



# MIAMI BEACH COMMUNITY HEALTH CENTER

**MIAMI BEACH COMMUNITY HEALTH CENTER, INC.**  
**Financial Statements**  
**Years Ended December 31, 2019 and 2018**  
**With Independent Auditor's Report**

**Miami Beach Community Health Center, Inc.**  
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**December 31, 2019 and 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
Miami Beach Community Health Center, Inc.:

### Report on the Financial Statements

We have audited the accompanying financial statements of Miami Beach Community Health Center, Inc. (the "Center") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 auditors' 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 auditors consider internal control relevant to the Center'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 Center'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 Miami Beach Community Health Center, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

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

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2020, on our consideration of the Center'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 the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

### Emphasis of Matter

As disclosed in Note 14 of the financial statements, management is currently evaluating the impact of the COVID-19 virus on its patients and the potential effect on the Center's revenues. While it is reasonably possible that the virus could have a negative effect on its financial condition and results of operations, the specific impact is not readily determinable as of the date of these financial statements. Our opinion is not modified with respect to this matter.

A handwritten signature in blue ink that reads "Withum Smith & Brown, PC".

March 24, 2020

**Miami Beach Community Health Center, Inc.**  
**Statements of Financial Position**  
**December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 11,578,370	\$ 8,737,131
Patient services receivable, net	3,987,559	3,560,542
Grants receivable	2,409,403	982,646
Inventory	687,341	680,031
Prepaid expenses	<u>1,293,573</u>	<u>468,521</u>
Total current assets	<u>19,956,246</u>	<u>14,428,871</u>
Property and equipment, net	4,652,373	4,300,633
Investment in limited liability companies	-	127,047
Other assets	<u>269,311</u>	<u>174,508</u>
Total assets	<u>\$ 24,877,930</u>	<u>\$ 19,031,059</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 3,060,251	\$ 2,755,026
Refunds due to patients	847,701	874,893
Deferred revenue	764,169	89,978
Accrued compensation and vacation	<u>1,874,918</u>	<u>1,530,527</u>
Total current liabilities	<u>6,547,039</u>	<u>5,250,424</u>
Long-term accrued vacation	495,930	565,199
Deferred lease liability	244,362	288,551
Notes payable, less current maturities	<u>-</u>	<u>64,723</u>
Total liabilities	<u>7,287,331</u>	<u>6,168,897</u>
Net assets		
Without donor restrictions	<u>17,590,599</u>	<u>12,862,162</u>
Total net assets	<u>17,590,599</u>	<u>12,862,162</u>
Total liabilities and net assets	<u>\$ 24,877,930</u>	<u>\$ 19,031,059</u>

The Notes to Financial Statements are an integral part of these statements.

**Miami Beach Community Health Center, Inc.**  
**Statements of Activities**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Support and revenue		
Support		
Governmental grants	\$ 15,176,735	\$ 18,566,403
Private support	285,225	378,020
In-kind contributions	<u>5,066,741</u>	<u>5,445,760</u>
Total support and revenue	<u>20,528,701</u>	<u>24,390,183</u>
Revenue		
Patient services revenue, net of provision for contractual adjustments and bad debts of \$43,892,303 in 2018	48,847,126	46,195,695
Other	<u>226,450</u>	<u>659,284</u>
Total revenue	<u>49,073,576</u>	<u>46,854,979</u>
Total support and revenue	<u>69,602,277</u>	<u>71,245,162</u>
Expenses		
Program services	57,650,916	59,608,804
Management and general	<u>7,222,924</u>	<u>7,427,210</u>
Total expenses	<u>64,873,840</u>	<u>67,036,014</u>
Increase in net assets	4,728,437	4,209,148
Net assets		
Without donor restrictions		
Beginning of year	<u>12,862,162</u>	<u>8,653,014</u>
End of year	<u>\$ 17,590,599</u>	<u>\$ 12,862,162</u>

The Notes to Financial Statements are an integral part of these statements.

