

**UNCONDITIONAL LOVE, INC.  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2012**

**UNCONDITIONAL LOVE, INC.  
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YEAR ENDED DECEMBER 31, 2012**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Unconditional Love, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Unconditional Love, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, 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 of material misstatement.

An audit includes 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. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

Board of Directors  
Unconditional Love, Inc.  
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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 Unconditional Love, Inc., as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 June 18, 2013 on our consideration of Unconditional Love, Inc.'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 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 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 Unconditional Love, Inc.'s internal control over financial reporting and compliance.

*Janes, Dinho & O'Keefe LLP*  
Janes, Dinho & O'Keefe LLP  
Certified Public Accountants  
June 18, 2013

**UNCONDITIONAL LOVE, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2012**

ASSETS

CURRENT ASSETS

|                                 |           |
|---------------------------------|-----------|
| Cash                            | \$ 33,683 |
| Accounts receivable             | 109,769   |
| Contracts and grants receivable | 92,436    |
| Prepaid expenses                | 7,574     |

|                      |                |
|----------------------|----------------|
| TOTAL CURRENT ASSETS | <u>243,462</u> |
|----------------------|----------------|

|  |        |
|--|--------|
| PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$104,429 | 52,167 |
|--|--------|

OTHER ASSETS

|          |              |
|----------|--------------|
| Deposits | <u>2,741</u> |
|----------|--------------|

|              |                          |
|--------------|--------------------------|
| TOTAL ASSETS | <u><u>\$ 298,370</u></u> |
|--------------|--------------------------|

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

|                                  |        |
|----------------------------------|--------|
| Current portion of capital lease | \$ 815 |
| Accounts payable                 | 31,289 |
| Accrued personnel expenses       | 61,664 |

|                   |               |
|-------------------|---------------|
| TOTAL LIABILITIES | <u>93,768</u> |
|-------------------|---------------|

NET ASSETS

|              |                |
|--------------|----------------|
| Unrestricted | <u>204,602</u> |
|--------------|----------------|

|                                  |                          |
|----------------------------------|--------------------------|
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 298,370</u></u> |
|----------------------------------|--------------------------|

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

**UNCONDITIONAL LOVE, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2012**

UNRESTRICTED:

PUBLIC SUPPORT AND REVENUES

|                                  |                 |                         |
|----------------------------------|-----------------|-------------------------|
| Federal grants                   |                 | \$ 736,789              |
| State grants                     |                 | 171,969                 |
| Pharmacy program revenue         |                 | 872,064                 |
| Patient service revenue, net     | \$ 310,995      |                         |
| Provision for bad debts          | <u>(37,314)</u> |                         |
| Net patient service revenue      |                 | 273,681                 |
| less provision for bad debts     |                 | 1,821                   |
| Contributions                    |                 | 10,904                  |
| Other                            |                 | <u>2,067,228</u>        |
| <b>TOTAL SUPPORT AND REVENUE</b> |                 | <b><u>2,067,228</u></b> |

EXPENSES

|                                      |  |                          |
|--------------------------------------|--|--------------------------|
| Program services                     |  |                          |
| Primary care                         |  | 1,480,921                |
| Other services                       |  | 566,939                  |
| Supporting services                  |  |                          |
| Management and general               |  | <u>125,669</u>           |
| <b>TOTAL EXPENSES</b>                |  | <b><u>2,173,529</u></b>  |
| <b>CHANGE IN NET ASSETS</b>          |  | <b>(106,301)</b>         |
| <b>NET ASSETS, BEGINNING OF YEAR</b> |  | <b><u>310,903</u></b>    |
| <b>NET ASSETS, END OF YEAR</b>       |  | <b><u>\$ 204,602</u></b> |

