

**APICHA COMMUNITY HEALTH CENTER  
REPORT ON THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014  
(WITH COMPARATIVE TOTALS FOR 2013  
AND SUPPLEMENTARY INFORMATION)**

**APICHA COMMUNITY HEALTH CENTER**

**YEAR ENDED JUNE 30, 2014**

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**INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Apicha Community Health Center  
400 Broadway  
New York, NY 10013

**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, 2014, and the related statements of activities 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, 2014, 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 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 3, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, 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 schedules of functional expenses and contributions were presented for purposes of additional analysis and are not required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

New York, New York  
December 3, 2014

*Jackson Friday CPA, LLC*

**APICHA COMMUNITY HEALTH CENTER  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2014  
(With comparative figures for 2013)**

<b>ASSETS</b>	<b>2014</b>	<b>2013</b>
<b>Current Assets:</b>		
Cash and Cash Equivalents (Note 14)	\$ 1,259,611	\$ 321,651
Prepaid Expenses	115,646	61,703
Contracts and Grants Receivable, net (Note 4)	1,062,152	473,264
Patient Services Receivable, net (Note 3)	218,909	41,879
Health Home Services Receivable, net	390,579	165,997
Pharmacy and Other Receivables, net (Note 2)	247,037	505,524
<b>Total Current Assets</b>	<b>3,293,934</b>	<b>1,570,018</b>
<b>Other Non-Current Asset:</b>		
Security Deposits	125,341	125,341
<b>Fixed Assets - Net:</b>		
Office Equipment, Furniture and Fixtures	79,836	95,465
Leasehold Improvements (Note 2)	1,628,643	1,879,537
Capitalized Lease Assets (Note 13)	53,619	7,380
<b>Total Fixed Assets</b>	<b>1,762,098</b>	<b>1,982,382</b>
<b>TOTAL ASSETS</b>	<b>\$ 5,181,373</b>	<b>\$ 3,677,741</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Expenses	\$ 646,339	\$ 387,904
Current Portion of Loans Payable (Note 11)	142,507	1,044,908
Contract Advances (Note 5)	167,429	-
Current Portion of Lease Obligations	9,918	10,542
<b>Total Current Liabilities</b>	<b>966,193</b>	<b>1,443,354</b>
<b>Long-Term Liabilities:</b>		
Long-Term Portion of Loans Payable (Note 11)	796,859	-
Long-Term Portion of Lease Obligations	49,005	-
<b>Total Long-term Liabilities</b>	<b>845,864</b>	<b>-</b>
<b>Net Assets:</b>		
Unrestricted	3,233,632	2,027,012
Temporarily Restricted (Note 8)	135,684	207,375
<b>Total Net Assets</b>	<b>3,369,316</b>	<b>2,234,387</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,181,373</b>	<b>\$ 3,677,741</b>

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

**APICHA COMMUNITY HEALTH CENTER  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014  
(With comparative totals for 2013)**

SUPPORT AND REVENUE:	Unrestricted	Temporarily Restricted	Total	
			2014	2013
Contracts and Grants Revenue (Note 6)	\$ 4,153,997		\$ 4,153,997	\$ 3,398,957
Patient Services Revenue, net (Note 7)	1,113,138		1,113,138	692,075
Health Home Services Revenue	1,498,896		1,498,896	654,448
Pharmacy Revenue, net	1,084,234		1,084,234	890,425
Contributions	81,565	137,500	219,065	107,018
Special Events, net	42,521		42,521	51,347
Rental Income	-		-	4,783
Interest and Other Income	20,125		20,125	51,810
<i>Net Assets Released from Restrictions:</i>				
Satisfaction of Program Restrictions	209,191	(209,191)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>8,203,667</b>	<b>(71,691)</b>	<b>8,131,976</b>	<b>5,850,863</b>
<b>EXPENSES:</b>				
Program Activities	5,399,563		5,399,563	4,456,134
Management and General	1,253,111		1,253,111	934,281
Fundraising	344,373		344,373	322,176
<b>TOTAL EXPENSES</b>	<b>6,997,047</b>	<b>-</b>	<b>6,997,047</b>	<b>5,712,591</b>
<b>Change in Net Assets</b>	<b>1,206,620</b>	<b>(71,691)</b>	<b>1,134,929</b>	<b>138,272</b>
<b>Net Assets at Beginning of Year</b>	<b>2,027,012</b>	<b>207,375</b>	<b>2,234,387</b>	<b>2,096,115</b>
<b>Net Assets at End of the Year</b>	<b>\$ 3,233,632</b>	<b>\$ 135,684</b>	<b>\$ 3,369,316</b>	<b>\$ 2,234,387</b>