**Miami Beach Community Health Center, Inc.**  
**Statements of Functional Expenses**  
**Year Ended December 31, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 22,370,331	\$ 4,420,485	\$ 26,790,816
Fringe benefits	3,507,056	693,011	4,200,067
Consultants and contractual services	5,469,210	111,617	5,580,827
Professional fees	3,660	362,357	366,017
Pharmaceuticals and supplies	16,968,293	223,493	17,191,786
Facilities	1,660,366	415,091	2,075,457
Insurance	186,842	100,607	287,449
Repairs and maintenance	959,902	239,976	1,199,878
Equipment rental	187,403	80,316	267,719
Telephone	191,840	103,299	295,139
Travel, conferences, and meetings	49,237	26,512	75,749
Staff training	25,554	6,388	31,942
Dues and subscriptions	50,843	12,711	63,554
Printing, publications, and postage	99,022	24,755	123,777
In-kind expenses	4,914,739	152,002	5,066,741
Other	<u>465,264</u>	<u>114,965</u>	<u>580,229</u>
	57,109,562	7,087,585	64,197,147
Depreciation	<u>541,354</u>	<u>135,339</u>	<u>676,693</u>
	<u>\$ 57,650,916</u>	<u>\$ 7,222,924</u>	<u>\$ 64,873,840</u>

The Notes to Financial Statements are an integral part of these statements.

**Miami Beach Community Health Center, Inc.**  
**Statements of Functional Expenses**  
**Year Ended December 31, 2018**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 21,112,351	\$ 4,324,216	\$ 25,436,567
Fringe benefits	3,328,137	681,667	4,009,804
Consultants and contractual services	9,923,499	202,520	10,126,019
Professional fees	4,777	472,943	477,720
Pharmaceuticals and supplies	15,852,304	210,850	16,063,154
Facilities	1,650,418	412,605	2,063,023
Insurance	143,642	95,762	239,404
Repairs and maintenance	865,230	229,998	1,095,228
Equipment rental	198,635	85,129	283,764
Telephone	171,357	114,238	285,595
Travel, conferences, and meetings	50,143	33,428	83,571
Staff training	13,530	4,510	18,040
Dues and subscriptions	49,900	12,475	62,375
Printing, publications, and postage	119,877	31,866	151,743
Interest	11,599	7,732	19,331
In-kind expenses	5,173,472	272,288	5,445,760
Other	361,943	90,486	452,429
	<u>59,030,814</u>	<u>7,282,713</u>	<u>66,313,527</u>
Depreciation	577,990	144,497	722,487
	<u>\$ 59,608,804</u>	<u>\$ 7,427,210</u>	<u>\$ 67,036,014</u>

The Notes to Financial Statements are an integral part of these statements.

**Miami Beach Community Health Center, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Operating activities</b>		
Change in net assets without donor restrictions	\$ 4,728,437	\$ 4,209,148
Adjustments to reconcile change in net assets without donor restrictions to net cash and cash equivalents provided by operating activities		
Gain on dissolution of investments in limited liability companies	(30,290)	-
Depreciation	676,693	722,487
Provision for bad debts	-	3,967,647
Changes in operating assets and liabilities		
Patient services receivable	(427,017)	(4,103,971)
Grants receivable	(1,426,757)	274,926
Inventory	(7,310)	(51,752)
Prepaid expenses	(825,052)	31,236
Other assets	(94,803)	-
Accounts payable and accrued expenses	305,225	441,930
Refunds due to patients	(27,192)	39,383
Deferred revenue	674,191	89,978
Accrued compensation and vacation	275,122	306,854
Deferred lease liability	(44,189)	(5,586)
Net cash and cash equivalents provided by operating activities	<u>3,777,058</u>	<u>5,922,280</u>
<b>Investing activities</b>		
Purchases of property and equipment	(1,028,433)	(1,165,966)
Proceeds from sale of investments in limited liability companies	92,614	-
Net cash and cash equivalents used in investing activities	<u>(935,819)</u>	<u>(1,165,966)</u>
<b>Financing activities</b>		
Principal payments on notes payable	-	(498,084)
Net cash and cash equivalents used in financing activities	<u>-</u>	<u>(498,084)</u>
Net change in cash and cash equivalents	2,841,239	4,258,230
<b>Cash and cash equivalents</b>		
Beginning of year	<u>8,737,131</u>	<u>4,478,901</u>
End of year	<u>\$ 11,578,370</u>	<u>\$ 8,737,131</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	<u>\$ -</u>	<u>\$ 19,331</u>
<b>Noncash investing and financing activity</b>		

In December 2019, a limited liability company in which the Center had a cost method investment of approximately \$62,500 and to which the Center owed a note payable and accrued interest of \$64,700, dissolved. As a result of the dissolution, the investment interest in the Company was used to settle the balance of note.

