General Prin Fixed Inc Guar Option	\$ 0.00	\$ 503,618.08
*	Principal Funds Inc	Registered Investment Company Prin Govt & HQ Bond R1 Fund	\$ 0.00	\$ 191,949.38
*	Principal Funds Inc	Registered Investment Company Prin LargeCap Growth I R1 Fund	\$ 0.00	\$ 245,797.80
*	Principal Funds Inc	Registered Investment Company Prin LgCap S&P 500 Idx R1 Fund	\$ 0.00	\$ 410,041.62
*	Principal Funds Inc	Registered Investment Company Prin LgCap Value III R1 Fund	\$ 0.00	\$ 206,350.77
*	Principal Funds Inc	Registered Investment Company Prin LifeTime Str Inc R1 Fund	\$ 0.00	\$ 939,143.15
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2015 R1 Fund	\$ 0.00	\$ 253.28
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2020 R1 Fund	\$ 0.00	\$ 183,358.41
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2025 R1 Fund	\$ 0.00	\$ 100,785.59
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2030 R1 Fund	\$ 0.00	\$ 880,520.89
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2035 R1 Fund	\$ 0.00	\$ 381,119.04
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2040 R1 Fund	\$ 0.00	\$ 248,856.22
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2045 R1 Fund	\$ 0.00	\$ 435,614.54

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

C D H C, I. 401() R

EIN 47 0666715
 PLAN NUMBER 001
 PLAN YEAR 09/01/2022 TO 08/31/2023

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2050 R1 Fund	\$ 0.00	\$ 233,326.33
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2055 R1 Fund	\$ 0.00	\$ 56,012.88
*	Principal Funds Inc	Registered Investment Company Prin LifeTime 2060 R1 Fund	\$ 0.00	\$ 66,789.85
*	Principal Funds Inc	Registered Investment Company Prin MidCap Growth R1 Fund	\$ 0.00	\$ 16,261.24
*	Principal Funds Inc	Registered Investment Company Prin MidCap S&P 400 Idx R1 Fd	\$ 0.00	\$ 279,487.83
*	Principal Funds Inc	Registered Investment Company Prin SmallCap Growth I R1 Fund	\$ 0.00	\$ 50,191.91
*	Principal Funds Inc	Registered Investment Company Prin SmCap S&P 600 Idx R1 Fund	\$ 0.00	\$ 96,875.08
*	Principal Funds Inc	Registered Investment Company Prin SAM Balanced R1 Portfolio	\$ 0.00	\$ 361.42
*	Principal Funds Inc	Registered Investment Company Prin SAM Strat Growth R1 Port	\$ 0.00	\$ 33,824.96
*	Principal Funds Inc	Registered Investment Company Principal Capital App R1 Fund	\$ 0.00	\$ 103,472.13
*	Principal Funds Inc	Registered Investment Company Principal Div Intl R1 Fund	\$ 0.00	\$ 140,017.90
*	Principal Funds Inc	Registered Investment Company Principal SmallCap R1 Fund	\$ 0.00	\$ 54,300.98
*	Participant Loans	Range of Interest Rates Rates Range From 4.25% To 9.50%	\$ 0.00	\$ 188,723.00

Charles Drew Health Center, Inc. and Affiliate

**Consolidated Financial Statements and
Independent Auditors' Report**

August 31, 2023 and 2022



Charles Drew Health Center, Inc. and Affiliate

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Charles Drew Health Center, Inc. and Affiliate
Omaha, Nebraska

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Charles Drew Health Center, Inc. and Affiliate (the Organization) which comprise the consolidated statements of financial position as of August 31, 2023 and 2022, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of August 31, 2023 and 2022, and the changes in their net assets and their 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – New Accounting Pronouncement

As discussed in Note 1 to the financial statements, the Organization adopted Accounting Standards Update 2016-02, *Leases (Topic 842)*, issued by the Financial Accounting Standards Board (FASB), related to the accounting treatment for leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Organization's ability to continue as a going concern for one year after the date that the financial statements are issued or available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Lutz & Company, P.C.

May 31, 2024

Charles Drew Health Center, Inc. and Affiliate

Consolidated Statements of Financial Position

August 31, 2023 and 2022

ASSETS		
	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,696,614	\$ 1,603,108
Short-Term Investments	120,714	120,714
Patient Accounts Receivable, Net	511,952	753,029
Grants and Other Receivables	1,235,976	1,571,682
Prepaid Expenses and Other Current Assets	301,824	220,774
Total Current Assets	3,867,080	4,269,307
ASSETS LIMITED AS TO USE		
Beneficial Interest In Assets Held By Others	69,317	64,406
PROPERTY AND EQUIPMENT		
Land	106,442	106,442
Buildings and Improvements	9,412,659	9,527,800
Equipment	3,902,328	3,652,283
Furniture and Fixtures	531,621	531,621
Construction in Progress	236,773	226,671
Total Cost	14,189,823	14,044,817
Less Accumulated Depreciation	7,442,792	7,117,984
Total Property and Equipment	6,747,031	6,926,833
OTHER ASSETS		
Operating Lease Right-of-Use Assets	708,882	-
TOTAL ASSETS	\$ 11,392,310	\$ 11,260,546

See Notes to Consolidated Financial Statements.

Charles Drew Health Center, Inc. and Affiliate

Consolidated Statements of Financial Position

August 31, 2023 and 2022

LIABILITIES AND NET ASSETS		
	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Current Portion of Lease Liability	\$ -	\$ 30,844
Accounts Payable	1,352,300	1,555,474
Accrued Expenses	848,755	987,182
Grant Advances and Deferred Revenue	634,936	871,654
Current Portion of Operating Lease Liabilities	155,772	-
Total Current Liabilities	2,991,763	3,445,154
LONG-TERM LIABILITIES		
Deferred Compensation	43,349	33,349
Lease Liability, Less Current Portion	-	93,771
Operating Lease Liabilities, Less Current Portion	667,232	-
Total Long-Term Liabilities	710,581	127,120
Total Liabilities	3,702,344	3,572,274
NET ASSETS		
Without Donor Restrictions	7,581,530	7,483,228
With Donor Restrictions	108,436	205,044
Total Net Assets	7,689,966	7,688,272
TOTAL LIABILITIES AND NET ASSETS	\$ 11,392,310	\$ 11,260,546

See Notes to Consolidated Financial Statements.