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

**APICHA COMMUNITY HEALTH CENTER  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2014  
(With comparative figures for 2013)**

<b>CASH FLOWS FROM OPERATIONS</b>	<b>2014</b>	<b>2013</b>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ 1,134,929	\$ 138,272
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Items Not Requiring Cash - Depreciation, Amortization and Retirements	291,673	301,202
Decrease/(Increase) in Prepaid Expenses	(53,943)	35,016
Decrease/(Increase) in Contracts and Grants Receivable	(588,888)	(99,387)
Decrease/(Increase) in Patient Services Receivable	(177,030)	-
Decrease/(Increase) in Health Home Services Receivable	(224,582)	-
Decrease/(Increase) in Pharmacy and Other Receivables	258,487	148,096
Increase in Security Deposits	-	-
(Decrease)/Increase in Accounts Payable and Accrued Expenses	258,435	(149,528)
(Decrease)/Increase in Contract Advances	167,429	(38,488)
<b>Net Cash Provided/(Used) By Operations</b>	<b>1,066,510</b>	<b>335,183</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Additions to Furniture and Equipment and Leasehold Improvements	(11,746)	(59,125)
<b>Net Cash (Used) By Investment Activities</b>	<b>(11,746)</b>	<b>(59,125)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in Lease Financing Obligations	(11,262)	(18,549)
Repayment of Long Term Loan	(105,542)	(57,000)
Proceeds from Line of Credit	-	-
<b>Net Cash (Used)/Provided By Financing Activities</b>	<b>(116,804)</b>	<b>(75,549)</b>
Change in Cash and Cash Equivalents	937,960	200,509
Cash and Cash Equivalents at Beginning of Year	321,651	121,142
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>\$ 1,259,611</b>	<b>\$ 321,651</b>

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

**APICHA COMMUNITY HEALTH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

**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 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" 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 Look-Alike (FQHC-LA). 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. In Fiscal Year 2014, Apicha CHC served over 3,000 unduplicated patients/clients agency-wide.

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 (A&PIs) and other communities such as immigrants and Lesbian, Gay, Bisexual, Transgender (LGBT) individuals.

Apicha CHC's comprehensive services are comprised of: 1) Medical Services, including General Primary Care, Mental Health Services, HIV Primary Care, Trans\* Health Clinic, Sexual Health Services, and Anal Cancer Screening & Prevention; 2) Support Services, including HIV Support (Care Coordination, Nutrition Education, Acupuncture, and Support Groups), Trans \* Health Support, Health Home: Chronic Disease Management, Serious Mental Illness, and Medical Case Management; 3) Prevention Services, including HIV/STI Prevention (HIV/STI/HEP C Screening, HIV Risk Reduction Counseling and Workshops, Community Education, and LGBT Sensitivity Training), API LGBT Mentorship, API LGBT Health Workshop, Insurance Market Place/ In-Person Assistance.

**APICHA COMMUNITY HEALTH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

**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 as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor's restriction.

All donor restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

**Pledges Receivable**

Pledges receivable at June 30, 2014 consisted of amounts to be received during the year as follows:

2015	<u>\$ 15,000</u>
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**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.