The Notes to Financial Statements are an integral part of these statements.

**Miami Beach Community Health Center, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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**1. ORGANIZATION AND PURPOSE**

**Nature of Operations**

Miami Beach Community Health Center, Inc. (the “Center”) is a not-for-profit, consumer-directed healthcare corporation serving the medically underserved population in Miami, and Miami Beach, Florida. The U.S. Department of Health and Human Services (“DHHS”) provides substantial direct and indirect support to the Center. The Center is obligated under the terms of the DHHS grant to comply with specified conditions and program requirements set forth by the grantor.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). According to GAAP, the Center is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions, and net assets without donor restrictions. Net assets of the Center and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. These assets may, however, be subject to Board designation.

**Net Assets With Donor Restrictions** – Net assets that are subject to donor-imposed stipulations. These stipulations either require the Center to maintain the net asset permanently, generally permitting all or part of the income earned on related investments for general or specific purposes, or be met either by the completion of a stipulated action and/or the passage of time.

The Center had no net assets with donor restrictions at December 31, 2019 and 2018.

**Use of Estimates**

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

**Accounting Pronouncements Adopted**

The Financial Accounting Standards Board (“FASB”) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (“ASC”). ASC 606 supersedes the prior revenue recognition requirements (codified as ASC 605, Revenue Recognition) and most industry-specific guidance. ASC 606 established a core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

The Center adopted the requirements of the new guidance as of January 1, 2019, utilizing the modified retrospective method of transition to all contracts existing on January 1, 2019. The adoption of ASC 606 resulted in changes to the presentation and disclosure of revenue primarily related to uninsured or underinsured patients. Prior to the adoption of ASC 606, a significant portion of the provision for doubtful accounts related to self-pay patients, as well as co-pays, co-insurance amounts and deductibles owed by patients with insurance. Under ASC 606, the estimated uncollectible amounts due from these patients are generally considered implicit price concessions that are a direct reduction to net operating revenues, with a corresponding material reduction in the amounts presented separately as provision for doubtful accounts. For the year ended December 31, 2019, the Center recorded approximately \$2,980,059 of implicit price concessions as a direct reduction of net operating revenues that would have been recorded as provision for doubtful accounts prior to the adoption of ASC 606. However, under ASC 606, subsequent changes in the

**Miami Beach Community Health Center, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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estimate of the collectibility due to a change in financial status of the payor (e.g. bankruptcy), will be recognized as bad debt expense in operations in the period identified. The adoption of this ASU did not materially impact the Center's results of operations. Prior period amounts and presentation are not adjusted and continue to be reported in accordance with the Center's historical accounting under ASC 605.

**Revenue Recognition**

The Center derives revenue primarily from outpatient and pharmacy services provided to patients. The Center reports revenue from patient services at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing patient care. These amounts are due from patients, governmental programs (Medicare and Medicaid) and private insurers and include variable consideration for retrospective revenue adjustments due to settlements of audits, reviews, and investigations. Generally, the Center bills the patient and the third-party payors shortly after the services are performed. Revenue for performance obligations are satisfied at a point in time when the goods and services are provided and when the Center does not believe that it is required to provide additional goods, services, or obligations to the patient. The Center's ability to collect revenue is affected by a variety of factors, including general economic conditions and each third-party payor's and patient's financial capability.

The Center determines the transaction price based on standard billing rates for goods and services provided, reduced by contractual adjustments provided to third-party payor, discounts provided to uninsured patients, and patient responsibility in accordance with the Center's policy, and/or implicit price concessions provided to uninsured patients and patient responsibility after insurance. The Center determines its estimates of contractual adjustments based on contractual agreements, its discount policies, and its historical experience. The Center determines its estimate of implicit price concessions based on its historical collection experience for each applicable patient portfolio.