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

**UNCONDITIONAL LOVE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**DECEMBER 31, 2012**

|   | Program Services    |                   | Total<br>Program<br>Services | Management<br>and<br>General | Total<br>Expense    |
|---|---------------------|-------------------|------------------------------|------------------------------|---------------------|
|   | Primary<br>Care     | Other<br>Services |                              |                              |                     |
| <b>EXPENSES</b>                               |                     |                   |                              |                              |                     |
| Conferences and seminars                      | \$ 3,202            | \$ 9,066          | \$ 12,268                    | \$ 2,250                     | \$ 14,518           |
| Contracted services                           | 149,602             | 8,970             | 158,572                      | -                            | 158,572             |
| Dues and licenses                             | 8,563               | 553               | 9,116                        | 349                          | 9,465               |
| Employee benefits                             | 78,539              | 13,130            | 91,669                       | 6,210                        | 97,879              |
| Insurance                                     | 13,605              | 3,420             | 17,025                       | -                            | 17,025              |
| Interest                                      | -                   | -                 | -                            | 471                          | 471                 |
| Maintenance                                   | 22,630              | 844               | 23,474                       | 1,175                        | 24,649              |
| Medical supplies and laboratory               | 14,062              | -                 | 14,062                       | -                            | 14,062              |
| Occupancy                                     | 49,096              | 202               | 49,298                       | 3,721                        | 53,019              |
| Postage and shipping                          | 7,992               | 488               | 8,480                        | 542                          | 9,022               |
| Printing and advertising                      | 2,102               | 168               | 2,270                        | 517                          | 2,787               |
| Professional fees                             | 33,383              | 879               | 34,262                       | 2,581                        | 36,843              |
| Salaries and taxes                            | 979,620             | 403,311           | 1,382,931                    | 98,408                       | 1,481,339           |
| Specific assistance                           | 19,247              | 79,309            | 98,556                       | -                            | 98,556              |
| Supplies                                      | 29,671              | 5,613             | 35,284                       | 6,428                        | 41,712              |
| Telephone and internet                        | 25,604              | 3,903             | 29,507                       | 962                          | 30,469              |
| Travel  | 8,536               | 35,620            | 44,156                       | 589                          | 44,745              |
| Utilities                                     | 10,982              | 453               | 11,435                       | 454                          | 11,889              |
| <b>TOTAL EXPENSES BEFORE<br/>DEPRECIATION</b> | <b>1,456,436</b>    | <b>565,929</b>    | <b>2,022,365</b>             | <b>124,657</b>               | <b>2,147,022</b>    |
| Depreciation                                  | 24,485              | 1,010             | 25,495                       | 1,012                        | 26,507              |
| <b>TOTAL FUNCTIONAL EXPENSES</b>              | <b>\$ 1,480,921</b> | <b>\$ 566,939</b> | <b>\$ 2,047,860</b>          | <b>\$ 125,669</b>            | <b>\$ 2,173,529</b> |

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

**UNCONDITIONAL LOVE INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2012**

|   |                         |
|---|-------------------------|
| CASH FLOWS FROM OPERATIONS:   |                         |
| Change in net assets  | \$ (106,301)            |
| Adjustments to reconcile change in net assets to cash provided by operations: |                         |
| Depreciation  | 26,507                  |
| (Increase) decrease in assets:  |                         |
| Accounts receivable   | 48,931                  |
| Grants and contracts receivable   | (24,000)                |
| Prepaid expenses  | 1,212                   |
| Increase (decrease) in liabilities:   |                         |
| Accounts payable  | 7,469                   |
| Accrued expenses  | 5,128                   |
|   | <u>(41,054)</u>         |
| CASH PROVIDED (USED) BY OPERATIONS  |                         |
| CASH FLOWS FROM INVESTING ACTIVITIES:   |                         |
| Refund of utility deposits  | 730                     |
| Purchase of equipment   | (35,591)                |
|   | <u>(34,861)</u>         |
| CASH PROVIDED (USED) BY INVESTING ACTIVITIES                                  |                         |
| CASH FLOWS FROM FINANCING ACTIVITIES  |                         |
| Principal payments on capital lease   | (4,244)                 |
|   | <u>(4,244)</u>          |
| CASH PROVIDED (USED) BY FINANCING ACTIVITIES                                  |                         |
| NET CHANGE IN CASH  | (80,159)                |
| CASH, BEGINNING OF YEAR   | <u>113,842</u>          |
| CASH, END OF YEAR   | <u><u>\$ 33,683</u></u> |
| <br>  |                         |
| INTEREST PAID   | <u><u>\$ 471</u></u>    |

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

**UNCONDITIONAL LOVE, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Agency Organization and Purpose

Unconditional Love, Inc., d/b/a Comprehensive Health Care, (Organization) was incorporated on May 13, 1991. It is a not-for-profit corporation organized to respond to the AIDS pandemic in Brevard County, Florida. The Organization's major activity is to provide primary care/early intervention services for HIV infected individuals through its outpatient clinic, including primary care, mental health counseling and substance abuse treatment.