Charles Drew Health Center, Inc. and Affiliate

Consolidated Statement of Activities and Changes in Net Assets

Year Ended August 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Patient Service Revenue, Net	\$ 6,422,379	\$ -	\$ 6,422,379
Grant Revenue	10,981,846	-	10,981,846
Pharmacy Revenue	845,787	-	845,787
Contribution Revenue	1,252,682	-	1,252,682
Medicaid Managed Care Revenues	250,000	-	250,000
Other Revenue	129,085	-	129,085
Net Assets Released from Restrictions Used for Operations	96,608	(96,608)	-
Total Operating Revenues	19,978,387	(96,608)	19,881,779
OPERATING EXPENSES	20,313,841	-	20,313,841
OTHER INCOME AND EXPENSE			
Investment Return	14,858	-	14,858
Insurance Proceeds	605,865	-	605,865
Impairment of Property and Equipment	(650,384)	-	(650,384)
Grant for Acquisition of Property and Equipment	463,417	-	463,417
Interest Expense	-	-	-
Total Other Income and Expense	433,756	-	433,756
CHANGE IN NET ASSETS	98,302	(96,608)	1,694
NET ASSETS - BEGINNING OF YEAR	7,483,228	205,044	7,688,272
NET ASSETS - END OF YEAR	\$ 7,581,530	\$ 108,436	\$ 7,689,966

See Notes to Consolidated Financial Statements.

Charles Drew Health Center, Inc. and Affiliate

Consolidated Statement of Activities and Changes in Net Assets

Year Ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Patient Service Revenue, Net	\$ 5,471,576	\$ -	\$ 5,471,576
Grant Revenue	11,643,372	-	11,643,372
Pharmacy Revenue	1,107,767	-	1,107,767
Contribution Revenue	570,637	335,000	905,637
Medicaid Managed Care Revenues	1,046,683	-	1,046,683
Other Revenue	55,277	-	55,277
Net Assets Released from Restrictions			
Used for Operations	373,292	(373,292)	-
Total Operating Revenues	20,268,604	(38,292)	20,230,312
OPERATING EXPENSES	20,805,837	-	20,805,837
OTHER INCOME AND EXPENSE			
Investment Return	(8,009)	-	(8,009)
Loss on Disposal of Property and Equipment	(2,779)	-	(2,779)
Grant for Acquisition of Property and Equipment	552,734	-	552,734
Interest Expense	(8,459)	-	(8,459)
Total Other Income and Expense	533,487	-	533,487
CHANGE IN NET ASSETS	(3,746)	(38,292)	(42,038)
NET ASSETS - BEGINNING OF YEAR	7,486,974	243,336	7,730,310
NET ASSETS - END OF YEAR	\$ 7,483,228	\$ 205,044	\$ 7,688,272

See Notes to Consolidated Financial Statements.

Charles Drew Health Center, Inc. and Affiliate

Consolidated Statement of Functional Expenses

Year Ended August 31, 2023

	Program Services	Supporting Services		
	Healthcare Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 7,584,881	3,126,964	\$ 103,574	\$ 10,815,419
Employer Costs and Fringe Benefits	1,382,328	500,899	23,314	1,906,541
Legal, Professional, and Contractual	1,383,964	1,266,139	36,658	2,686,761
Patient-Participation Costs	120,238	12,169	-	132,407
Supplies and Consumable Costs	427,725	97,164	14,153	539,042
Information Technology and Communication	560,884	350,045	8,536	919,465
Personnel Costs	113,357	138,228	3,209	254,794
Occupancy Costs	571,309	362,704	1,350	935,363
General and Administration	165,800	220,344	8,544	394,688
Bad Debt	184,836	-	-	184,836
Public Relations and Marketing	10,490	2,312	337	13,139
Depreciation	-	770,281	-	770,281
Ancillary Services and Supplies	759,079	2,026	-	761,105
TOTAL OPERATING EXPENSES	\$ 13,264,891	\$ 6,849,275	\$ 199,675	\$ 20,313,841

See Notes to Consolidated Financial Statements.

Charles Drew Health Center, Inc. and Affiliate

Consolidated Statement of Functional Expenses

Year Ended August 31, 2022

	Program Services	Supporting Services		
	Healthcare Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 7,159,586	\$ 2,855,080	\$ 130,871	\$ 10,145,537
Employer Costs and Fringe Benefits	1,786,349	863,491	30,755	2,680,595
Legal, Professional, and Contractual	2,111,527	1,397,245	3,600	3,512,372
Patient-Participation Costs	87,196	12,530	-	99,726
Supplies and Consumable Costs	523,987	108,846	2,096	634,929
Information Technology and Communication	473,692	268,377	6,779	748,848
Personnel Costs	120,161	167,041	6,573	293,775
Occupancy Costs	502,419	358,626	8,430	869,475
General and Administration	159,244	279,038	-	438,282
Public Relations and Marketing	38,271	500	47,988	86,759
Depreciation	-	677,886	-	677,886
Ancillary Services and Supplies	616,702	951	-	617,653
TOTAL OPERATING EXPENSES	\$ 13,579,134	\$ 6,989,611	\$ 237,092	\$ 20,805,837

See Notes to Consolidated Financial Statements.

Charles Drew Health Center, Inc. and Affiliate

Consolidated Statements of Cash Flows

August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,694	\$ (42,038)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	770,281	677,886
Change in Beneficial Interest in Assets Held by Others	(4,911)	8,255
Gain on Insurance Claims of Property and Equipment	(605,865)	-
Impairment of Property and Equipment	650,384	-
Loss on Disposal of Property and Equipment	-	2,779
Grant for Acquisition of Property and Equipment	(463,417)	(552,734)
Change in Deferred Compensation	10,000	10,000
Decrease in Lease Liability	-	(35,373)
Lease Expense	(10,493)	-
Decrease (Increase) in Current Assets:		
Patients Accounts Receivable, Net	241,077	(151,889)
Grants and Other Receivables	335,706	264,543
Prepaid Expenses and Other Current Assets	(81,050)	76,153
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(203,174)	245,520
Accrued Expenses	(138,427)	(3,470)
Grant Advances and Deferred Revenue	(236,718)	(176,841)
Net Cash Provided by Operating Activities	265,087	322,791
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Involuntary Conversion of Property and Equipment	605,865	-
Purchase of Property and Equipment	(1,240,863)	(1,134,461)
Net Cash Used in Investing Activities	(634,998)	(1,134,461)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Grant for Acquisition of Property and Equipment	463,417	552,734
Net Cash Provided by Financing Activities	463,417	552,734
Net Increase (Decrease) in Cash and Cash Equivalents	93,506	(258,936)
Cash and Cash Equivalents, Beginning of Year	1,603,108	1,862,044
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,696,614	\$ 1,603,108
NONCASH INVESTING AND FINANCING ACTIVITIES		
Adoption of ASU 2016-02		
Operating Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities	\$ 832,547	\$ -
Lease Liability Reclassified to Operating Lease Liabilities	124,615	-

