

APICHA COMMUNITY HEALTH CENTER
REPORT ON THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018
AND SUPPLEMENTARY INFORMATION)

APICHA COMMUNITY HEALTH CENTER

YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Apicha Community Health Center

Report on the Financial Statements

We have audited the accompanying financial statements of Apicha Community Health Center (Apicha CHC) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Apicha CHC as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Apicha CHC's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 12, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 information 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 February 11, 2020, on our consideration of Apicha CHC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Apicha CHC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Apicha CHC's internal control over financial reporting and compliance.

Jackson Friday CPA, LLC

New York, New York

February 11, 2020

APICHA COMMUNITY HEALTH CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
 (With comparative figures for 2018)

ASSETS	2019	2018
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 4,799,197	\$ 3,954,135
Prepaid Expenses	90,363	108,815
Contracts and Grants Receivable, net	2,216,651	1,665,421
Patient Services Receivable, net	322,181	516,314
Health Home Services Receivable	139,698	121,614
Pharmacy and Other Receivables	1,382,740	982,443
Inventory	297,513	252,766
Total Current Assets	9,248,343	7,601,508
<i>Other Non-Current Asset:</i>		
Security Deposits	347,941	332,611
Loan Closing Cost	52,250	58,097
Debt Service Reserve Fund	102,204	102,204
<i>Property and Equipment - Net:</i>		
Office Equipment, Furniture and Fixtures	720,832	534,281
Leasehold Improvements	2,646,125	3,104,740
Construction-in-Progress	5,149,390	4,454,328
Total Property and Equipment	8,516,347	8,093,349
TOTAL ASSETS	\$ 18,267,085	\$ 16,187,769
LIABILITIES AND NET ASSETS		
<i>Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	\$ 1,872,079	\$ 1,968,283
Current Portion of Loans Payable	626,517	496,571
Contract Advances and Deferred Rent	646,809	239,494
Total Current Liabilities	3,145,405	2,704,348
<i>Long-Term Liabilities:</i>		
Long-Term Portion of Loans Payable	795,995	1,414,293
Total Long-term Liabilities	795,995	1,414,293
<i>Net Assets:</i>		
Without Donor Restrictions	14,325,685	12,069,128
With Donor Restrictions	-	-
Total Net Assets	14,325,685	12,069,128
TOTAL LIABILITIES AND NET ASSETS	\$ 18,267,085	\$ 16,187,769

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

APICHA COMMUNITY HEALTH CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(With comparative totals for 2018)

SUPPORT AND REVENUE:	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2019	2018
Contracts and Grants Revenue	\$ 6,645,923		\$ 6,645,923	\$ 8,049,389
Patient Services Revenue, net	3,175,440		3,175,440	2,584,494
Health Home Services Revenue	1,026,028		1,026,028	1,731,366
Pharmacy Revenue, net	7,223,440		7,223,440	4,652,687
Contributions	63,149		63,149	13,420
Special Events, net	53,741		53,741	64,197
Interest and Other Income	527,820		527,820	427,963
<i>Net Assets Released from Restrictions:</i>				
Satisfaction of Program Restrictions	-	-	-	-
TOTAL SUPPORT AND REVENUE	18,715,541	-	18,715,541	17,523,516
EXPENSES:				
Program Activities	13,378,225		13,378,225	11,634,183
Management and General	2,732,411		2,732,411	2,495,277
Fundraising	348,348		348,348	431,707
TOTAL EXPENSES	16,458,984	-	16,458,984	14,561,167
Change in Net Assets	2,256,557	-	2,256,557	2,962,349
Net Assets at Beginning of Year	12,069,128	-	12,069,128	9,106,779
Net Assets at End of the Year	\$ 14,325,685	\$ -	\$ 14,325,685	\$ 12,069,128

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

**APICHA COMMUNITY HEALTH CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019
(With comparative totals for 2018)**

EXPENSES	Program	General	Dev. & Fund	TOTAL	
	Activities	& Admin.	Raising	2019	2018
Salaries	\$ 6,741,427	\$ 541,800	\$ 39,624	\$ 7,322,851	\$ 7,004,171
Fringe Benefits	1,943,036	156,160	11,421	2,110,617	1,995,516
Consultants	527,835	746,616	171,587	1,446,038	1,186,066
Space	1,785,309	368,549	23,838	2,177,696	1,728,842
Cleaning, Maintenance and Service Contracts	66,200	175,026	4,923	246,149	216,301
Telephone, Postage and Internet	105,414	133,334	20,577	259,325	241,061
Equipment Lease and Rental	7,696	56,435	2,798	66,929	36,853
Consumable Supplies and Printing	1,052,076	65,774	13,788	1,131,638	506,927
Membership, Health Home & Others	46,093	56,419	105	102,617	154,782
Insurance	22,055	67,621	-	89,676	86,746
Food Pantry Bags/Voucher	47,838	-	-	47,838	71,876
Client Outreach and Advertising	100,108	34,866	39,154	174,128	140,857
Conference and Staff Development	32,222	86,850	130	119,202	84,904
Travel	62,434	13,636	1,319	77,389	100,351
Depreciation	443,972	160,323	12,333	616,628	615,173
Loan Interest Expenses	79,131	6,554	-	85,685	114,045
Other Expenses	315,379	62,448	6,751	384,578	276,696
Total Expenses	\$ 13,378,225	\$ 2,732,411	\$ 348,348	\$ 16,458,984	\$ 14,561,167