Agreements with third-party payors typically provide for payments at less than standard billing rates. A summary of the payment arrangements with major third-party payors is as follows:

- Medicare – Outpatient services are paid using prospectively determined rates according to payment classifications and for some services, fee schedules. Physician services are paid based upon the Medicare Physician Fee Schedule.
- Medicaid – Reimbursements for Medicaid services are generally paid at prospectively determined rates per occasion of service or covered member.
- Private insurers – Payment agreements with third-party payors generally provide for payment using prospectively determined rates, discounts from standard billing rates, and prospectively determined daily rates.

Additionally, patients who are covered by third-party payors are responsible for related co-pays and deductibles which vary in amount. The Center also provides services to uninsured patients and offers those uninsured patients a discount from the Center's standard billing rates. The Center estimates the transaction price for patients with co-pays and deductibles and for uninsured patients based on historical collection experience and current market conditions. The initial estimate of the transaction price is determined by reducing the Center's standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price, if any, are generally recorded as an adjustment to revenue on the period of the change.

**Miami Beach Community Health Center, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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Contractual adjustments, or differences in standard billing rates and the payments derived from contractual terms with governmental and private insurers, are recorded based on management's best estimates in the period in which services are performed and a payment methodology is established with the patient. Recorded estimates for past contractual adjustments are subject to change, in large part, due to ongoing contract negotiations and regulation changes, which are typical in the U.S. healthcare industry. Revisions to estimates are recorded as contractual adjustments in the periods in which they become known and may be subject to further revisions. Subsequent changes in estimates for third-party payors that are determined to be the result of an adverse change in a payor's ability to pay are recorded as bad debt expense. Bad debt expense for the year ended December 31, 2019 was not significant.

Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation as well as significant regulatory action in the normal course of business, the Center is subject to contractual reviews and audits. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term. In addition, the Center's contracts with private insurers may provide for a retroactive audit or review of claims. The Center believes that it is in compliance with applicable laws and regulations governing the Medicare and Medicaid programs and that adequate provisions have been made for any adjustments that may result from final settlements from governmental agencies and private insurers.

Retroactive adjustments are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements, if applicable, are estimated and accrued based on settlement agreements and historical settlement experience in the period in which the related services are rendered, and adjusted in future periods as final settlements are determined. No adjustment has been recorded as the Center does not expect there to be any retrospective adjustments for services performed prior to December 31, 2019.

The summary of patient services by revenue by payor source consisted of the following for the year ended December 31, 2019:

	<u>Amount</u>	<u>% of Total</u>
Medicaid	\$ 7,359,970	15%
Medicare	3,038,529	6%
Private insurance	6,434,195	13%
Patient (including co-pays and deductibles)	2,166,202	5%
Private insurance- pharmacy	28,189,431	58%
Patient- pharmacy (including co-pays and deductibles)	<u>1,658,799</u>	3%
Total patient services revenue	<u>\$ 48,847,126</u>	<u>100%</u>

**Miami Beach Community Health Center, Inc.**  
**Notes to Financial Statements**  
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The summary of patient services revenue, net of provision for contractual adjustments and bad debts by payor sources based on estimated transaction price consisted of the following for the year ended December 31, 2018:

	<u>Amount</u>	<u>% of Total</u>
Medicaid	\$ 7,983,843	17%
Medicare	2,668,028	6%
Private insurance	4,884,089	11%
Patient (including co-pays and deductibles)	2,205,529	5%
Private insurance- pharmacy	26,712,271	58%
Patient- pharmacy (including co-pays and deductibles)	<u>1,741,935</u>	3%
 Total patient services revenue	 <u>\$ 46,195,695</u>	 <u>100%</u>

**Cash and Cash Equivalents**

The Center considers all highly liquid investments used in daily operations with maturities of three months or less when purchased to be cash equivalents.

**Patient Services Receivable**

Substantially all of the Center's receivables are related to providing outpatient and pharmacy services to patients. Patient services receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of patient services receivable, the Center estimates implicit price concessions by each major payor type based on historical experience. Management regularly reviews data about these major payor services in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients with third-party coverage, the Center analyzes contractually due amounts and provides an allowance for doubtful accounts, if necessary (for example, for payors who are known to be having financial difficulties that make the collection of receivables unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and co-payment balances due for which third-party coverage exists for part of the bill), the Center estimates uncollectible amounts based on its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible.