The Organization also provides other program services, including case management, outreach, adherence counseling, transportation, housing counseling and emergency financial assistance to support patients' adherence to treatment regimens. The organization's primary revenue source is governmental funding.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

The Organization had no temporarily or permanently restricted net assets at December 31, 2012.

Cash and Cash Equivalents

For the statement of cash flows, the Organization considers all unrestricted highly liquid investments with maturities of three months or less at time of purchase to be cash equivalents. At December 31, 2012, the Organization held no cash equivalents.

**UNCONDITIONAL LOVE, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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 restrictions.

Accounts, Contracts and Grants Receivable

The Organization records accounts receivable for grants and contract services when earned based on the agreement or contract. The Organization records accounts receivable from other sources when earned. Management reviews receivables monthly for collectability, and generally writes off any accounts greater than 90 days old. An evaluation of the need for an allowance is made monthly based on aging analysis and past experience. No allowance has been recorded for uncollectible accounts or contracts and grants receivable, as management believes receivables are fully collectible.

Property and Equipment

Unconditional Love, Inc. capitalizes all expenditures for equipment with a value in excess of \$500 and a useful life greater than one year. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Unconditional Love, Inc. reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Unconditional Love, Inc. reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the assets' expected useful lives.

The cost of equipment under capital leases has been capitalized and is being amortized using the straight-line method over the assets' expected useful life. Amortization of the equipment is included in depreciation expense.

Contributed Services

During the year ended December 31, 2012, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

**UNCONDITIONAL LOVE, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Patient Service Revenue and Related Receivables

The Organization provides health care services to clients eligible under Medicaid and Medicare, as well as certain private insurance providers, at negotiated reduced fees as allowed by those programs. Revenues reflected in the accompanying Statement of Activities are reported net of those allowances and discounts, and are reduced by the provision for bad debts.

Accounts receivable related to patient service revenue are reduced by an allowance for doubtful accounts. Management evaluates the collectability of these receivables based on past history and trends for each major payor source 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, contractually due amounts are analyzed and management provides an allowance for doubtful accounts and a provision for bad debts, as considered necessary. For receivables associated with self-pay patients, a significant provision for bad debts is recorded in the period of service on the basis of 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 or discounted rates and the amounts actually collected is charged off against the allowance for doubtful accounts.

Management has not provided an allowance for doubtful accounts for patient service receivables at December 31, 2012, as it estimates uncollectible amounts of remaining accounts receivable are nominal. Writeoffs of self-pay accounts receivable did not increase significantly in 2012 compared with 2011. Unconditional Love, Inc. has not changed its charity care or uninsured discount policies during 2012. The Organization does not maintain a material allowance for doubtful accounts from third-party payors; writeoffs from third-party payors were approximately \$37,000 in 2012.

Functional Allocation of Expenses

The costs of providing Unconditional Love, Inc.'s various programs and supporting services have been summarized on a functional basis in the statement of activities. The allocation of expenses among the programs and supporting services consists of certain specifically identified costs and reasonable allocations of other costs benefiting multiple objectives.

Estimates

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

Tax Status

Unconditional Love, Inc. is exempt from income tax under Section 501(c) (3) of the U.S. Internal Revenue Code and has been determined to be an organization which is not a private foundation. Contributions to the Organization are qualified as deductions for charitable contributions.

**UNCONDITIONAL LOVE, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Organization uses the FASB ASC 450-10, Loss Contingencies, approach for evaluation of uncertain tax positions. Tax years ended December 31, 2009, 2010, and 2011 remain open for review by taxing authorities.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 18, 2013, the date the financial statements were available to be issued.