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

APICHA COMMUNITY HEALTH CENTER
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(With comparative figures for 2018)

CASH FLOWS FROM OPERATIONS	2019	2018
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 2,256,557	\$ 2,962,349
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Items Not Requiring Cash - Depreciation, Amortization and Retirements	616,628	615,173
Decrease/(Increase) in Prepaid Expenses	18,452	89,333
Decrease/(Increase) in Contracts and Grants Receivable	(551,230)	(411,441)
Decrease/(Increase) in Patient Services Receivable	194,133	(241,741)
Decrease/(Increase) in Health Home Services Receivable	(18,084)	145,712
Decrease/(Increase) in Pharmacy and Other Receivables	(400,297)	195,167
Decrease/(Increase) in Inventory	(44,747)	(92,187)
Increase in Security Deposits	(15,330)	(59,070)
(Decrease)/Increase in Accounts Payable and Accrued Expenses	(96,204)	491,492
(Decrease)/Increase in Contract Advances and Deferred Rent	407,315	58,820
<i>Net Cash Provided/(Used) By Operations</i>	2,367,193	3,753,607
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Additions to Furniture and Equipment and Leasehold Improvements	(1,042,693)	(4,544,917)
<i>Net Cash (Used) By Investment Activities</i>	(1,042,693)	(4,544,917)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Lease Financing Obligations	-	(18,007)
Repayment of Long Term Loans	(485,285)	(559,667)
Loan Closing Cost	5,847	24,462
<i>Net Cash (Used)/Provided By Financing Activities</i>	(479,438)	(553,212)
Change in Cash and Cash Equivalents	845,062	(1,344,522)
Cash and Cash Equivalents at Beginning of Year	3,954,135	5,298,657
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$ 4,799,197	\$3,954,135
Supplemental Information:		
Interest Paid	85,685	114,045
Noncash Transactions		
Donated Property and Equipment	-	-

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

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 1. ORGANIZATION PURPOSE AND OPERATIONS

Apicha Community Health Center’s (Apicha CHC) mission is to improve the health of our community and to increase access to comprehensive primary care, preventive health services, mental health and supportive services. Apicha CHC is committed to excellence and providing culturally competent services that enhance the quality of life. Apicha CHC advocates for and provides a welcoming environment for underserved and vulnerable people, especially Asians & Pacific Islanders, the Lesbian, Gay, Bisexual, Transgender (LGBT) community and individuals living with and affected by HIV/AIDS.

Apicha CHC, formerly Asian and Pacific Islander Coalition on HIV/AIDS, Inc., was founded in 1989 and organized as a nonprofit corporation on December 29, 1992, under the laws of the State of New York, but commenced operations as an independent entity effective January 1, 1994. It is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code. Its founders worked with Native American leaders to disaggregate “Asians and Pacific Islanders” (A&PIs) and “Native Americans” from an “Other” category in HIV/AIDS surveillance data.

Since that time, Apicha CHC has evolved into a community health center and earned a designation as a Federally Qualified Health Center (FQHC) in 2015. In addition, Apicha CHC is recognized as a Level 3 Physician Practice Connections – Patient-Centered Medical Home (PPC-PCMH) by the National Committee on Quality Assurance, the highest level attainable for a physician practice. Throughout this evolution, Apicha CHC made it a priority to continue to serve its target populations.

The patient service model Apicha CHC uses today was developed when the agency was exclusively providing comprehensive HIV/AIDS services. This delivery model was designed to remove some of the most challenging barriers to care faced by medically underserved and marginalized Asians and Pacific Islanders and other communities such as immigrants and LGBT individuals.

Apicha CHC’s comprehensive services are comprised of: 1) Medical Services, including General Primary Care, embedded short-term Mental Health Services, HIV Primary Care, Transgender Health Clinic, Sexual Health Services, Anal Cancer Screening & Prevention, and Substance Use Disorder Screening and Treatment; 2) Support Services, including HIV Support (Care Coordination and Nutrition Education), Transgender Health Support, PrEP/PEP Support, Medical Case Management, Health Home Care Management Services for people with Chronic Diseases and Serious Mental Illness; 3) Prevention Services, including HIV/STI Prevention (HIV/STI/HEP C Screening, HIV Risk Reduction Counseling and Workshops, Navigation to Care, Targeted Client Recruitment, In-Person and Digital Community Health Education and LGBT Sensitivity

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 1. ORGANIZATION PURPOSE AND OPERATIONS (CONT'D.)

Training), API LGBT Mentorship, API LGBT Health Workshop and support groups, SNAP Enrollment assistance and Insurance Market Place/ In-Person Assistance.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Apicha CHC have been prepared on the accrual basis of accounting and conform to generally accepted accounting principles as applicable to nonprofit organizations. Under the accrual basis of accounting, expenses are recognized when incurred and revenues are recognized when earned. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Contributions

Contributions received are recorded in two classes: without donor restrictions or with donor restrictions, depending on the existence or nature of any donor's restriction.

All donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Grants and Contracts

Federal, state, city and other grant and contract awards received for specific purposes are recognized as support to the extent of the related expenses incurred in compliance with the specific restrictions. The unexpended funds are reported as contract advances.