The following table provides a summary of the changes in the allowance for doubtful accounts for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Balance at January 1,	\$ 3,541,146	\$ 2,315,421
Provision for bad debts	-	3,967,647
Amounts written off, net of recoveries	-	(2,741,922)
Impact of adoption of ASC 606	<u>(3,541,146)</u>	<u>-</u>
 Balance at December 31	 <u>\$ -</u>	 <u>\$ 3,541,146</u>

**Grants and Contributions**

Revenue from government grants designated for use in specific activities is recognized in the period when the expenditures have been incurred in compliance with the Grantor's restrictions. Cash received in excess of revenue recognized is recorded as deferred revenue.

**Miami Beach Community Health Center, Inc.**  
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Contributions, including unconditional promises to give, are recorded as made. All contributions are reported as unrestricted or restricted support, depending on the existence of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction is satisfied or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due within one year are recorded at their net realizable value. Unconditional promises to give due after one year are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

**Inventory**

Inventory consists of pharmaceuticals for resale. Inventory is stated at the lower of cost or net realizable value on primarily a specific identification basis. Management performs periodic assessments to determine the existence of obsolete, slow moving and unsalable inventories.

**Property and Equipment**

Property and equipment is recorded at cost. Depreciation is calculated by the straight-line method over the following estimated useful lives:

Building and improvements	12 – 40 years
Leasehold improvements	10 years
Furniture, fixtures, and equipment	3 – 7 years

Contributed assets are recorded at their estimated fair value at the date of contribution. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Repairs and maintenance are expensed as incurred.

**Investment in Limited Liability Companies**

The Center's investments in Prestige MSO HoldCo, LLC and Wellmerica, LLC are accounted for under the cost method. These investments were dissolved in 2019.

**Refunds Due to Patients**

Refunds due to patients represents overpayments from patients for services provided by the Center prior to all efforts being exhausted to refund the monies and being turned over to the state's unclaimed property fund.

**Accrued Compensation and Vacation**

Prior to June 1, 2013, the Center had a vacation policy that allowed employees to carry over an unlimited amount of earned, unused time from year-to-year. Effective June 1, 2013, the Center changed the vacation policy to a "use it or lose it" policy for any newly accrued vacation time. Under the new policy, employees may carry over up to one earned, unused week of vacation time from one year to the next. Accrued time earned prior to June 1, 2013, that is not used by the employee prior to termination is paid out upon termination and is included in long-term accrued vacation in the accompanying statement of financial position. Accrued time earned after June 1, 2013, is included in accrued compensation and vacation in the accompanying statement of financial position.

**Miami Beach Community Health Center, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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**In-Kind Contributions**

In-kind contributions are recorded as support and expense at their fair value at date of donation. The Center recognizes the fair value of contributed services received if such services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. In-kind contributions are comprised of donated facilities and pharmaceuticals.

**Functional Expenses**

The cost of providing the various services and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been charged to program services or supporting services based on a combination of specific identification and allocation by management.

Directly identifiable expenses are charged to programs and supporting services. Management and general administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support of the Center. Such expenses are allocated based on an estimate of actual time spent. Depreciation is allocated on the basis of usage of the related property and equipment.

**Income Taxes**

The Center is a nonprofit Center exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

Accounting principles generally accepted in the United States of America prescribe requirements for the recognition of income taxes in financial statements, and the amounts recognized are affected by income tax positions taken by the Center in its tax returns. The Center's status as an exempt Center is defined as an income tax position under these requirements. While management believes it has complied with the Internal Revenue Code, the sustainability of some income tax positions taken by the Center in its tax returns may be uncertain. There are minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized in the financial statements. Management does not believe that the Center has any material uncertain tax positions at December 31, 2019.

In the event interest and penalties were due relating to an unsustainable tax position, they would be treated as a component of income tax expense.