**APICHA COMMUNITY HEALTH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

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

**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 revenue is reimbursed to Apicha CHC at net reimbursement rates as determined by New York State Department of Health from Apicha CHC's annual cost reports. Reimbursement rates are subject to revisions and settlements under the provisions of law and cost reimbursement regulations. Such adjustments, if any, are recognized when they can be estimated. All other patient services revenue is recorded at published charges with contractual allowances deducted to arrive at net patient revenue.

Apicha CHC provides care to patients who meet certain criteria under charity care policy without charge or at amounts less than its established rates. 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, 2014 and 2013 to be approximately \$293,789 and \$160,186, respectively.

**Functional Allocation of Expenses**

Expenses are charged to each program based on direct expenditures. However, certain indirect costs, primarily administrative salaries and related general overhead expenses are allocated to various programs based on percentage of direct payroll.

**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, 2014**

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

**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.

**Fixed Assets**

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.

The following lives have been assigned to the fixed assets:

Furniture and Fixtures; Computer Software and Office Equipment, 7 and 5 years, respectively.

**Leasehold Improvements**

Leasehold improvements are amortized over the shorter of their useful life or term of the related lease.

Below is the asset and depreciation cost summary:

	<u>Leasehold Improvements</u>	<u>Computer Software &amp; Office Equipment</u>	<u>Furniture &amp; Fixtures</u>	<u>Total</u>
<b>Cost:</b>				
Balance, Beginning of Year	\$3,290,123	\$ 310,695	\$ 142,450	\$3,743,268
Additions	<u>-</u>	<u>11,746</u>	<u>-</u>	<u>11,746</u>
Total, End of Year	<u>3,290,123</u>	<u>322,441</u>	<u>142,450</u>	<u>3,755,014</u>
<b>Accumulated Depreciation:</b>				
Balance, Beginning of Year	1,410,586	240,290	117,390	1,768,266
Charge for the year	<u>250,894</u>	<u>18,508</u>	<u>8,867</u>	<u>278,269</u>
Total, End of Year	<u>1,661,480</u>	<u>258,798</u>	<u>126,257</u>	<u>2,046,535</u>
<b>Net Properties &amp; Equipment</b>	<u>\$1,628,643</u>	<u>\$ 63,643</u>	<u>\$ 16,193</u>	<u>\$1,708,479</u>

**APICHA COMMUNITY HEALTH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

**NOTE 3. PATIENT SERVICES RECEIVABLE, NET**

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

	<u>2014</u>	<u>2013</u>
Medicare	\$ 47,936	\$ 326
Medicaid	105,445	19,764
Private Insurance	241,084	20,329
ADAP (511)	42,286	25,155
Primary – Self Pay (STD, SELF, HIV)	<u>15,618</u>	<u>21,028</u>
	452,369	86,602
Less Allowance for Doubtful Accounts	<u>(233,460)</u>	<u>(44,723)</u>
Total	<u>\$ 218,909</u>	<u>\$ 41,879</u>

**NOTE 4. CONTRACTS AND GRANTS RECEIVABLE, NET**

Contracts and grants receivable balances at June 30, 2014 and 2013, respectively represent primarily, uncollected contract service billings from various Federal, State and City governmental agencies net of allowances as follows:

	<u>2014</u>	<u>2013</u>
NYC-Department of Health and Mental Hygiene	\$ -	\$ 22,000
NYS-Department of Health-LGBT	17,890	29,677
NYS-Department of Health-IPA/Naviagtor	52,041	-
New York State-AIDS Institute (HIV/STI/Hep C Prevention & Related Services for Gay Men/MSM)	38,435	46,992
PHS-RW HIV/AIDS TE Act of 2009-Case Management	108,534	179,011
New York State-AIDS Institute (MSA/CDI)	175,358	119,717
New York State-AIDS Institute (Nutrition Health Education)	38,226	54,201
PHS-Communities of Color Access to and Maintenance in Care	11,250	11,250
Centers for Disease Control and Prevention (CDC)	<u>728,305</u>	<u>57,439</u>
	1,170,035	520,287
Allowance for Doubtful Accounts	<u>(107,883)</u>	<u>(47,023)</u>
Total	<u>\$ 1,062,152</u>	<u>\$ 473,264</u>

**APICHA COMMUNITY HEALTH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

**NOTE 5. CONTRACT ADVANCES**

Contract advances consist of unexpended grant awards for various program activities. At June 30, 2014 and 2013, Contract advances aggregate \$167,429 and \$0, respectively.