Charles Drew Health Center, Inc. and Affiliate

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

1. Summary of Significant Accounting Policies

Principles of Consolidation and Nature of Operations

The consolidated financial statements include the accounts of Charles Drew Health Center, Inc. and its affiliate, Charles Drew Health Center Foundation (collectively, the “Organization”), which are a not-for-profit corporation and a supporting foundation located in Omaha, Nebraska. Charles Drew Health Center, Inc. (the “Health Center”) primarily earns revenues by providing physician and related health care services through clinics located in Omaha. Charles Drew Health Center Foundation (the Foundation) was created solely and exclusively to support and benefit the Health Center by engaging in fundraising activities. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The Health Center follows Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions.

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and related activity are classified as follows:

Net Assets Without Donor Restrictions – Net assets whose use is not stipulated by donors, even though their use may be limited in other respects, such as by contract or by board designation.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Net assets restricted by the actions of the Organization and/or the passage of time are temporary in nature. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Other donor-imposed stipulations are permanent in nature and require that principal be maintained in perpetuity by the Organization.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets without donor restrictions class.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation or by law.

Charles Drew Health Center, Inc. and Affiliate

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted components of net assets are available, it is the Organization's policy to apply restricted first.

Revenue Recognition

The Organization follows Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) ("ASU 2014-09"). The Organization's policy for revenue recognition is detailed below. The Organization's revenues are disaggregated by major type on the accompanying consolidated statements of activities and changes in net assets.

Patient Service Revenue and Pharmacy Revenue

Patient service revenue and pharmacy revenue are reported at the amount that reflects the consideration to which the Health Center expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payers (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, review, and investigations. Generally, the Health Center bills the patients and third-party payers several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Health Center which is when a single visit is provided to a patient. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The Health Center believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving services in the Health Center's clinics. The Health Center measures the performance obligation from commencement of a service to the point when it is no longer required to provide services to that patient, which is generally at the time of completion of the services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to its patients and customers and the Health Center does not believe it is required to provide additional goods related to the patient. The Health Center had no performance obligations considered unsatisfied or partially unsatisfied as of August 31, 2023 and 2022.

The Health Center recognizes patient services revenue associated with services provided to patients who have third-party payer coverage on the basis of third-party pay rates for the services rendered. For uninsured patients that do not qualify for sliding fee program, the Health Center recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Health Center's uninsured patients who do not qualify for the sliding fee program will be unable or unwilling to pay for the services provided. Thus, the Health Center records a significant estimate of price concessions related to uninsured patients in the period the services are provided.

Charles Drew Health Center, Inc. and Affiliate

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

The Health Center has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payers for the effects of a significant financing component due to the Health Center's expectation that the period between the time the service is provided to a patient and the time the patient or a third-party payer pays for that service will be one year or less.

Grant and Contribution Revenue

Grants and contributions that do not meet the definition of an exchange transaction in accordance with ASU 2014-09 are accounted for under the guidance in ASC 958. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

ASC 958 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Grants are recorded as refundable advances when received, and grant revenue is recorded in accordance with awarded amounts over the benefit period covered by the grant as eligible expenses are incurred.

Unconditional contributions expected to be collected within one year are recorded at their net realizable value upon receipt of notification of the contribution. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. During the years ended August 31, 2023 and 2022, the Organization received no in-kind contributions.

Medicaid Managed Care Revenues

The Health Center also receives funding from Medicaid Managed Care Organizations ("MCOs") in the form of financial incentives. These incentives are typically based on quality care or for the support of other programs. As such, these incentives are recorded as revenue under the guidance in ASC 958 as described above. Revenues from these incentive programs totaled \$250,000 and \$1,046,683 during the years ended August 31, 2023 and 2022, respectively. The revenues from these programs can vary significantly year over year depending on the availability of funding from the MCOs, the Health Center's ability to meet certain metrics, and other factors.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Charles Drew Health Center, Inc. and Affiliate

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

Cash and Cash Equivalents

The Organization considers all cash accounts which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments and Investment Return

Short-term investments include certificates of deposit that mature within one year and are carried at cost. The investment return earned on these certificates of deposit is included in the consolidated statements of activities and changes in net assets as net assets without donor restrictions.

Patient Accounts Receivable, Net

The Health Center reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Health Center provides an allowance for uncompensated care and uncollectible accounts based upon a review of outstanding receivables, current third-party adjustment rates, historical collection information and existing economic conditions. As a service to the patient, the Health Center bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. The allowance for uncompensated care includes estimated third-party adjustments for outstanding patient accounts receivable estimated in the period the related services are rendered, with the changes to the estimate being charged to the provision for uncompensated care. Accounts are considered delinquent and subsequently written off to the provision for uncollectible accounts based on individual credit evaluation and specific circumstances of the account.

Patient accounts receivable, net totaled \$511,952, \$753,029, and \$601,140 at August 31, 2023, 2022, and 2021, respectively.

Grants and Other Receivables

Grants and other receivables primarily represent the amount of grants earned less the amount of earned grant funds advanced from the grantor agencies. Grants receivable are entirely unsecured. Management believes that all outstanding accounts are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Assets Limited as to Use

Assets limited as to use include an endowment component fund held by the Omaha Community Foundation. The assets are valued, at the fair value of the Organization's share of Omaha Community Foundation's investment pool as of the measurement date.

Charles Drew Health Center, Inc. and Affiliate

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

Property and Equipment

The Organization’s capitalization policy requires all capital assets with lives in excess of one year with an original cost of \$2,500 or more to be capitalized. Property and equipment acquisitions are recorded at cost and are depreciated on a straight-line basis over the following estimated useful lives of each asset:

Buildings and Improvements	10 – 40 years
Equipment	3 – 10 years
Furniture and Fixtures	5 – 15 years

Construction in progress is recorded at cost, and no depreciation is recorded until the assets are placed into service.