**Significant Accounting Pronouncements**

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases (ASU 2016-02). ASU 2016-02 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

ASU 2016-02 is effective for fiscal years beginning after December 15, 2020. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Center is currently evaluating the impact of its pending adoption of ASU 2016-02 on its financial statements.

**Miami Beach Community Health Center, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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**Reclassifications**

Certain amounts included in the 2018 financial statements have been reclassified to confirm the 2019 presentation. The reclassifications had no effect on total assets, liabilities, net assets or changes in net assets.

**Subsequent Events**

The Center's management has evaluated subsequent events through March 24, 2020, the date which the financial statements were available to be issued. Except as disclosed in Note 14, the Center's management has determined that no subsequent events occurred which require adjustment to or disclosure in the financial statements.

**3. PATIENT SERVICES RECEIVABLE, NET**

Patient services receivable, net, consists of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Medicaid	\$ 944,045	\$ 1,287,799
Medicare	103,014	194,974
Other third-party payors	504,747	1,161,523
Self-pay	446,459	2,559,835
Pharmacy program	<u>1,989,294</u>	<u>1,897,557</u>
	3,987,559	7,101,688
Less allowance for contractual adjustments and doubtful accounts	<u>-</u>	<u>(3,541,146)</u>
	<u>\$ 3,987,559</u>	<u>\$ 3,560,542</u>

**4. GRANTS RECEIVABLE**

Grants receivable consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
State of Florida General Revenue Fund	\$ 1,527,694	\$ -
Miami-Dade County	847,844	919,845
Healthy Start Coalition of Miami-Dade	-	40,539
Other	<u>33,865</u>	<u>22,262</u>
	<u>\$ 2,409,403</u>	<u>\$ 982,646</u>

**Miami Beach Community Health Center, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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**5. PROPERTY AND EQUIPMENT, NET**

Property and equipment consists of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 902,133	\$ 902,133
Building and improvements	1,503,605	1,503,605
Construction in process	238,744	1,199,410
Leasehold improvements	5,808,089	4,242,594
Furniture, fixtures, and equipment	<u>5,605,446</u>	<u>5,181,842</u>
	14,058,017	13,029,584
Less accumulated depreciation	<u>9,405,644</u>	<u>8,728,951</u>
	<u>\$ 4,652,373</u>	<u>\$ 4,300,633</u>

Depreciation expense for the years ended December 31, 2019 and 2018, totaled \$676,693 and \$722,487, respectively. The DHHS holds a financial interest in property and equipment acquired with grant funds. In the event the DHHS grants are terminated, the DHHS reserves the right to transfer all property and equipment purchased with grant funds to the Public Health Service (“PHS”) or third parties.

**6. INVESTMENT IN LIMITED LIABILITY COMPANIES**

The Center has a 4.02% ownership interest in Prestige MSO HoldCo, LLC (“MSO”). MSO owns a 49.0% interest in Community Care of Florida, LLC (“CCF”). CCF was formed to provide support services for an independent Center that operates under a contract with the Agency for Health Care Administration (“AHCA”). During 2019, the Board of Directors of MSO voted to dissolve the organization resulting in a final liquidating distribution to the Center of approximately \$92,600. Accordingly, the Center impaired its investment in Prestige and recorded a gain on dissolution of investments in limited liability companies of approximately \$28,000. The impacts of Prestige’s dissolution are not material to the operations of the Center.

The Center has a 12.5% ownership interest in Wellmerica, LLC (“Wellmerica”). Wellmerica was formed to operate as a provider service network administering health care services to Medicaid enrollees in the state of Florida. In December 2019, the Board of Directors of Wellmerica voted to dissolve the organization. As a result of the dissolution, the Center’s investment in Wellmerica was settled in consideration for the note payable owed to Wellmerica resulting in a gain on dissolution of investments in limited liability companies approximately \$2,200. The impacts of Wellmerica’s dissolution are not material to the operations of the Center.

**7. NOTES PAYABLE**

During 2017, the Center obtained a note payable to Wellmerica in exchange for ownership interest in Wellmerica (see Note 5). The note accrued interest at 3% due annually with the entire principal balance due October 2022. In December 2019, Wellmerica ceased operations and dissolved. No interest was charged by the entity for the year ended December 31, 2019. As a result of the dissolution, all outstanding principal on the note payable balance was considered settled.