**NOTE 6. 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. Consulting 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>2014</u>	<u>2013</u>
NYC-Department of Health and Mental Hygiene	\$ 23,968	\$ 22,000
New York State-AIDS Institute (MSA/CDI)	461,665	468,713
HRI-RW HIV/AIDS TE Act of 2009-Food and Nutrition	-	157,307
New York State-AIDS Institute (Nutrition Health Education)	214,129	54,248
RW HIV/AIDS TE Act of 2009-Primary Care EIS Clinic	473,185	454,727
RW HIV/AIDS Clinic Capacity	-	32,284
New York State-AIDS Institute (HIV/STI/Hep C Prevention & Related Services for Gay Men/MSM)	200,044	240,532
Centers for Disease Control and Prevention (CDC)	612,056	689,196
NYS Department of Health-LGBT	115,787	102,051
NYS Department of Health-IPA/Navigator	267,089	-
NYS Vital Access Provider	610,847	-
PHS-Communities of Color Access to and Maintenance in Care	45,000	45,000
New York State-AIDS Institute (Women's Services)	-	97,044
PHS-RW HIV/AIDS TE Act of 2009-Care Coordination	1,019,041	975,650
General and Administration/Other Programs	<u>111,186</u>	<u>60,205</u>
Total	<u>\$4,153,997</u>	<u>\$3,398,957</u>

**APICHA COMMUNITY HEALTH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

**NOTE 7. PATIENT SERVICES REVENUE**

Patient services revenue is reported at estimated net realizable amounts for services rendered. Net patient services revenue consists of the following:

	<u>2014</u>	<u>2013</u>
Medicaid Revenue	\$ 484,723	\$ 242,084
Medicare Revenue	36,588	23,199
ADAP Revenue	345,007	321,970
Private Insurance	196,137	68,703
Primary Care – STD (Self Pay : Sliding Scale)	<u>50,682</u>	<u>36,119</u>
Patient Services Revenue, net	<u>\$ 1,113,138</u>	<u>\$ 692,075</u>

**NOTE 8. RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets at June 30, 2014 and 2013 consist of program funds that are available for future program activities.

**NOTE 9. PROGRAMS**

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

**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 and two other partner clinics.

**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.

**APICHA COMMUNITY HEALTH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

**NOTE 9. PROGRAMS (CONT'D.)**

**Centers for Disease Control and Prevention (CDC)**

- HIV Prevention Project for Young Men of Color Who have Sex with Men (PS 111113): Provides HIV testing and Partnership for Health for young gay men of color and their partners. In addition, this program has a subcontract with MCCNY Charities, Inc. in the amount of \$45,635.
- Human Immunodeficiency virus (HIV) prevention projects for community-based organization: This CDC directly funded project targets Asian and Pacific Islander Men who has Sex with Men (MSM) age 24 and above. This project provides HIV prevention services both on site and in the community: HIV testing with individual risk reduction counseling using CDC behavioral interventions called RESPECT Popular Opinion Leader.

**New York State Department of Health, AIDS Institute**

- MSA/CDI: Provides an array of HIV services: peer-based outreach, HIV prevention workshops, health education presentations, case management service, bilingual assistance and full-body acupuncture for individuals living with HIV/AIDS in A&PI communities. Also it provides community development and community level intervention to strengthen HIV work in A&PI 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 at high risk for HIV/STI/Hepatitis C infections and their partners regardless of race/ethnicity. The services provided assist individual with PrEP, HIV/STI/Hep C screening and referral to necessary medical, support and preventive services.
- 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, and technical assistance to providers on LGBT issues as well as A& PI issues.