**NOTE 2 – PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at December 31, 2012:

|                               | <u>Cost</u>       | <u>Accumulated<br/>Depreciation</u> | <u>Net Book<br/>Value</u> | <u>Estimated<br/>Life</u> |
|-------------------------------|-------------------|-------------------------------------|---------------------------|---------------------------|
| Furniture and fixtures        | \$ 70,603         | \$ 42,248                           | \$ 28,355                 | 3-5 years                 |
| Computer equipment            | 24,763            | 24,763                              | -                         | 5 years                   |
| Equipment under capital lease | 11,446            | 11,255                              | 191                       | 5 years                   |
| Leasehold improvements        | 24,633            | 16,910                              | 7,723                     | 2 years                   |
| Medical equipment             | 11,788            | 6,563                               | 5,225                     | 5 years                   |
| Vehicles                      | 13,363            | 2,690                               | 10,673                    | 5 years                   |
| Totals                        | <u>\$ 156,596</u> | <u>\$ 104,429</u>                   | <u>\$ 52,167</u>          |                           |

**NOTE 3 – CAPITAL LEASE**

The Organization is the lessee of office equipment under a capital lease expiring in 2014. The asset and liability under the capital lease are recorded at the lower of the present value of the future minimum lease payments or the fair value of the asset.

Minimum future lease payments under the capital lease as of December 31, 2012 are:

|                                   |               |
|-----------------------------------|---------------|
| Year ending December 31, 2013     | \$ 825        |
| Less amount representing interest | <u>(10)</u>   |
| Total                             | <u>\$ 815</u> |

**UNCONDITIONAL LOVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2012**

**NOTE 4 – PATIENT SERVICE REVENUE**

The Organization recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided, or on the basis of discounted or negotiated rates as provided by policy. Historical experience has shown that a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided. Therefore, the Organization records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue for 2012, net of contractual allowances and discounts, but before the provision for bad debts, is as follows:

|   |                          |
|---|--------------------------|
| Patient service revenue, net of<br>contractual allowances and discounts |                          |
| Medicaid  | \$ 201,578               |
| Medicare  | 89,838                   |
| Other third-party payors  | 19,069                   |
| Self-pay  | <u>510</u>               |
| Net patient service revenue   | <u><u>\$ 310,995</u></u> |

**NOTE 5 – CONCENTRATIONS**

During fiscal 2012, the Organization received funding representing 33 percent of its total revenues from one department of the federal government, 42 percent from the 340B discount drug program, and 10 percent from Medicaid, all of which represent concentrations.

At December 31, 2012, the Organization had receivables from a participating pharmacy under the 340B discount drug program representing 35 percent of total receivables, amounts due from one department of the federal government representing 32 percent of receivables, and amounts due from one department of state government representing 15 percent of receivables. These receivables constitute credit risks for the Organization.

**NOTE 6 – OPERATING LEASES**

The Organization occupies three properties in Melbourne, Florida; the main office and clinic, and a smaller building containing meeting rooms are leased through October 2013; rental of a storage unit is on month-to-month arrangements. The leases require monthly rent payments in the amount of \$4,065. The Organization is responsible for utilities, maintenance, and insurance under the terms of the lease agreement. Total rent expense for the year ended December 31, 2012 was \$52,655.

Leases for two of the units discussed above were renewed in early 2013 to extend through the October 2013 date. Minimum future lease payments under non-cancelable operating leases through October 2013 total \$43,250.

**UNCONDITIONAL LOVE, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 7 - VOUCHER AUTHORITY**

The Organization is given authority by certain agencies to approve vouchers to provide services to its clients. These vouchers may be used for medical and dental services and medication. These voucher services do not represent assets or revenue of the organization and are therefore not recorded in the accompanying financial statements. The amount of voucher benefits that were made available for the organization's clients during 2012 was approximately \$208,000.

Additionally, the Organization recommends certain clients to another nonprofit organization for assistance with housing needs based on case management services that the Organization provides; the amount of funds available to clients during 2012 was approximately \$175,000.

**NOTE 8 – RETIREMENT PLAN**

The Organization has a tax-deferred annuity plan which meets the requirements of Section 403(b) of the Internal Revenue Code. All full-time employees who are at least 21 years of age are eligible to participate in the plan. For the year ended December 31, 2012, the Organization did not contribute to the plan. One employee was a plan participant, making voluntary contributions to the tax-deferred annuity plan.