Donations of property and equipment are reported at fair value as an increase in net assets without donor restrictions unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support, unless the asset is placed in service within the same fiscal year. The expiration of such restrictions is reported as an increase in net assets without donor restrictions when the donated asset is placed in service.

Property and equipment that have been purchased through Federal awards are subject to limitations of use and dispositions imposed by the U.S. Department of Health and Human Services.

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimate of future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. During the year ended August 31, 2023, the Organization’s building was flooded and resulted in extensive property damage. The Organization recorded an impairment loss of \$650,384 for the building and has received total insurance proceeds of \$605,865 during the year, resulting in a net loss on involuntary conversion of property and equipment of \$44,519. The Organization has not recognized any insurance proceeds in the consolidated financial statements beyond that which has either been received or agreed to by the insurer. No asset impairment was recognized during the year ended August 31, 2023 and 2022.

Right-of-Use Asset and Lease Liability

Effective September 1, 2022, the Organization adopted Accounting Standards Update 2016-02, *Leases (Topic 842)* (“ASU 2016-02”) using the modified retrospective transition method, which allows for a cumulative-effect adjustment through net assets at the date of initial application. There was no cumulative-effect adjustment recorded as the Organization’s adoption of ASU 2016-02 did not have a significant impact on the accompanying consolidated statement of activities and changes in net assets.

Charles Drew Health Center, Inc. and Affiliate

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

Upon adoption of ASU 2016-02, the Organization elected the transition relief practical expedients which specify that an entity does not need to reassess initial direct costs for existing leases, the lease classification for expired or existing leases, and whether any expired or existing contracts contain leases.

The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the accompanying consolidated statements of financial position for all leases. The Organization only has operating leases and has elected the short-term lease practical expedient to exclude leases with terms of 12 months or less from recognition on the accompanying consolidated statements of financial position. The Organization elected the practical expedient to utilize the risk-free rate in determining the present value of lease payments unless the implicit rate is readily determinable.

Income Taxes

The Health Center and the Foundation have been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code and similar sections of state law. However, the Health Center and the Foundation are subject to federal income tax on unrelated business taxable income, if any.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Health Center and the Foundation and recognize a tax liability (or asset) if the Health Center and the Foundation have taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Health Center and the Foundation are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2020.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services of the Organization have been summarized on a functional basis in the consolidated statements of functional expenses. Costs are allocated to each functional expense category based on the specific departments benefitted by the expense. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated based on time and effort, square footage, estimated usage, or actual expenses incurred.

Reclassifications

Certain amounts in the 2022 consolidated financial statements have been reclassified for comparative purposes to conform to the 2023 presentation.

Charles Drew Health Center, Inc. and Affiliate

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

Subsequent Events

Subsequent events are events or transactions that occur after the consolidated statement of financial position date, but before the consolidated financial statements are available to be issued and may require potential recognition or disclosure in the consolidated financial statements. Management has considered such events or transactions through May 31, 2024, noting no items requiring disclosure.

2. Cash and Cash Equivalents

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits (\$250,000 per bank). The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents. At August 31, 2023 and 2022, the Health Center had deposits of approximately \$1,572,000 and \$1,380,000, respectively, in excess of federally insured limits.

3. Endowment Component Fund

The Health Center has transferred assets to the Omaha Community Foundation (the "Community Foundation"), which is holding them as an endowment component fund (the "Fund") for the benefit of the Health Center. The Health Center has granted the Community Foundation variance power which gives the Community Foundation's Board of Trustees the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Community Foundation's investment and spending policies which currently result in distributions of Fund income in amounts not to exceed the Community Foundation's board-determined percent of the Fund's net assets.

The Health Center reports the fair value of the Fund as beneficial interest in assets held by others on the consolidated statements of financial position and reports distributions received as investment income. Changes in the value of the Fund are reported as investment return in the consolidated statements of activities and changes in net assets. The Health Center can redeem its share of the Fund's net assets on demand.

Changes in the Fund for the years ended August 31, are as follows:

	<u>2023</u>	<u>2022</u>
Balance, Beginning of Year	\$ 64,406	\$ 72,661
Appreciation (Depreciation) of Fund	4,911	(8,255)
Balance, End of Year	<u>\$ 69,317</u>	<u>\$ 64,406</u>

Charles Drew Health Center, Inc. and Affiliate

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

4. Fair Value of Financial Instruments

FASB Codification Topic 820-10 on Fair Value Measurements (FASB 820-10) establishes a framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB 820-10 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- (a) quoted prices for similar assets or liabilities in active markets;
- (b) quoted prices for identical or similar assets or liabilities in inactive markets;
- (c) inputs other than quoted prices that are observable for the asset or liability;
- (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets measured at fair value consist of beneficial interest in assets held by others totaling \$69,317 and \$64,406 at August 31, 2023 and 2022, respectively, which are categorized as Level 2 assets.

The beneficial interest in assets held at the Omaha Community Foundation has been valued at the fair value of the Organization's share of the Community Foundation's investment pool as of the measurement date. The Community Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Community Foundation, which includes private placements and other securities for which prices are not readily available, are determined by the management of the Community Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The beneficial interest in assets held at the Omaha Community Foundation is redeemable by the Organization as described in Note 3.

Charles Drew Health Center, Inc. and Affiliate

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

5. Line of Credit

Line of Credit

The Health Center has a line of credit which provides for borrowing up to \$500,000 with an interest rate equivalent to the prime rate as published by the Wall Street Journal, plus a margin of 0.5%, for an effective interest rate of 8.75% as of August 31, 2023. The line of credit matures May 2024, and is collateralized by a Commercial Security Agreement covering business assets. As of August 31, 2023 and 2022, there were no balances outstanding against this line of credit.

6. Grant Revenue

The Health Center is the recipient of Section 330, Community Health Cluster Programs ("CHC") grants from the U.S. Department of Health and Human Services. The general purpose of the Section 330 grants is to provide expanded health care service delivery for residents of the Omaha, Nebraska area. The Health Center also receives funding under the Health Care for the Homeless program (Section 330h) and the Public Housing Primary Care program (Section 330i). Terms of the grants generally provide for funding of the Health Center's operations based on an approved budget. Grant revenue is recognized as qualifying expenditures are incurred over the grant period. During the years ended August 31, 2023 and 2022, the Health Center received \$5,737,370 and \$6,420,692 in CHC grant funds, respectively.