**APICHA COMMUNITY HEALTH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

**NOTE 9. PROGRAMS (CONT'D.)**

- 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 clients to learn, practice and apply self-management skills needed to achieve optimal health outcomes.

**New York State Department of Health**

- Vital Access Program and Safety Net Provider (VAP/SN): Provides 3-year support to ensure financial stability and advance ongoing operational changes to improve community care.
- 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.

**National Institutes of Health, National Institutes of Child Health & Human Development**

- Research Foundation of CUNY: Examining the Geographies of Immigrant Sex Work: An Exploratory Study of HIV Risk: Work with Hunter College to develop research instruments, hiring part time staff and recruiting sex workers for interviews and phone conference with other collaborators.

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

- New York City Council Communities of Color Initiative: Provides outreach, and escorting and interpretation services for clients to HIV testing, needed health care and social services to HIV high risk or HIV individuals. The focus is MSM communities.

**NOTE 10. 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.

**APICHA COMMUNITY HEALTH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

**NOTE 10. CONTRACT CONTINGENCIES (CONT'D.)**

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.

**NOTE 11. TERM LOAN AND REVOLVING LINE OF CREDIT**

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). The purpose of this loan was 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 to the above term loan, 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 banks 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%.

There were \$939,366 and \$1,044,908 loan/line of credit balances outstanding at June 30, 2014 and 2013, respectively.

Interest expenses aggregate \$52,781 and \$38,223 for the years ended June 30, 2014 and 2013, respectively.

The following is the maturities of the long-term loan as of June 30, 2014:

<i>Fiscal Year</i>	
2015	\$ 142,507
2016	152,809
2017	163,855
2018	175,701
2019	188,402
Thereafter	<u>116,092</u>
	<u>\$ 939,366</u>

**APICHA COMMUNITY HEALTH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

**NOTE 12. PENSION AND RETIREMENT PLAN**

In 1998, Apicha CHC sponsored a defined contribution retirement savings plan under Section 403 (B) for all employees. The plan is trusteeed with MetLife (The Plan Administrator) and funded through investments in various 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 and are defined in the Master Agreement, and is discretionary. For the years ended June 30, 2014 and 2013, Apicha CHC made no contribution to the plan.

**NOTE 13. LEASE COMMITMENTS**

On May 30, 2006, Apicha CHC entered into a new 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. As a result of the sublease agreement on November 19, 2008 the lease agreement was amended with the original five (5) year option to renew split into a two (2) year renewal option or a three (3) year renewal option. Apicha CHC exercised the two (2) year renewal option with the lease expiration date now extended to September 30, 2018 but has not yet exercised the three (3) year renewal option.

The following is a schedule of future minimum lease payments under the capital and operating leases as of June 30, 2014:

<i>Fiscal Year</i>	<i>Capital Leases Copier</i>	<i>Operating Lease Space</i>
2015	\$ 24,948	\$ 633,385
2016	24,948	652,387
2017	24,948	-
2018	24,948	-
	<u>\$ 99,792</u>	<u>\$1,285,772</u>

Lease expenses incurred on the capital leases were \$13,405 and \$14,760 during each of the years ended June 30, 2014 and 2013, respectively. Rental expenses incurred on the office space were \$798,109 and \$736,013 during the years ended June 30, 2014 and 2013, respectively.

**APICHA COMMUNITY HEALTH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

**NOTE 13. LEASE COMMITMENTS (CONT'D.)**

Assets recorded under capital leases are included in capitalized lease assets and are substantially amortized at balance sheet date as follows:

	<u>2014</u>	<u>2013</u>
Phone Systems and Copiers	\$ 118,815	\$ 125,592
Accumulated amortization	<u>(65,196)</u>	<u>(118,212)</u>
	<u>\$ 53,619</u>	<u>\$ 7,380</u>

**NOTE 14. 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, 2014, Apicha CHC regularly monitors the health of the institution and has not experienced any losses in such accounts.