**NOTE 9 – FAIR VALUE**

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, accounts receivable, and other short term assets and liabilities. For these financial instruments, carrying values approximate fair value.

**NOTE 10 – CHARITY CARE**

As a condition of the HRSA Part C Grant and Part B contract with the state of Florida under the Ryan White Reauthorization Act of 2009, Unconditional Love, Inc. is required to verify the financial status of patients, and charge co-payments on a sliding fee scale, with a cap of charges. Patients may not be denied services if they are unable to pay. The scale is based on patients' incomes and the Act prohibits imposing a fee on individuals with incomes below 100% Federal Poverty Level and requires that individual with incomes above the official poverty level be charged for services. The law limits the annual cumulative charges to an individual to:

| <u>Family Income</u>    | <u>Maximum Charge</u>      |
|-------------------------|----------------------------|
| <100%– 100% of Poverty  | 0                          |
| 101% to 200% of Poverty | 5% of gross annual income  |
| 201% to 300% of Poverty | 7% of gross annual income  |
| 300% to >300%           | 10% of gross annual income |

**UNCONDITIONAL LOVE, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 10 – CHARITY CARE (CONTINUED)**

The law and sliding fee scale also applies to co-payments due after billing third party payers with the exception of Florida Medicaid which requires the organization to “accept assignment” of payments for services to Medicaid recipients. However, these amounts are reported in net operating revenues and in the allowance for doubtful accounts. As stated above, the agency is required to provide services regardless of the patient’s ability to pay. The difference between payments on sliding fee scale by uninsured patients and the customary fee for service is considered charity care. These amounts are not reported in net operating revenues or in the allowance for doubtful accounts.

Unconditional Love, Inc. determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs including personnel and operating expenses based on data from its accounting system. The cost of caring for charity care clients for 2012 was \$193,827. Charity care costs are covered by a portion of the allocations of the Part C direct grant in the amount of \$69,727, the Part B contract in the amount of \$56,759 with the remaining \$67,341 covered by program income from revenues from the 340b Discount Drug Program.

**SUPPLEMENTARY INFORMATION**

**UNCONDITIONAL LOVE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2012**

| <u>Federal Grantor/Pass-through<br/>Grantor/Program Title</u>   | <u>CFDA<br/>Number</u> | <u>Pass-through<br/>Entity<br/>Identifying<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|---|------------------------|---|---------------------------------|
| U.S. Department of Health and Human Services<br>Grants to Provide Outpatient Early Intervention Services<br>with Respect to HIV Disease (Ryan White Part C)   | 93.918                 | n/a   | \$ 387,884                      |
| Passed through State of Florida Department<br>of Health<br>Passed through Heart of Florida United Way<br>HIV CARE Formula Grants (Ryan White Part B)  | 93.917                 | CODGE-3<br>CODBV-3  | <u>290,105</u>                  |
| Total U.S. Department of Health and Human Services  |                        |   | <u>677,989</u>                  |
| U.S. Department of Housing and Urban Development<br>Passed through State of Florida Department<br>of Health<br>Passed through United Way of Brevard County, Inc.<br>Housing Opportunities for Persons with AIDS | 14.241                 | CODGL-1<br>CODDI-1  | <u>58,800</u>                   |
| Total U.S. Department of Housing and Urban Development  |                        |   | <u>58,800</u>                   |
| Total   |                        |   | <u>\$ 736,789</u>               |

NOTE 1: The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Unconditional Love, Inc. under programs of the federal government for the year ended December 31, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Unconditional Love, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Unconditional Love, Inc.

NOTE 2: The schedule of expenditures of federal awards is prepared on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**ADDITIONAL INFORMATION REQUIRED BY  
OMB CIRCULAR A-133**

**UNCONDITIONAL LOVE, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2012**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

None

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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 of  
Unconditional Love, Inc.

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 Unconditional Love, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012, 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 June 18, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Unconditional Love, Inc.'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 Unconditional Love, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, items 2006-1 and 2012-1, to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs, item 2012-2, to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Unconditional Love, Inc.'s financial statements are free of 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*.