Patient Services Revenue

Patient services revenue is reported at estimated net realizable amounts from patients, third party payors and others for services rendered. Self pay revenue is recorded at published charges with charitable allowances deducted to arrive at net self pay revenue. Medicaid and Medicare revenue are reimbursed to Apicha CHC at the net reimbursement rates as determined by each program. Reimbursement rates are subject to revisions under the provisions of reimbursement regulations. Adjustments for such revisions are recognized in the fiscal year incurred. All other patient services revenue is recorded at published charges with contractual allowances deducted to arrive at net patient revenue.

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Patient Services Revenue (Cont'd.)

Apicha CHC provides care to patients who meet certain criteria under charity care policy without charge or at amounts less than its established rates. Charity care services are computed using a sliding fee scale based on patient income and family size. Because Apicha CHC does not expect to collect amounts determined to qualify as charity care, a full write off is taken against revenue. Apicha CHC estimates the level of charity care for the years ended June 30, 2019 and 2018 to be approximately \$1,215,000 and \$849,000, respectively.

Patient accounts receivable is reduced by an allowance for doubtful accounts when applicable. In evaluating the collectability of patient accounts receivable, Apicha CHC analyzes its history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third party coverage, Apicha CHC analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), Apicha CHC records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates or the discounted rates provided by Apicha CHC's policy and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Pharmacy receivable and revenue

Apicha CHC participates in Section 340B of the Public Health Service Act (PHS Act), *Limitation on Prices of Drugs Purchased by Covered Entities*. Participation in this program allows Apicha CHC to purchase pharmaceuticals at discounted rates for prescriptions to eligible patients. Pharmacy revenue is generated through the pharmacy and 340B program that the organization operates through an agreement with a third party (see Note 10). Under this program, Apicha CHC uses the third party as its agent for the purposes of operating and managing the pharmacy and providing pharmacy services. Apicha CHC recognized gross pharmacy revenue of \$19,771,000 and \$14,071,000 for the years ended June 30, 2019 and 2018, respectively.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Apicha CHC classifies cash on hand and checking accounts, as well as other highly liquid debt securities with original maturities of 90 days or less, as cash equivalents.

Inventory

Inventory consists of supplies and drugs associated with the 340B Pharmacy program and is stated at the lower of cost (first-in, first-out) or market.

Fair Value of Financial Instruments

The Apicha CHC's material financial instruments at June 30, 2019 for which disclosure of estimated fair value is required by certain accounting standards consists of cash and cash equivalents, contracts and grants receivable, patient services receivable, health home services receivable, pharmacy and other receivables, accounts payable and accrued expenses, contract advances and deferred rent, and loans payable. The fair values of cash and cash equivalents, contracts and grants receivable, patient services receivable, health home services receivable, pharmacy and other receivables, accounts payable and accrued expenses, contract advances and deferred rent approximates their carrying values because of their liquidity and short-term nature. Management believes that the fair value of loans payable does not differ materially from its aggregate carrying value in that substantially all of the obligation bears an interest rate that is based on market rates or interest rates that are periodically adjustable to rates that are based on market rates.

Operating Indicator

The statement of activities includes change in net assets without donor restrictions, which is deemed by Apicha CHC to be its operating indicator.

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Expense Recognition and Functional Allocation of Expenses

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Occupancy, depreciation, and amortization, and interest are allocated based on the square footage occupied by the programs and supporting activities.
- Telephone and internet services, insurance, and supplies and other expenses that cannot be directly identified are allocated on the basis of the proportion of expenses for each program and supporting activity.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities.

Change in Accounting Principles

The organization implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- Unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (Note 3).

The effect that the changes had on net assets at June 30, 2018 was that temporarily restricted net assets was renamed net assets with donor restrictions while unrestricted net assets was renamed net assets without donor restrictions.

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Property and Equipment

Apicha CHC follows the practice of capitalizing all expenditures for furniture and equipment and computers in excess of \$5,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Furniture and Fixtures, Computer Software, and Office Equipment have been assigned estimated useful lives of 5 to 7 years.

Leasehold Improvements

Leasehold improvements are amortized over the shorter of their useful life or term of the related lease. Included in leasehold improvements schedule below is \$5,149,390 and \$4,454,328 of amounts considered as construction in progress at June 30, 2019 and June 30, 2018, respectively, for costs incurred specific to interior renovations at new office location in Jackson Heights, Queens, New York. See Note 14 for additional disclosure. Below is the asset and depreciation cost summary:

	<u>Leasehold Improvements</u>	<u>Computer Software & Office Equipment</u>	<u>Furniture & Fixtures</u>	<u>Total</u>
Cost:				
Balance, Beginning of Year	\$10,388,321	\$ 984,671	\$ 382,165	\$11,755,157
Additions	<u>860,787</u>	<u>42,126</u>	<u>139,780</u>	<u>1,042,693</u>
Total, End of Year	<u>11,249,108</u>	<u>1,026,797</u>	<u>521,945</u>	<u>12,797,850</u>
Accumulated Depreciation:				
Balance, Beginning of Year	2,881,889	622,033	160,953	3,664,875
Charge for the year	<u>433,522</u>	<u>166,701</u>	<u>16,405</u>	<u>616,628</u>
Total, End of Year	<u>3,315,411</u>	<u>788,734</u>	<u>177,358</u>	<u>4,281,503</u>
Net Properties & Equipment	<u>\$ 7,933,697</u>	<u>\$ 238,063</u>	<u>\$ 344,587</u>	<u>\$8,516,347</u>