In addition to the CHC grant, the Health Center receives additional financial support from other federal, state and private sources. Generally, such support requires compliance with terms and conditions specified in grant agreements and must be renewed on an annual basis.

7. Patient Service Revenue

The Health Center is approved as a Federally Qualified Health Center ("FQHC") for both Medicare and Medicaid reimbursement purposes. The Health Center has agreements with third-party payers that provide for payments to the Health Center at amounts different from its established rates.

These payment arrangements include:

Medicare – Covered FQHC services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. The Health Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by the Health Center and audit thereof by the Medicare fiscal intermediary.

Medicaid – Covered FQHC services rendered to Medicaid program beneficiaries are paid based on a prospectively determined reimbursement methodology. The Health Center is reimbursed a set encounter rate for all services under the plan.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates could change as result of law and regulation changes.

Charles Drew Health Center, Inc. and Affiliate

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

As an FQHC, the Health Center is required to offer discounted services to uninsured patients based on their ability to pay. Ability to pay is determined based on the federal poverty guideline, as revised annually by the Department of Health and Human Services.

The Health Center has also entered into payment agreements with certain commercial insurance carriers, health maintenance health centers and preferred provider health centers. The basis for payment to the Health Center under these agreements includes prospectively determined rates and discounts from established charges.

The Health Center has determined the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the payers (for example, Medicare, Medicaid, other third-party payers, and patient responsibility), which have different reimbursement and payment methodologies.

The composition of patient service revenue, net by primary payer is as follows for the years ended August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Medicare	\$ 445,818	\$ 709,365
Medicaid	4,945,556	3,734,101
Private Insurance	1,002,882	982,812
Self-Pay	28,123	45,298
Patient Service Revenue, Net	<u>\$ 6,422,379</u>	<u>\$ 5,471,576</u>

8. Charity Care

In the ordinary course of its business as a FQHC, the Health Center renders services to the homeless population. Because the Health Center does not pursue collection of amounts determined to qualify for its homeless charity care program, they are not recorded as revenue. The Health Center maintains records to identify and monitor the level of charity care it provides. Charity care is measured based on the Health Center's estimated unreimbursed direct and indirect costs of providing charity care services. That estimate is made by multiplying the Health Center's cost per encounter by total charity care encounters, reduced by any payments received related to those charity encounters. The amount of charity care provided during the years ended August 31, 2023 and 2022 was approximately \$517,000 and \$700,000 respectively.

9. Pharmacy Revenue

The Health Center participates in the 340B Drug Pricing Program enabling the Health Center to receive discounted prices from drug manufacturers on pharmaceutical purchases and enter into certain contracts with unrelated pharmacies who provide certain prescription drugs to Health Center patients. This program is overseen by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs. Laws and regulations governing the 340B Program are complex and subject to interpretation and change. As a result, it is reasonably possible that material changes to financial statement amounts related to the 340B Program could occur in the near future. During the years ended August 31, 2023 and 2022 the Health Center recognized \$845,787 and \$1,107,767 in pharmacy revenue.

Charles Drew Health Center, Inc. and Affiliate

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

10. Concentrations of Credit Risk

The Health Center grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers for the years ended August 31, 2023 and 2022, was:

	<u>2023</u>	<u>2022</u>
Medicare	13%	12%
Medicaid	48%	43%
Private Insurance	37%	32%
Self-Pay	2%	13%
	<u>100%</u>	<u>100%</u>

11. Leases

The Health Center only has operating leases. The Health Center leases real estate and equipment through March 2033. The renewal option have been included in the calculation of the right-of-use asset and lease liabilities if the Health Center is reasonably certain they will exercise the options. The nonlease components have not been included in the calculation of the right-of-use assets and lease liabilities.

For the year ended August 31, 2023, total lease cost and other information included in the calculation of the right-of-use assets and lease liabilities consisted of the following:

Lease Cost

Operating Lease Expense	\$ 148,025
Short-Term Lease Expense	72,571
Non-Lease Components	135,671
Total Lease Cost	<u>\$ 356,267</u>

Other Information

Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	\$ 158,518
Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities	832,547
Lease Liability Reclassified as Operating Lease Liabilities	124,615
Weighted-Average Remaining Lease Term (Years)	6.23
Weighted-Average Discount Rate	3.44%

Charles Drew Health Center, Inc. and Affiliate

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

Future minimum lease payments under these leases for the years ending after August 31, 2023 and their reconciliation to the operating lease liabilities included in the accompanying consolidated financial statements are as follows:

<u>Year Ending August 31,</u>	
2024	\$ 181,098
2025	157,215
2026	125,253
2027	129,010
2028	132,881
Thereafter	<u>192,983</u>
Total Future Lease Payments	918,440
Less: Discount to Present Value	<u>(95,436)</u>
Total Operating Lease Liabilities	\$ 823,004
Less: Current Portion	155,772
Operating Lease Liabilities, Less Current Portion	<u><u>\$ 667,232</u></u>

Lease Liability

On March 31, 2019, the Health Center entered into an agreement with the landlord of one of its locations to finance leasehold improvements. The original lease liability amount is to be paid in monthly installments of \$3,372 for 84 months until its maturity in March 2026. The liability carries a fixed interest rate of 8.5% and is collateralized by the location's business assets. As of August 31, 2022, the balance of the liability was \$124,615. During the year ended August 31, 2023, the balance of the liability was reclassified to operating lease liabilities on the statement of net position with the implementation of ASC 842.

For the year ended August 31, 2022, rent expense under the Health Center's operating leases was \$308,052, under FASB ASC 840 (pre-adoption of the new standards) for operating leases. The future minimum lease payments for the years ending after August 31, 2022 were as follows:

<u>Year Ending August 31,</u>	
2023	\$ 187,774
2024	193,061
2025	77,142
2026	34,379
2027	35,410
Thereafter	<u>179,683</u>
	<u><u>\$ 707,449</u></u>

Charles Drew Health Center, Inc. and Affiliate

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

12. Malpractice Claims

Effective May 31, 2005, the U.S. Department of Health and Human Services, deemed the Health Center and its practicing physicians covered under the Federal Tort Claims Act ("FTCA") for damage for personal injury, including death, resulting from the performance of medical, surgical, dental and related functions. FTCA coverage is comparable to an occurrence policy without a monetary cap. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Health Center's claim experience, no such accrual has been made. It is possible that this estimate could change in the near term.