### **Organization's Response to Findings**

Unconditional Love, Inc.'s response to the findings identified in our audit is included following the accompanying schedule of findings and responses. Unconditional Love, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

*Janes, Dinho & O'Keefe LLP*  
Janes, Dinho & O'Keefe LLP  
Certified Public Accountants  
June 18, 2013

## 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 of  
Unconditional Love, Inc.

### Report on Compliance for Each Major Federal Program

We have audited Unconditional Love, Inc.'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 the Organization's major federal programs for the year ended December 31, 2012. Unconditional Love, Inc.'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 Unconditional Love, Inc.'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 Unconditional Love, Inc.'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 Unconditional Love, Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Unconditional Love, Inc. 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 December 31, 2012.

### **Report on Internal Control Over Compliance**

Management of Unconditional Love, Inc. 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 Unconditional Love, Inc.'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 Unconditional Love, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-3 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-4 to be a significant deficiency.

Unconditional Love, Inc.  
Page three

### **Organization's Response to Findings**

Unconditional Love, Inc.'s response to the findings identified in our audit is included following the accompanying schedule of findings and responses. Unconditional Love, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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.

*Janes, Dinho & O'Keefe LLP*  
Janes, Dinho & O'Keefe LLP  
Certified Public Accountants  
June 18, 2013

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**UNCONDITIONAL LOVE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2012**

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of Unconditional Love, Inc.
2. Three significant deficiencies disclosed during the audit of the financial statements are reported in the 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*. Two of the conditions are material weaknesses and one is a significant deficiency.
3. No instances of noncompliance material to the financial statements of Unconditional Love, Inc. were disclosed during the audit.
4. Two significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the report on compliance for each major program and on internal control over compliance required by OMB Circular A-133 as a result of the audit. One of the conditions is a material weakness and one is a significant deficiency.
5. The auditor's report on compliance for the major federal award programs for Unconditional Love, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:

Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease (Ryan White HIV/AIDS Program Part C) – CFDA 93.918
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Unconditional Love, Inc. was not determined to be a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

***MATERIAL WEAKNESSES***

2006-1. Lack of Segregation of Duties

Condition: The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties.

**UNCONDITIONAL LOVE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2012**

FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

*MATERIAL WEAKNESSES*

2006-1. Lack of Segregation of Duties (continued)

One individual, the Administrator, is responsible for many duties in the financial area. During 2012, he prepared grant invoices, approved cash disbursements, signed vendor checks, and entered certain transactions, including payroll, in the accounting software. The Organization has engaged a contract accountant to provide part-time services during the year to enter receipts and payables in the accounting software and prepare vendor checks for signature.

The Organization has additionally mitigated the situation by having the contract accountant provide monthly services consisting of overview of account posting, reconciliation of bank statements and preparation of financial statements for presentation to the Board of Directors.

Criteria: Proper financial management depends upon separation of responsibility for authorizing transactions, recording transactions and maintaining custody of assets.

Cause: Limited staff are available to permit significant segregation of duties.

Effect: Lack of segregation of duties creates the potential for misstatements of financial information and misappropriation of assets.

Recommendation: Management has a responsibility to establish a system of oversight to assure good financial reporting as well as to provide a deterrent to fraudulent acts or behavior.

We recognize that management has implemented certain procedures that strengthen accounting controls, including 1) monthly financial reports and reconciliations of key accounts that are reviewed by the contract accountant and provided directly to the Chair of the Finance Committee, and 2) use of a contract accountant during the year.

2012-1. Third-party Payor Accounts Receivable

Condition: Accounts receivable balances for third-party payor sources were not fully adjusted during 2012 for contractual allowances and uncollectible amounts.

Criteria: Receivables resulting from transactions under third-party arrangements should be adjusted for contractual allowances as soon as those are determined, and relieved for uncollectible amounts periodically based on the entity's regular review of outstanding amounts in accounts receivable.

**UNCONDITIONAL LOVE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2012**

FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

*MATERIAL WEAKNESSES*

2012-1.            Third-party Payor Accounts Receivable (continued)

Cause: Management had not performed timely review of outstanding accounts receivable.

Effect: Balances of receivables and net patient revenue were both overstated by approximately \$22,000 at December 31, 2012, with almost \$7,000 of this amount in aging categories over 90 days old.