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 are:

Financial assets:	
Cash and cash equivalents	\$4,799,197
Contract and grants receivable, net	2,216,651
Patient services receivable, net	322,181
Health home services receivable	139,698
Pharmacy and other receivables	1,382,740
Inventory	297,513
Security deposits	<u>347,941</u>
Total financial assets	9,505,921
Less financial assets not available within one year:	
Security deposits	<u>(347,941)</u>
Amounts available for general expenditures within one year	<u>\$ 9,157,980</u>

Apicha CHC routinely monitors the availability of resources required to meet contractual commitments and its general operating needs, and strives to maintain liquid financial assets sufficient to cover between 30 and 60 days of general expenditures. Management presents days' cash on hand metric as part of its financial performance ratios to the Board of Directors monthly. From time to time, subject to collection of certain accounts receivable, available financial assets may exceed 60 days' cash requirements, this excess cash is maintained as part of Apicha CHC's operating bank balances.

For purposes of analyzing resources available to cover general expenditures to be incurred within a 12-month period, Apicha CHC considers all expenditures related to its ongoing mission of providing health care services to the surrounding medically underserved population as well as the underlying cost of conducting and supporting these services to be general operating expenditures.

In addition to financial assets available to cover general expenditures in the next 12 months, Apicha CHC attempts to operate within its approved balanced budget, one that is built on Apicha CHC collecting sufficient revenue required to cover general expenditures.

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 4. PATIENT SERVICES RECEIVABLE, NET

Patient services receivable, net consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Medicare	\$ 17,283	\$ 21,189
Medicaid	401,749	541,944
Private Insurance	209,270	152,599
ADAP (511)	101,766	103,835
Primary – Self Pay (STD, SELF, HIV)	<u>149,192</u>	<u>18,788</u>
	879,260	838,355
Less Allowance for Doubtful Accounts	<u>(557,079)</u>	<u>(322,041)</u>
Total	<u>\$ 322,181</u>	<u>\$ 516,314</u>

NOTE 5. CONTRACTS AND GRANTS RECEIVABLE, NET

Contracts and grants receivable balances at June 30, 2019 and 2018, respectively represent primarily, uncollected contract service billings from various Federal, State and City governmental agencies net of allowances as follows:

	<u>2019</u>	<u>2018</u>
NYS-Department of Health-LGBT	\$ 57,076	\$ 40,954
NYS-Department of Health-IPA/Naviagtor	150,662	105,745
NYSAIDS Institute (HIV/STI/Hep C Prevention)	60,845	45,432
PHS-RW HIV/AIDS TE Act of 2009-Case Management	325,771	88,079
NYS-AIDS Institute (MSA/CDI)	175,461	144,821
NYS-AIDS Institute (Nutrition Health Education)	27,864	81,890
NYS-AIDS Institute (Transgender Health Care Services)	94,012	54,271
Hunger Solutions (NOEP)	31,306	30,417
RW HIV/AIDS TE Act of 2009-Primary Care EIS Clinic	79,375	52,892
RW HIV/AIDS TE Act of 2009-Care Coordination	-	20,156
US DHHS HRSA 330	125,766	90,706
NYC Council	189,242	25,600
PHS-EBP & PHS CCP Outreach & Education	157,018	125,942
NYS-AIDS Institute PrEP & PrEP Services in General	84,373	61,803
NYS DOH Capital Restructuring Finance Program	762,000	713,989
NYC Economic Development Corporation Capital	-	93,000
Other	<u>11,636</u>	<u>5,480</u>
	2,332,407	1,781,177
Allowance for Doubtful Accounts	<u>(115,756)</u>	<u>(115,756)</u>
Total	<u>\$2,216,651</u>	<u>\$1,665,421</u>

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 6. CONTRACT ADVANCES

Contract advances consist of unexpended grant awards for various program activities. At June 30, 2019 and 2018, Contract advances aggregate \$307,000 and \$93,158, respectively.

NOTE 7. CONTRACTS AND GRANTS REVENUE

Contracts and grants revenue are derived pursuant to annual program service contracts entered into with the various governmental and pass-through agencies. Contract revenues are recognized ratably, over the contractual period or as the services are performed. Contracts and grants revenue consists of the following:

<u>Source</u>	<u>2019</u>	<u>2018</u>
NYS-AIDS Institute (MSA/CDI)	\$ 463,239	\$ 501,341
NYS-AIDS Institute (Nutrition Health Education)	192,563	255,348
RW HIV/AIDS TE Act of 2009-Primary Care EIS Clinic	419,018	467,628
NYS-AIDS Institute (HIV/STI/Hep C Prevention & Related Services for Gay Men/MSM)	188,625	198,322
NYS-AIDS Institute (PREP)	45,400	51,937
NYS Department of Health-LGBT	139,747	142,865
NYS Department of Health-IPA/Navigator	503,953	437,776
NYS Department of Health-THCS	199,636	215,871
PHS-RW HIV/AIDS TE Act of 2009-Care Coordination	1,427,198	1,361,501
US DHHS 330	930,492	1,022,548
Hunger Solutions-NOEP	74,776	69,665
NYS-AIDS Institute (PrEP Services in General)	196,413	200,543
PHS-Evidence Based Prevention	405,985	359,890
PHS- CCP Outreach and Education	139,102	67,187
NYS DOH Capital Restructuring Finance Program	762,000	2,466,022
NYC Economic Development Corporation Capital	-	193,000
General and Administration/Other Programs	<u>557,776</u>	<u>37,945</u>
Total	<u>\$6,645,923</u>	<u>\$8,049,389</u>