13. Employee Medical Insurance Claims

The Health Center adopted a self-funded health insurance plan for eligible employees effective February 1, 2008. Under the terms of the insurance policy, the Health Center is at risk for covered claims submitted, not to exceed \$30,000 per person per year. Provisions for losses expected under this program are recorded based upon the Health Center's estimates of the aggregate liability for claims incurred and totaled \$150,197 and \$186,327 at August 31, 2023 and 2022, respectively, which are included in accrued expenses on the accompanying consolidated statements of financial position. The amount of actual losses incurred could differ from the estimates reflected herein. Management is not aware of any claims that would have a material adverse impact on the accompanying consolidated financial statements.

14. Commitments and Contingencies

The Health Center receives funds under various federal grant programs to be expended in accordance with the provisions of the grants. Compliance with grant provisions is subject to audit by various governmental agencies that may impose sanctions in the event of noncompliance. Management believes that they have complied with all aspects of the various grant provisions and results of adjustment, if any, relating to such audits would not have any material impact.

The current economic environment presents community health centers with circumstances and challenges, which in some cases have resulted in declines in the fair value of investments and declines in contributions. The consolidated financial statements have been prepared using values and information currently available to the Health Center.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the consolidated financial statements could change, resulting in future adjustments in investment values and allowances for accounts that could positively or negatively impact the Health Center. The Health Center believes it has the ability to sustain its operations, maintain adequate liquidity and capital levels, and meet all obligations of patients and stakeholders as of the date these consolidated financial statements were available to be issued.

Charles Drew Health Center, Inc. and Affiliate

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

15. Defined Contribution Plan

The Health Center has a defined contribution pension plan covering substantially all employees. The Health Center has the option to make a discretionary matching contribution equal to 100% of the employee's annual contributions up to a maximum limit of 4%. Contributions totaled \$278,085 and \$268,307 for the years ended August 31, 2023 and 2022, respectively. The Health Center also has the discretion to make additional profit-sharing contributions to the employee's retirement plan during the year but did not exercise this option during 2023 or 2022.

16. Related Parties

Administrative and fundraising expenses of the Foundation may be paid by the Health Center or the Foundation, at the discretion of the Health Center's management.

During 2023 and 2022, the chief executive officer of the Health Center served as a voting board member and non-compensated officer of Hope Medical Outreach Coalition. Hope Medical Outreach Coalition provides referral and translating services to the Health Center, as well as reimbursements for Health Center staff used by Hope Medical Outreach Coalition to provide translating services. During the years ended August 31, 2023 and 2022, the Health Center recognized grant revenue of \$106,167 and \$59,074, respectively, from this related party. Included in grants and other receivables at August 31, 2023 and 2022 was \$15,332 and \$267,282, respectively, due from Hope Medical Outreach Coalition.

The Health Center has entered a joint venture with a network of other health centers, also known as members, to fund the creation of Heartland Community Health Network ("HCHN"). HCHN is an independent non-profit whose mission is to facilitate, maintain, and manage a practice management and electronic records database system that will serve the network of health centers. The original members' executive directors will serve on the board of directors for HCHN as agreed upon in the by-laws. Each member of the joint venture initially funded HCHN, to include hardware acquisition, based on each member's volume of patients derived from their annual Uniform Data System ("UDS") report. To cover its operating expenses, HCHN bills each member a fee based on the volume of patients each member serves derived from annual UDS reports.

During the years ended August 31, 2023 and 2022, the Health Center made payments of \$110,052 and \$113,335, respectively to HCHN for membership fees. In addition, as of August 31, 2023 and 2022, the Health Center had \$10,656 and \$18,925, respectively in accounts payable due to HCHN. Since the initial funding for hardware was obtained through each member's payment of federal grant dollars into the joint venture, each member will retain rights to these assets to satisfy OMB-122 requirements, but additional assets purchased by HCHN will be HCHN's assets. Based on the articles of incorporation, each member will have a claim to the net assets of HCHN upon dissolution based on each member's current volume of patients served.

Charles Drew Health Center, Inc. and Affiliate

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

The chief executive officer of the Health Center serves as a voting board member and non-compensated officer of Health Center Association of Nebraska ("HCAN"). HCAN is a nonprofit whose mission is to enhance and expand access to quality, community- responsive healthcare for Nebraska's medically underserved and uninsured. The Health Center is a member of HCAN. Each member of HCAN pays membership fees based on the volume of patients each member serves on the annual UDS report. During the years ended August 31, 2023 and 2022, the Health Center incurred expenses of \$21,435 and \$23,618 for member fees, respectively. As of August 31, 2023 and 2022, the Health Center had \$18,500 and \$18,500, respectively in accounts payable due to HCAN for membership fees.

In addition, during the years ended August 31, 2023 and 2022, the Health Center and HCAN were engaged in a memorandum of understanding whereby HCAN granted funds to the Health Center for the performance of outreach and enrollment activities. In the years ended August 31, 2023 and 2022, the Health Center recognized grant revenue of \$682,966 and 360,276, respectively for the program activities. As of August 31, 2023 and 2022, the Health Center had \$140,466 and 255,017, respectively in grants and other receivables from HCAN.

17. Litigation

In the normal course of business, the Health Center is, from time to time, subject to allegations that may result in litigation. The Health Center evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of the ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of loss to differ in the near term.