Recommendation: We recommend that contractual allowances for third-party payor receivables be recorded as frequently as information defining terms of payment is received, and uncollectible amounts be adjusted from receivables on a regular basis after management review, perhaps monthly.

*SIGNIFICANT DEFICIENCY*

2012-2.            Lack of Approvals for Cash Disbursements

Condition: Certain control procedures applied in the handling of cash disbursements are not adequately documented. In a test of fifty-four items, eleven (20%) did not bear indication of approval by an authorized individual or cancellation of the invoices indicating payment had been made.

Criteria: Requiring, for example, the initials of an authorized individual before processing a vendor invoice for payment provides assurance that the Organization's funds will be disbursed appropriately. In addition, some form of cancellation of original invoices helps to prevent duplicate payments.

Cause: Certain vendor invoices were placed in files supporting grant billings but a copy should have also been handled and filed as with all regular vendor invoices.

Effect: A sizeable percentage of disbursements do not bear evidence of the conduct of internal controls adopted by the Organization.

Recommendation: We recommend that all cash disbursements bear written evidence of approval before a check is signed, and that supporting documents be cancelled as paid before filing.

**UNCONDITIONAL LOVE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2012**

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

2012-3. Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease (Ryan White HIV/AIDS Program Part C) – CFDA 93.918; Grant period – Year ended December 31, 2012

*Material Weakness.* As discussed at Finding 2006-1, the size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. Management has a responsibility to establish a system of oversight to assure good financial reporting as well as to provide a deterrent to fraudulent acts or behavior.

2012-4. Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease (Ryan White HIV/AIDS Program Part C) – CFDA 93.918; Grant period – Year ended December 31, 2012

*Significant Deficiency:* Certain control procedures applied in the handling of cash disbursements are not adequately documented. In a test of fifty-four items, eleven (20%) did not bear indication of approval by an authorized individual or cancellation of the invoices indicating payment had been made. All cash disbursements should bear written evidence of approval before a check is signed, and supporting documents should be cancelled as paid before filing.

**CORRECTIVE ACTION PLAN  
DECEMBER 31, 2012**

U.S. Department of Health and Human Services

Unconditional Love, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2012.

Name and address of independent public accounting firm:

Janes, Dinho & O'Keefe LLP  
4875 N. Wickham Rd., Suite 107  
Melbourne, FL 32940-8304

Audit period: Year ended December 31, 2012

The findings from the December 31, 2012 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

*MATERIAL WEAKNESSES*

*MATERIAL WEAKNESSES*

2006-1. Lack of Segregation of Duties

Condition: The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties.

One individual, the Administrator, is responsible for many duties in the financial area. During 2012, he prepared grant invoices, approved cash disbursements, signed vendor checks, and entered certain transactions, including payroll, in the accounting software. The Organization has engaged a contract accountant to provide part-time services during the year to enter receipts and payables in the accounting software and prepare vendor checks for signature.

#### 2006-1. Lack of Segregation of Duties (Cont'd)

The Organization has additionally mitigated the situation by having the contract accountant provide monthly services consisting of overview of account posting, reconciliation of bank statements and preparation of financial statements for presentation to the Board of Directors.

Criteria: Proper financial management depends upon separation of responsibility for authorizing transactions, recording transactions and maintaining custody of assets.

Cause: Limited staff are available to permit significant segregation of duties.

Effect: Lack of segregation of duties creates the potential for misstatements of financial information and misappropriation of assets.

Recommendation: Management has a responsibility to establish a system of oversight to assure good financial reporting as well as to provide a deterrent to fraudulent acts or behavior. We recognize that management has implemented certain procedures that strengthen accounting controls, including 1) monthly financial reports and reconciliations of key accounts that are reviewed by the contract accountant and provided directly to the Chair of the Finance Committee, and 2) use of a contract accountant during the year.

Action Taken: In 2011 the primary responsibility of check signing was transferred to the Director of Clinical Services and Administrative Assistant. While the Administrator remains a signer on the account, he only signs checks in the absence of one of those in order to meet the requirement for two signatures on checks. In 2013, the responsibility of downloading payroll transactions from the ADP system into QuickBooks will be assigned to the contract accountant.