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 8. PATIENT SERVICES REVENUE

Apicha CHC recognizes patient services revenue associated with services provided to patients who have Medicaid, Medicare, third-party payor and managed care plans coverage on the basis of contractual rates for services rendered. For uninsured patients that do not qualify for charity care, Apicha CHC recognizes revenue on the basis of its standard rates for services provided or on the basis of discounted rates, if negotiated or provided by policy. On the basis of historical experience, a significant portion of Apicha CHC’s uninsured patients will be unable or unwilling to pay for the services provided. Thus, Apicha CHC records a significant provision for bad debts related to uninsured patients in the period the services are provided. Net patient services revenue consists of the following:

	<u>2019</u>	<u>2018</u>
Medicaid Revenue	\$ 1,684,326	\$ 1,597,475
Medicare Revenue	29,214	14,885
ADAP Revenue	1,026,005	676,526
Private Insurance	254,704	188,092
Primary Care – STD (Self Pay: Sliding Scale)	<u>181,191</u>	<u>107,516</u>
Patient Services Revenue, net	<u>\$ 3,175,440</u>	<u>\$ 2,584,494</u>

NOTE 9. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consist of program funds that are available for future program activities. At June 30, 2019 and 2018, there were no net assets with donor restrictions.

NOTE 10. PROGRAMS

Apicha Community Health Center’s principal programs and their acronyms comprise of and are captioned according to funding sources as follows:

FEDERAL

Ryan White HIV/AIDS Treatment Extension Act of 2009, Part A

Passed through New York City Department of Health and Mental Hygiene via Public Health Solutions of New York City.

- Care Coordination Program: Provides medical care coordination, patient navigation and treatment adherence education to patients living with HIV/AIDS at Apicha CHC.

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 10. PROGRAMS (CONT'D.)

Ryan White HIV/AIDS Treatment Extension Act of 2009, Part C

Funded by Health Resource and Service Administration (HRSA), Department of Health and Human Services

- Early Intervention Services: Provides ambulatory HIV primary medical care to the Ryan White Program eligible individuals living with HIV/AIDS.

Ryan White HIV/AIDS Treatment Extension Act of 2009, Part B

Passed through New York State AIDS Institute.

- Nutrition Education Program: Food pantry, Food Voucher, Individual and group education as well as RD counseling for Ryan White Program eligible individuals living with HIV/AIDS.

Human Resources and Services Administration, Section 330 Grant

- Funding to support the delivery of comprehensive, culturally competent, high-quality primary health care services.

NEW YORK STATE

New York State Department of Health, AIDS Institute

- MSA/CDI: Provides an array of HIV services: Targeted client recruitment, HIV/STI screening, Navigation, HIV education presentations, in lower Manhattan. Also it provides community mobilization activities and digital marketing to strengthen HIV work in target communities.
- HIV/STI/Hep C Prevention and Related Services for Gay Men/MSM: The program is designed to address barriers to accessing HIV/STI/Hepatitis C prevention and related services among Asian and Pacific Islander (A&PI) gay men/MSM and other community of color at high risk for HIV/STI/Hepatitis C infections and their partners regardless of race/ethnicity. The services provided include HIV/STI/Hep C screening and navigation assistance to find necessary medical, support and preventive services, including PrEP and PEP.

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 10. PROGRAMS (CONT'D.)

- Health and Human Services for Lesbian, Gay, Bisexual and Transgender (LGBT) Individuals: LGBT general health education contract funds life skills workshops to adult A&PI LGBT individuals, mentorship to young A&PI LGBT individuals, Support Group, and sensitivity training to providers on LGBT issues as well as A& PI issues.
- Nutrition Health Education: Nutrition Services for persons living with HIV/AIDS in the NYC region. Nutrition Health Education and Food and Meal Services are intended to focus on the development and implementation of effective Nutrition Health Education that empowers people living with HIV/AIDS to learn, practice and apply self-management skills needed to achieve optimal health outcomes.
- Pre-Exposure Prophylaxis (PrEP) Services for General and in HIV Primary Care Setting: Offers supportive services to overcome barriers by creating a supportive PrEP services team. Staff is responsible for targeted outreach, recruitment, and ensuring PrEP patients remain adherent to PrEP. The target for this program is high-risk-for-HIV-infection MSM.
- Transgender Health Care Services (THCS): The program is designed to address barriers to accessing and retention of medical care services, with focus on reducing HIV infection among transgender and gender nonconforming people at high risk for HIV infections regardless of race/ethnicity.

New York State Department of Health

- In Person Assistors and Navigators: Consumer Assistance for the New York State Health Benefit Exchange: Provide in person assistance in community-based locations and enroll into NY Health Benefit Exchange and Medicaid.