**NOTE 15. RECLASSIFICATION**

Certain 2013 amounts have been reclassified to conform to current year's presentation.

**NOTE 16. SUBSEQUENT EVENT**

Apicha CHC evaluated subsequent events through December 3, 2014, which is the date the financial statements were available to be issued, noting that the following subsequent event warranted disclosure in these statements.

On July 24, 2014, Apicha CHC refinanced the BMS loan with Primary Care Development Corporation (PCDC). The loan maturity date is July 31, 2021 and bore a fixed interest rate of 5.5%.

**APICHA COMMUNITY HEALTH CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2014  
(With comparative totals for 2013)**

EXPENSES	Program	General	Dev. & Fund	TOTAL	
	Activities	& Admin.	Raising	2014	2013
Salaries	\$ 2,701,103	\$ 351,943	\$ 159,091	\$ 3,212,137	\$ 2,499,916
Fringe Benefits	574,632	69,226	31,292	675,150	539,051
Consultants	312,062	489,946	56,322	858,330	637,498
Space	649,600	167,189	60,954	877,743	808,690
Cleaning, Maintenance and Service Contracts	133,967	29,652	10,811	174,430	103,910
Telephone, Postage and Internet	69,325	9,678	3,062	82,065	91,883
Equipment Lease and Rental	31,564	46,546	3	78,113	11,467
Consumable Supplies and Printing	219,771	19,342	7,559	246,672	224,950
Membership, Health Home & Others	83,761	9,872	150	93,783	22,049
Insurance	33,246	105	476	33,827	31,723
Food Pantry Bags/Voucher	50,175	-	-	50,175	47,689
Client Outreach and Advertising	24,744	566	157	25,467	28,693
Conference and Staff Development	49,223	30,968	1,614	81,805	84,603
Travel	52,325	3,234	34	55,593	54,724
Depreciation	264,576	17,057	10,040	291,673	301,202
Contracted Services	45,635	-	-	45,635	131,807
Loan Interest Expenses	47,877	3,087	1,817	52,781	38,223
Miscellaneous and Contingency	55,977	4,700	991	61,668	54,513
<b>Total Expenses</b>	<b>\$ 5,399,563</b>	<b>\$ 1,253,111</b>	<b>\$ 344,373</b>	<b>\$ 6,997,047</b>	<b>\$ 5,712,591</b>

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

**APICHA COMMUNITY HEALTH CENTER  
SCHEDULE OF CONTRIBUTIONS  
YEAR ENDED JUNE 30, 2014  
(With comparative figures for 2013)**

<b>Contributions</b>	<b>2014</b>	<b>2013</b>
H. Van Ameringen Foundation	\$ 155,000	\$ 60,000
Broadway Cares/Equity Fights AIDS, Inc.	7,500	7,500
Direct Relief International	8,404	-
Gay Men's Health Crisis, Inc.	6,067	6,420
C.H.Huang Foundation	30,000	-
Others	12,094	30,983
<b>Total Grants</b>	<b>\$ 219,065</b>	<b>\$ 104,903</b>

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

**APICHA COMMUNITY HEALTH CENTER**

**OMB CIRCULAR  
A-133 AUDIT**

**SUPPLEMENTARY SCHEDULES**

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**APICHA COMMUNITY HEALTH CENTER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS  
YEAR ENDED JUNE 30, 2014**