18. Liquidity

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to optimize the investment of its available funds.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities and general administration, as well as the conduct of services to be undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Charles Drew Health Center, Inc. and Affiliate

Notes to Consolidated Financial Statements

August 31, 2023 and 2022

Financial assets and liquidity resources available within one year for general expenditure were as follows as of August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 1,696,614	\$ 1,603,108
Short-Term Investments	120,714	120,714
Patient Accounts Receivable, Net	511,952	753,029
Grants and Other Receivables	1,235,976	1,571,682
Financial Assets at August 31,	<u>3,565,256</u>	<u>4,048,533</u>
Less Amounts Unavailable for General Expenditures Within One Year Due to Donor Restrictions	<u>(225)</u>	<u>(96,833)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 3,565,031</u>	<u>\$ 3,951,700</u>

19. Net Assets and Restrictions

Net assets with donor restrictions were as follows as of August 31:

	<u>2023</u>	<u>2022</u>
<i>Subject to Expenditure for Specified Purpose:</i>		
Medical Equipment and Supplies	\$ 225	\$ 19,756
Vehicles Restricted as to Program Use	108,211	108,211
Patient Health Management Programs	-	77,077
Total Net Assets With Donor Restrictions	<u>\$ 108,436</u>	<u>\$ 205,044</u>

20. Net Assets Released from Restrictions

Net assets were released from donor restrictions during 2023 and 2022 by incurring expenses to satisfy the restricted purpose or by the occurrence of other events specified by donors. Net assets were released from restriction as follows:

	<u>2023</u>	<u>2022</u>
<i>Satisfaction of Purpose Restrictions:</i>		
Medical Equipment and Supplies	\$ 19,531	\$ 43,546
Vehicles Restricted as to Program Use	-	286,823
Patient Health Management Programs	77,077	42,923
Total Net Assets Released from Donor Restrictions	<u>\$ 96,608</u>	<u>\$ 373,292</u>

SUPPLEMENTARY INFORMATION

Charles Drew Health Center, Inc. and Affiliate

Schedule of Expenditures of Federal Awards

August 31, 2023

Grantor/Program or Cluster Grantor/Program Title	Assistance Listing Number	Pass-Through Grantors Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Pass through Programs From:				
Nebraska Department of Health and Human Services:				
Douglas County Health Department:				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	10.XXX	\$ -	\$ 404,210
Total U.S. Department of Agriculture				404,210
<u>U.S. Department of Health and Human Services</u>				
Direct Programs:				
Health Center Cluster:				
Health Center Program	93.224	N/A - Direct	-	4,365,920
National Hypertension Control Initiative	93.224	N/A - Direct	-	32,529
Enhancing Behavioral Health Workforce	93.224	N/A - Direct	-	16,670
COVID-19 American Rescue Plan Act Funding for Health Centers	93.224	N/A - Direct	-	1,322,251
Subtotal Health Center Cluster			-	5,737,370
Healthy Start Initiative	93.926	N/A - Direct	-	1,143,887
Subtotal Direct Programs			-	6,881,257
Pass-Through Programs From:				
Nebraska Department of Health and Human Services:				
Public Health Emergency Preparedness	93.069	55813-Y3	-	34,521
Family Planning Council of Nebraska, Inc.:				
Family Planning Services	93.217	27385	-	194,637
Health Center Association of Nebraska:				
Cooperative Agreement to Support Navigators in Federally-Facilitated Exchanges	93.332	NAV1	-	181,880
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	ELC1	-	406,096
Total U.S. Department of Health and Human Services			-	7,698,391
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 8,102,601

See Notes to Schedule of Expenditures of Federal Awards.

Charles Drew Health Center, Inc. and Affiliate

Notes to Schedule of Expenditures of Federal Awards

August 31, 2023

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Charles Drew Health Center, Inc. under programs of the federal government for the year ended August 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Charles Drew Health Center, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Charles Drew Health Center, Inc.

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

Charles Drew Health Center, Inc. has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. Contingencies

Charles Drew Health Center, Inc. receives funds under various federal grant programs, and such assistance is to be expended in accordance with the provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of noncompliance. Management believes that they have complied with all material aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impacts.

**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**

Board of Directors
Charles Drew Health Center, Inc. and Affiliate

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 (*Government Auditing Standards*), the consolidated financial statements of Charles Drew Health Center, Inc. and Affiliate (the "Organization"), which comprise the consolidated statement of financial position as of August 31, 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 31, 2024.

Report On Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's consolidated 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report On Compliance and Other Matters

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

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lutz & Company, P.C.

May 31, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Charles Drew Health Center, Inc. and Affiliate

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Charles Drew Health Center, Inc. and Affiliates' (the "Organization's") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended August 31, 2023. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Lutz & Company, P.C.

May 31, 2024

Charles Drew Health Center, Inc. and Affiliate

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SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- | | | | | |
|---|---------------|-----|---------------|---------------|
| • Material weakness(es) identified? | <u> X </u> | Yes | <u> </u> | No |
| • Significant deficiency(ies) identified? | <u> </u> | Yes | <u> X </u> | None Reported |
| • Noncompliance material to financial statements noted? | <u> </u> | Yes | <u> X </u> | No |

Federal Awards

Internal control over major programs:

- | | | | | |
|---|--------------|-----|---------------|---------------|
| • Material weakness(es) identified? | <u> X </u> | Yes | <u> </u> | No |
| • Significant deficiency(ies) identified? | <u> X </u> | Yes | <u> </u> | None Reported |

Type of auditors' report issued on compliance for major programs: Unmodified

- | | | | | |
|--|--------------|-----|---------------|----|
| • Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | <u> X </u> | Yes | <u> </u> | No |
|--|--------------|-----|---------------|----|

Identification of major programs:

AL Number(s)

93.224 / 93.527

Name of Federal Program or Cluster

Health Center Program Cluster

Dollar threshold used to distinguish between type A and type B programs

\$750,000

Auditee qualified as low-risk auditee?	<u> </u>	Yes	<u> X </u>	No
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II. FINANCIAL STATEMENT FINDINGS

2023-001 Material Weakness in Internal Controls over Financial Reporting

Preparation of the Consolidated Financial Statements, Schedule of Expenditures of Federal Awards (SEFA) and Material Audit Adjustments.

Criteria: Controls over financial reporting include the ability to prepare consolidated financial statements and accompanying notes to the consolidated financial statements and the schedule of expenditures of federal awards that are materially correct and include all required disclosures.

Condition: As auditors, we were requested to draft the consolidated financial statements from data provided by the Organization. The data included material misstatements, which, if not corrected through audit adjustments, would have resulted in consolidated financial statements

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that were materially misstated. Additionally, as part of the audit procedures, we identified misstatements relating to the schedule of expenditures of federal awards, which, if not corrected, would have resulted in the schedule of expenditures of federal awards to be materially misstated.

Cause: During the year, there was turnover in the accounting department.

Effect: Material misstatements to the consolidated financial statements and SEFA that may not have been identified without the assistance of auditors.

Recommendation: While this condition is not unusual for an organization with limited staffing, management should be continually aware of financial accounting and reporting requirements. Additional procedures should be developed to ensure that all new or changed grant funding sources are identified and evaluated by management and recorded in the consolidated financial statements when appropriate. Additionally, funding sources and grant documentation should be reviewed to ensure proper identification and inclusion on the SEFA.