Hunger Solutions New York

- Nutrition Outreach and Education Program (NOEP): Apicha CHC's NOEP Coordinator helps applicants gather documents necessary for, fill out and send in a SNAP application at client's home, in person or over-the phone assistance, works with local government offices to ensure that each application is processed correctly, and refers households to other nutrition assistance programs and community resources. Target is low-income New York City residents.

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 10. PROGRAMS (CONT'D.)

NEW YORK CITY

**New York City Department of Health and Mental Hygiene (DOHMH) via
Public Health Solutions (PHS)**

- Evidence-Based Interventions to Support Biomedical Prevention in Clinical Setting: Offers supportive services to overcome barriers by creating a supportive PrEP services team. Staff is responsible for targeted recruitment, and ensuring PrEP patients remain adherent to PrEP and PEP. The target for this program is low-income, high-risk-for-HIV-infection MSM residing in New York City.

New York City Council

- New York City Council Discretionary Funding to support the provision of comprehensive health services and specifically conduct community health education. This funding included funding from the Access Health, End the HIV/AIDS Epidemic, and Viral Hepatitis initiatives, as well as funding for projects in individual boroughs and city council districts.

340B Pharmacy

- In November 2015, Apicha CHC entered into an administrative services agreement with Maxor National Pharmacy Services, LLC (Maxor) to provide qualified pharmacy administrative services in connection with its in house pharmacy, located at 400 Broadway, New York. However, the effective date of agreement was the date immediately following completion of renovation to Apicha's facility and receipt of all necessary regulatory approvals. Under the agreement, Maxor loaned \$500,000 to Apicha CHC for pharmacy space construction and equipment, purchase of initial pharmaceutical inventory, and certain salary and other costs needed to operationalize the program. The term of this loan is sixty (60) months through January 2022, and requires monthly installments of \$8,333.

NOTE 11. CONTRACT CONTINGENCIES

A substantial portion of the organization's total revenue is derived pursuant to contracts with Federal, State and City government agencies. The ultimate determination of income recognizable and reimbursable under these contracts generally is based upon allowable costs as audited by the various agencies. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount claimed and received in excess of allowable costs. However, in management's opinion, such audits will not have material effect on the financial statements of the organization.

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 12. TERM LOAN AND REVOLVING LINE OF CREDIT

Loan #1: Due to relocation, on October 26, 2006, Apicha CHC secured a long term loan from Citibank for one million five hundred thousand dollars (\$1,500,000) to finance leasehold improvement expenditures with respect to the new office under renovation at 400 Broadway, New York City. The original maturity date was April 30, 2010 and bore interest at a fixed rate of 7.11%. In addition, Apicha CHC's line of credit arrangement with Citibank was raised to three hundred fifty thousand dollars (\$350,000) to provide for seasonal working capital needs. Amount borrowed on this line of credit bear interest at an annual rate equal to the bank's base rate plus .25% and the line of credit was fully drawn down.

Citibank sold Apicha CHC's loan and line of credit to Briar Meads SPV V LLC (BMS) on December 6, 2013 in the amount of \$995,908. The Note required monthly payments of \$16,979 commencing on March 1, 2014 to be fully repaid no later than February 1, 2020 and bore a variable interest rate of Prime Rate plus 3.75%. On July 24, 2014, Apicha CHC refinanced the BMS loan with Primary Care Development Corporation (PCDC). The loan maturity date is July 31, 2021, bearing a fixed interest rate of 5.5% and is secured by a security interest in the Gross Receipts, Chattels, Improvements and Intangibles.

There were \$348,230 and \$489,723 loan/line of credit balances outstanding on Loan # 1 at June 30, 2019 and 2018, respectively.

Loan #2: On June 17, 2018, Apicha CHC secured a second long term loan with PCDC, for one million six hundred thousand dollars (\$1,600,000) to finance a renovation project and leasehold improvement expenditures with respect to the first floor and basement at 400 Broadway, New York City. As of June 30, 2018, Apicha CHC made an initial draw down in the amount of \$665,000, the remaining balance of the loan was drawn upon completion of the construction in March 2019. The loan bears interest at a fixed interest rate of 6.25%, provided for interest only payments on the initial borrowing for the first six months, and requires monthly repayments of \$34,068 effective March 1, 2019. The loan maturity date is June 30, 2021, and is secured by a security interest in the Gross Receipts, Chattels, Improvements and Intangibles, excluding equipment funded through NYC EDC grant.

There were \$807,011 and \$1,162,809 loan/line of credit balances outstanding on Loan # 2 at June 30, 2019 and 2018, respectively.

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 12. TERM LOAN AND REVOLVING LINE OF CREDIT (CONT'D.)

Interest expenses aggregate \$85,685 and \$114,045 for the years ended June 30, 2019 and 2018, respectively. The following is the maturities of the long-term loans as of June 30, 2019:

<i>Fiscal Year</i>	
2020	\$ 618,298
2021	650,453
2022	<u>153,761</u>
	<u>\$1,422,512</u>

NOTE 13. PENSION AND RETIREMENT PLAN

In 1998, Apicha CHC sponsored a defined contribution retirement savings plan under Section 403 (b) for all employees. The plan's Custodian is Nationwide Mutual Insurance Company (The Plan Administrator) and funded through investments in mainly mutual funds at the direction of each contributing employee. Employee contributions are voluntary and are made on pre-tax basis. Employer contributions are a percentage of scale wages, as defined in the 403(b) Adoption Agreement, and are discretionary. Pension expenses amount to \$210,000 for the years ended June 30, 2019 and 2018, respectively.