FUND CODE	FUND NAME	PROGRAM DESCRIPTION	CONTRACT #	CFDA #	CONTRACT PERIOD	CONTRACT AMOUNTS	TOTAL FEDERAL EXPENDITURE
328/428	NYS Department of Health - New York Health Benefit Exchange	In person Assistors for NY Health Benefit Exchange	C028897	93.525	08/01/13-09/30/14	583,301	\$ 186,962
328/428	NYS Department of Health - New York Health Benefit Exchange	In person Assistors for NY Health Benefit Exchange	C028897	93.778	08/01/13-09/30/14	583,301	38,060
328/428	NYS Department of Health - New York Health Benefit Exchange	In person Assistors for NY Health Benefit Exchange	C028897	93.767	08/01/13-09/30/14	583,301	2,604
							<b>227,626</b>
441	Research Foundation - The City University of New York	Exploratory Study of HIV Risk of Immigrant Sex Work	1R21HD074446-01A1	93.865	04/01/13-03/31/14	23,268	7,365
541	Research Foundation - The City University of New York	Exploratory Study of HIV Risk of Immigrant Sex Work	1R21HD074446-01A1	93.865	04/01/14-03/31/15	24,631	4,847
							<b>12,212</b>
115	RYAN WHITE III - HIV	Capacity Development and Planning Grants	P06HA25078	93.918	09/01/12-08/31/13	75,400	43,116
810	RYAN WHITE III - HRSA/EIS C1	Early Intervention Services	H76-HA-00759-11-02	93.918	04/01/13-03/31/14	457,879	356,381
910	RYAN WHITE III - HRSA/EIS C1	Early Intervention Services	H76-HA-00759-12-01	93.918	04/01/14-03/31/15	457,879	116,609
							<b>516,106</b>
303	RYAN WHITE I-PHS CARE COORDINATION	Medical Case Management	09-MCM-582	93.914	03/01/13-02/28/14	1,040,116	717,270
403	RYAN WHITE I-PHS CARE COORDINATION	Medical Case Management	09-MCM-582	93.914	03/01/14-02/28/15	1,052,070	264,273
							<b>981,543</b>
416	CDC 11-1113-YMSM	HIV Prevention for YMSM	5U65PS003446-02	93.939	09/30/12-09/29/13	317,918	96,491
516	CDC 11-1113-YMSM	HIV Prevention for YMSM	5U65PS003446-03	93.939	09/30/13-09/29/14	292,837	206,890
							<b>303,381</b>
825	CDC 101003 HIV Prevention	HIV Counseling, Testing and Referral Services	5U65PS002578-04	93.939	07/01/13-06/30/14	308,675	308,675
							<b>308,675</b>
<b>TOTAL EXPENDITURE OF FEDERAL AWARDS</b>							<b>\$ 2,349,543</b>

**APICHA COMMUNITY HEALTH CENTER  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2014**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Apicha CHC and is presented on the *accrual basis of accounting*. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**NOTE 2. 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 3. MAJOR PROGRAMS**

There were three (3) major federal programs identified or referenced in the financial statements in accordance with OMB Circular A-133.



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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  
400 Broadway  
New York, NY 10013

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, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2014.

**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.



New York, New York  
December 3, 2014



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors  
Apicha Community Health Center  
400 Broadway  
New York, NY 10013

**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 Circular A-133 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, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 OMB CIRCULAR A-133**

***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, 2014.

**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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

New York, New York  
December 3, 2014



**APICHA COMMUNITY HEALTH CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014**

**Summary of Auditor's Results**

**SECTION I**

**Financial Statements**

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

- ◆ Material weakness(es) identified \_\_\_\_\_ yes  no
- ◆ Reportable condition(s) identified that are not considered to be material weaknesses \_\_\_\_\_ yes  none reported

Noncompliance material to financial statements noted \_\_\_\_\_ yes  no

**Federal Awards**

Internal control over major programs: *Unqualified*

- ◆ Material weakness(es) identified \_\_\_\_\_ yes  no
- ◆ Reportable condition(s) identified that are not considered to be material weakness(es) \_\_\_\_\_ yes  none reported

Type of auditor's report issued on compliance for major programs. *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 \_\_\_\_\_ yes  no



**APICHA COMMUNITY HEALTH CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014**

**FINDINGS RELATING TO COMPLIANCE REQUIREMENTS**

-NONE-

**FINDINGS RELATING TO INTERNAL CONTROL**

-NONE-

**APICHA COMMUNITY HEALTH CENTER  
SCHEDULE OF AUDITOR FOLLOW-UP PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2014**

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