Review of Responsible Officials: Management agrees with this finding. Procedures will be developed to ensure proper financial statement adjustments are identified during the year. Additionally, procedures will be established for reviewing the SEFA and grant funding.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

2023-002 Noncompliance and Significant Deficiency in Internal Control over Compliance for Reporting

Health Center Program Cluster
AL No. 93.224 and 93.527
U.S. Department of Health and Human Services
Award No. H80CS00438 and H8FCS40427

Criteria: The Organization is required to submit federal financial reports (SF-425), the UDS Report, and Budget Progress Reports (BPR) in accordance with established requirements and deadlines.

Condition: Two of five reports reviewed were not submitted timely. The SF-425 report for Award No. H80CS00438 was due on 4/30/23 and was submitted on 6/15/23. The SF-425 report for Award No. H8FCS40427 was due on 4/30/23 and was submitted on 7/31/2023.

Cause: During the year, there was turnover in the accounting department.

Effect: Late submission of reports could result in a delay in future federal funding drawdowns.

Questioned costs: n/a

Context: Five reports submitted during the year were selected for testing.

Repeat Finding: 2022-001

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Recommendation: The Organization should review and evaluate grant reporting deadlines for their federal awards and update internal control procedures for reporting.

Views of Responsible Officials: Management agrees with this finding. Management has contracted with an outside vendor/ CPA firm to assist in the regular tracking and reporting of grant-related expenditures. Also, the Organization is in the process of creating the administrative infrastructure which includes new staff, new workflow and processes that are designed to report grant activity monthly which includes the timely submission of all grant related reports

2023-003 Noncompliance and Material Weakness in Internal Control for Procurement, Suspension and Debarment

Health Center Program Cluster
AL No. 93.224 and 93.527
U.S. Department of Health and Human Services
Award No. H80CS00438 and H8FCS40427

Criteria: The Organization is required to create a written procurement, suspension and debarment policy that complies with applicable federal requirements as indicated in 2 CFR 200.318 -200.326 and to follow this policy when procuring goods and services.

Condition: During the testing performed, it was determined that documentation to support quotes, estimates, or closed bids were not maintained prior to entering into contracts. Additionally, documentation was not maintained to support that the vendors were not suspended or debarred.

Cause: The Organization has designed internal controls over these areas; however, the controls did not operate as designed.

Effect: Purchases were made that did not adhere to the Health Organization's procurement, suspension and debarment policy.

Questioned costs: n/a

Context: The Organization did not maintain supporting documentation that management obtained price or rate quotes for purchases above the micro-purchase threshold. In addition, the Health Center did not maintain documentation to support that the vendors were not suspended or debarred, however subsequent testing verified that none of the vendors selected for review were suspended or debarred.

Repeat Finding: n/a

Recommendation: The Organization should review and update the procurement and suspension and debarment policies. Additionally, the Organization should provide training to staff on transactions that are covered by the procurement, suspension and debarment policies.

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Views of Responsible Officials: Management agrees with this finding. Procedures will be developed and staff will be trained to ensure future procurement, suspension and debarment transactions are identified and documentation is maintained to support the evaluation.



CORRECTIVE ACTION PLAN
August 31, 2023

2023-001 Finding Summary: As auditors, we were requested to draft the consolidated financial statements from data provided by the Organization. The data included material misstatements, which, if not corrected through audit adjustments, would have resulted in consolidated financial statements that were materially misstated. Additionally, as part of the audit procedures, we identified misstatements relating to the schedule of expenditures of federal awards, which, if not corrected, would have resulted in the schedule of expenditures of federal awards to be materially misstated.

Responsible Individuals: Andre Stringfellow, Chief Financial Officer

Corrective Action Plan: Procedures will be developed to ensure proper financial statement adjustments are identified during the year. Additionally, procedures will be established for reviewing the SEFA and grant funding.

Anticipated Completion Date: August 2024

2023-002 Finding Summary: Two of five reports reviewed were not submitted timely. The SF-425 report for Award No. H80CS00438 was due on 4/30/23 and was submitted on 6/15/23. The SF-425 report for Award No. H8FCS40427 was due on 4/30/23 and was submitted on 7/31/2023.

Responsible Individuals: Andre Stringfellow, Chief Financial Officer

Corrective Action Plan: Management has contracted with an outside vendor/ CPA firm to assist in the regular tracking and reporting of grant-related expenditures. Also, the Organization is in the process of creating the administrative infrastructure which includes new staff, new workflow and processes that are designed to report grant activity monthly which includes the timely submission of all grant related reports.

Anticipated Completion Date: August 2024

2023-003 Finding Summary: During the testing performed, it was determined that documentation to support quotes, estimates, or closed bids were not maintained prior to entering into contracts. Additionally, documentation was not maintained to support that the vendors were not suspended or debarred.

Responsible Individuals: Andre Stringfellow, Chief Financial Officer



Corrective Action Plan: Procedures will be developed and staff will be trained to ensure future procurement, suspension and debarment transactions are identified and documentation is maintained to support the evaluation.

Anticipated Completion Date: August 2024



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

2022-001 Health Center Program Cluster
Assistance Listing Number (s) 93.224 and 93.527
U.S. Department of Health and Human Services

Type of Finding: Significant Deficiency in Internal Control Over Compliance

Condition: The Organization must timely file its SF-425 Federal Financial Reports for each of its awards.

Status: Management has contracted with an outside vendor/ CPA firm to assist in the regular tracking and reporting of grant-related expenditures. Also, the Organization is in the process of creating the administrative infrastructure which includes new staff, new workflow and processes that are designed to report grant activity monthly which includes the timely submission of all grant related reports.

2022-002 Health Center Program Cluster
Assistance Listing Number (s) 93.224 and 93.527
U.S. Department of Health and Human Services
Award No. H80CS00438

Type of Finding: Significant Deficiency in Internal Control Over Compliance

Condition: The Organization must prepare and apply a sliding fee discount schedule (SFDS) so that the amounts owed for health center services by eligible participants are adjusted based on the patient's ability to pay.

Status: Management has implemented its corrective action plan to address Sliding Fee Discount errors and misapplications. Regular audits and training of Front Desk staff along with a 3rd-Party audit of the program by an outside contractor insures the consistent application of the sliding fee schedule.

Lutz