NOTE 14. LEASE COMMITMENTS

On May 30, 2006, Apicha CHC entered into a ten (10) year lease agreement with five (5) year renewal option with 400 Broadway Associates, LP, (Term: 8/1/06 to 9/30/16) for the entire building known as 400 Broadway, New York City. Apicha CHC has exercised the renewal options with the lease expiration date now extended to September 30, 2031.

In September 2016, Apicha CHC entered into a lease agreement with 82-11 37th Street, LLC for an additional clinic space. The second facility, located in Jackson Heights in Queens, New York, will provide Apicha CHC with a 14,730 square feet of space to expand their primary care and mental health services, and also to expand into dental and pediatric services.

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 14. LEASE COMMITMENTS (CONT'D.)

Additionally, in June 2018, Apicha CHC entered into a construction contract for renovation and improvement of the interior space in Jackson Heights. The original construction contract amount was \$3,124,000 and management anticipates renovations will be completed and facility fully operational in the winter of 2020. Although, this construction contract was substantially complete as of June 30, 2019, the timing delays associated with the building inspections and final authorizations for occupancy have prevented Apicha CHC from putting the building into operation.

The term of the facility lease agreement is fifteen (15) years with two five (5) year renewal options. At lease inception, Apicha CHC made a deposit payment representing two months' rent (\$138,200) plus a pre-payment for the first month's rent expense. Under the terms of the agreement, the Landlord was required to perform pre-construction work, essentially demolishing the existing interior. Further, the commencement of actual monthly rental payments is nine (9) months following the completion date of the Landlord's work thus providing Apicha CHC the time for planned renovation and build out work of the space. Actual monthly rental payments started on December 1, 2018, and the first anniversary of the lease year will become each successive twelve (12) month period thereafter. Rental expense of \$986,000 was incurred for this facility during the year ended June 30, 2019.

The following is a schedule of future minimum lease payments under operating leases as of June 30, 2019:

<i>Fiscal Year</i>	<i>Operating Lease Space</i>
2020	\$ 1,594,780
2021	1,594,780
2022	1,638,321
2023	1,712,446
2024	1,740,592
Thereafter	<u>16,579,591</u>
	<u>\$24,860,510</u>

Total Rental expenses incurred by Apicha CHC at the two office locations were \$2,053,647 and \$1,599,151 during the years ended June 30, 2019 and 2018, respectively.

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

NOTE 15. CONCENTRATION OF CREDIT RISK

Apicha CHC maintains its cash in bank deposit accounts in a single financial institution which, at times, exceed federally insured limits. Although the amounts exceed the FDIC insured limit at June 30, 2019, Apicha CHC regularly monitors the health of the institution and has not experienced any losses in such accounts.

NOTE 16. RECLASSIFICATION

Certain prior year's amounts have been reclassified to conform to current year's presentation.

NOTE 17. UNCERTAIN TAX POSITION

Management has analyzed the tax positions taken and has concluded that as of June 30, 2019, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. Apicha CHC is subject to routine audits by taxing jurisdiction up to three years from the extended due date of each return; however, there are currently no ongoing audits.

NOTE 18. IMPAIRMENT OF LONG-LIVED ASSETS

Apicha CHC reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing a review for impairment, Apicha CHC compares the carrying value of the assets with their estimated future undiscounted cash flows. If it is determined that impairment has occurred, the loss would be recognized during that period. The impairment loss is calculated as the difference between the asset's carrying value and the present value of estimated net cash flows or comparable market values, giving consideration to recent operating performance and pricing trends. Apicha CHC does not believe that any material impairment currently exists related to its long-lived assets.

NOTE 19. SUBSEQUENT EVENT

Apicha CHC evaluated subsequent events through February 11, 2020, which is the date the financial statements were available to be issued and concluded that no additional disclosures were required.

APICHA COMMUNITY HEALTH CENTER

**THE SINGLE AUDIT UNDER THE UNIFORM
GUIDANCE**

SUPPLEMENTARY SCHEDULE

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**APICHA COMMUNITY HEALTH CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS
YEAR ENDED JUNE 30, 2019**