#### 2012-1. Third-party Payor Accounts Receivable

Condition: Accounts receivable balances for third-party payor sources were not fully adjusted during 2012 for contractual allowances and uncollectible amounts.

Criteria: Receivables resulting from transactions under third-party arrangements should be adjusted for contractual allowances as soon as those are determined, and relieved for uncollectible amounts periodically based on the entity's regular review of outstanding amounts in accounts receivable.

Cause: Management had not performed timely review of outstanding accounts receivable.

#### 2012-1. Third-party Payor Accounts Receivable (continued)

Effect: Balances of receivables and net patient revenue were both overstated by approximately \$22,000 at December 31, 2012, with almost \$7,000 of this amount in aging categories over 90 days old.

Recommendation: We recommend that contractual allowances for third-party payor receivables be recorded as frequently as information defining terms of payment is received, and uncollectible amounts be adjusted from receivables on a regular basis after management review, perhaps monthly.

Action Taken: The late adjustment of receivables was due to not having ready access to the bank account in order to view EFT deposits. In 2013 the agency subscribed to online banking services in order to have ready access to account data including EFT deposits. Up to date statements from the online service which include EFT payments are now available to the contract accountant.

#### *SIGNIFICANT DEFICIENCY*

#### 2012-2. Lack of Approvals for Cash Disbursements

Condition: Certain control procedures applied in the handling of cash disbursements are not adequately documented. In a test of fifty-four items, eleven (20%) did not bear indication of approval by an authorized individual or cancellation of the invoices indicating payment had been made.

Criteria: Requiring, for example, the initials of an authorized individual before processing a vendor invoice for payment provides assurance that the Organization's funds will be disbursed appropriately. In addition, some form of cancellation of original invoices helps to prevent duplicate payments.

Cause: Certain vendor invoices were placed in files supporting grant billings but a copy should have also been handled and filed as with all regular vendor invoices.

Effect: A sizeable percentage of disbursements do not bear evidence of the conduct of internal controls adopted by the Organization.

Recommendation: We recommend that all cash disbursements bear written evidence of approval before a check is signed, and that supporting documents be cancelled as paid before filing.

Action Taken: In 2013 additional emphasis was placed on recording approval and payment on all invoices. Accounting personnel have been instructed to delay processing or filing any invoices which have not be properly endorsed as approved and/or paid until endorsements are completed.

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1495 N. Harbor City Blvd - Melbourne, FL 32935

Phone: (321) 259-8928 - Fax: (321) 253-1004 - email: bgoode@chcfl.net

2012-3. Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease (Ryan White HIV/AIDS Program Part C) – CFDA 93.918; Grant period – Year ended December 31, 2012

Material Weakness. As discussed at Finding 2006-1, the size of the Organization’s accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. Management has a responsibility to establish a system of oversight to assure good financial reporting as well as to provide a deterrent to fraudulent acts or behavior.

Action Taken: The agency expanded the role of the contract accountant in the latter half of 2011 to include entering weekly income and expense data into the accounting software and generate payments/print checks. In addition, the contract accountant continues to reconcile accounts monthly and submit signed reports via mail to the Chair of the Finance Committee. At that time, the responsibilities of check signing was transferred to the Director of Clinical Services. While the Administrator remains a signer on the account, he only signs checks in the absence of one of those in order to meet the requirement for two signatures on checks. In 2013, the responsibility of downloading payroll transactions from the ADP system into QuickBooks will be assigned to the contract accountant.

2012-4. Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease (Ryan White HIV/AIDS Program Part C) – CFDA 93.918; Grant period – Year ended December 31, 2012

Significant Deficiency: Certain control procedures applied in the handling of cash disbursements are not adequately documented. In a test of fifty-four items, eleven (20%) did not bear indication of approval by an authorized individual or cancellation of the invoices indicating payment had been made. All cash disbursements should bear written evidence of approval before a check is signed, and supporting documents should be cancelled as paid before filing.

Action Taken: In 2013 additional emphasis was placed on recording approval and payment on all invoices. Accounting personnel have been instructed to delay processing or filing any invoices which have not be properly endorsed as approved and/or paid until endorsements are completed.

If the Department of Health and Human Services has questions regarding this plan, please call Bill Goode at 321-259-8928.

Sincerely

Bill Goode  
Administrator

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