FUND CODE	FEDERAL GRANTOR/PASS THROUGH AGENCY	PROGRAM DESCRIPTION	CONTRACT #	CFDA #	CONTRACT PERIOD	CONTRACT AMOUNTS	TOTAL FEDERAL EXPENDITURE
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
345	NYS Department of Health - New York Health Benefit Exchange	In person Assistors for NY Health Benefit Exchange	C028897	93.778	10/01/17-09/30/18	500,000	49,815
345	NYS Department of Health - New York Health Benefit Exchange	In person Assistors for NY Health Benefit Exchange	C028897	93.778	10/01/18-4/30/19	291,667	100,877
345	NYS Department of Health - New York Health Benefit Exchange	In person Assistors for NY Health Benefit Exchange	C028897	93.778	5/1/19-7/31/19	125,000	26,858
345	NYS Department of Health - New York Health Benefit Exchange	In person Assistors for NY Health Benefit Exchange	C028897	93.767	10/01/17-09/30/18	500,000	8,442
345	NYS Department of Health - New York Health Benefit Exchange	In person Assistors for NY Health Benefit Exchange	C028897	93.767	10/01/18-4/30/19	291,667	17,096
345	NYS Department of Health - New York Health Benefit Exchange	In person Assistors for NY Health Benefit Exchange	C028897	93.767	5/1/19-7/31/19	125,000	4,552
							207,640
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
335	RYAN WHITE III - HRSA/EIS CI	Early Intervention Services	H76-HA-00759-16	93.918	04/01/18-03/31/19	441,769	315,584
335	RYAN WHITE III - HRSA/EIS CI	Early Intervention Services	H76-HA-00759-17	93.918	04/01/19-03/31/20	441,769	104,378
							419,962
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
340	RYAN WHITE I-PHS CARE COORDINATION	Medical Case Management	09-MCM-582	93.914	03/01/18-02/28/19	1,306,138	873,154
340	RYAN WHITE I-PHS CARE COORDINATION	Medical Case Management	09-MCM-582	93.914	03/01/19-04/30/19	211,129	211,129
340	RYAN WHITE I-PHS CARE COORDINATION	Care Coordination services for People Living with HIV in NYC	19-CCR-582	93.914	05/01/19-02/29/20	1,105,621	235,863
							1,320,146
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
445	Nutrition Health Education	Food and Meal Servies for Persons Living with HIV/AIDS	5619-02	93.917	04/01/18-03/31/19	250,000	165,043
445	Nutrition Health Education	Food and Meal Servies for Persons Living with HIV/AIDS	5619-03	93.917	04/01/19-03/31/20	250,000	37,532
							202,575
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
330	DHHS HRSA Health Center Program	Health Center Program	15H80CS29016-04	93.527	6/1/2018-5/31/2019	1,173,607	870,862
330	DHHS HRSA Health Center Program	Health Center Program	15H80CS29016-05	93.527	6/1/2019-5/31/2020	1,106,557	60,109
							930,971
UNITED STATES DEPARTMENT OF AGRICULTURE							
470	U.S. Department of Agriculture Passed Through OTDA	Nutrition Outreach and Education Program (NOEP)	TDA01-C00001GG-3410000	10.561	7/1/18-6/30/19	70,000	36,638
							36,638
TOTAL EXPENDITURE OF FEDERAL AWARDS							\$ 3,117,932

**APICHA COMMUNITY HEALTH CENTER
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Apicha CHC under programs of the federal government for the year ended June 30, 2019. 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 SEFA presents only a selected portion of the operations of Apicha CHC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Apicha CHC.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on SEFA are presented 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. Negative amounts, if any, shown on SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

Apicha CHC has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. CLUSTER OF PROGRAMS

Cluster of Programs means Federal programs with different CFDA numbers that are defined as a cluster because they are closely related programs that share common compliance requirements and therefore considered one program for major program determination.

NOTE 5. MAJOR PROGRAMS

There were two (2) major federal programs identified or referenced in the financial statements in accordance with the Uniform Guidance.

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**INDEPENDENT AUDITOR'S 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**

To the Board of Directors
Apicha Community Health Center

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Apicha Community Health Center (Apicha CHC) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 11, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Apicha CHC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Apicha CHC'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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.

**INDEPENDENT AUDITOR’S 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**

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Apicha CHC’s 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Jackson Friday CPA, LLC
New York, New York
February 11, 2020

Jackson Friday CPA, LLC
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Apicha Community Health Center

Report on Compliance for Each Major Federal Program

We have audited Apicha Community Health Center (Apicha CHC)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Apicha CHC's major federal programs for the year ended June 30, 2019. Apicha CHC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Apicha CHC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Apicha CHC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Apicha CHC's compliance.

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Opinion on Each Major Federal Program

In our opinion, Apicha CHC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Apicha CHC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Apicha CHC’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Apicha CHC’s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Jackson Friday CPA, LLC
New York, New York
February 11, 2020

**APICHA COMMUNITY HEALTH CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Summary of Auditor's Results

SECTION I

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- ◆ Material weakness(es) identified _____ yes X no
- ◆ Significant deficiency(ies) identified that are not considered to be material weaknesses _____ yes X none reported

Noncompliance material to financial statements noted _____ yes X no

Federal Awards

Internal control over major programs:

- ◆ Material weakness(es) identified _____ yes X no
- ◆ Significant deficiency(ies) identified that are not considered to be material weakness(es) _____ yes X none reported

Type of auditor's 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) of the Uniform Guidance _____ yes X no

**APICHA COMMUNITY HEALTH CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.917	HIV Care Formula Grants
93.527	Grants for New and Expanded Services under Health Center Program

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

Auditee qualified as low-risk? _____ X _____ yes _____ no

1. FINDINGS RELATING TO THE FINANCIAL STATEMENTS

There were no material findings.

2. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no material findings or questioned costs.

**APICHA COMMUNITY HEALTH CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

FINDINGS RELATING TO COMPLIANCE REQUIREMENTS

-NONE-

FINDINGS RELATING TO INTERNAL CONTROL

-NONE-

**APICHA COMMUNITY HEALTH CENTER
SCHEDULE OF AUDITOR FOLLOW-UP ON PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2019**

There were no prior year findings that required follow-up action procedures.