Interest expense for the year ended December 31, 2018, was \$19,331.

**Miami Beach Community Health Center, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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**8. IN-KIND CONTRIBUTIONS**

In-kind contributions are recognized in the accompanying financial statements based on their fair value at the time of donation. In-kind pharmaceuticals were provided by the same four vendors during the years ended December 31, 2019 and 2018. In-kind contributions consisted of the following for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Rent	\$ 675,000	\$ 675,000
Pharmaceuticals	<u>4,391,741</u>	<u>4,770,760</u>
	<u>\$ 5,066,741</u>	<u>\$ 5,445,760</u>

**9. RETIREMENT PLAN**

The Center maintains a defined contribution 401(k) safe harbor plan covering substantially all employees who meet certain eligibility requirements. Employees become eligible to participate after one year of employment and may then elect to contribute to the plan up to 100% of their pre-tax compensation subject to certain limitations. The Center is required to match 100% of a participating employee's contributions up to 4% of the employee's pay. The Center may also make discretionary contributions to the plan at the option of the Center's Board of Directors. Participants are immediately vested in their contributions plus actual earnings thereon, and in the Center's qualified matching contributions. Vesting in the Center's discretionary contributions is based on years of continuous service; a participating employee becomes 100% vested in such contributions after six years of credited service. For the years ended December 31, 2019 and 2018, the Center's retirement plan contribution amounted to \$518,761 and \$573,352, respectively.

**10. RELATED PARTIES**

The Center is a member of Health Choice Network of Florida, Inc. ("HCNFL"), an association for federally qualified health centers, which provides substantial support services to the Center's operations in terms of information technology, finance, electronic health records, managed care and other clinical services. The CEO of the Center serves on the Board of HCNFL. The amount paid to HCNFL for this support was approximately \$1,902,000 and \$1,638,000, for the years ended December 31, 2019 and 2018, respectively.

**11. LEASES**

In February 2007, the Center entered into a 30-year lease agreement, with another 20-year option to extend the lease, with Miami-Dade County for an annual base rent of \$1 to be paid annually. The in-kind rent recognized amounted to \$675,000. The value of the lease cannot be determined until required improvements to the building are known. Therefore, future commitments of in-kind rent have not been recognized.

**Miami Beach Community Health Center, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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The Center leases space under various operating leases with escalating rent payments of 3% per annum, expiring May 31, 2024. Rent expense is recorded straight-line over the life of the lease term. Rent expense is deferred and amortized over the life of the lease. The deferred lease liability is included in the statement of financial position in the caption "deferred lease liability." The Center also leases a parking lot with minimum monthly lease payments of \$7,000. Rent expense for the years ended December 31, 2019 and 2018, approximated \$2,067,000 and \$2,184,000, respectively. Approximate future minimum lease payments under these leases are as follows:

Year Ending December 31,	
2020	\$ 1,503,651
2021	1,492,086
2022	271,346
2023	98,085
2024	<u>41,371</u>
	<u>\$ 3,406,539</u>

**12. CONCENTRATIONS, COMMITMENTS, AND CONTINGENCIES**

**Risk and Uncertainties**

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of cash and cash equivalents, patient services receivables, and grants and contracts receivable. At times during the year, the Center's cash and cash equivalents balances may exceed federally insured limits of \$250,000. The Center places its cash with two financial institutions and has not experienced losses in any such accounts.

Grants receivable credit risk is limited due to the nature of the grants. The Center regularly monitors its grants receivable by investigating delayed payments and differences when payments received do not conform to the amount billed. The Center considers all grants collectible. Patient service receivables are due from managed care Centers and patients in and around South Florida. Risk is limited due to the large number of individually insignificant accounts which comprise the Center's customer base, thus spreading the default risk. No single customer represents greater than 10% of total patient service receivables.

**Significant Vendors**

The Center is dependent upon third-party service providers and suppliers for all of its pharmaceuticals and lab service. The Center is dependent on the ability of its vendors to provide products and services on a timely basis and at favorable pricing terms. The loss of certain principal vendors or a significant reduction in product and/or service availability could have a material effect on the Center. The Center believes that its relationships with its vendors are satisfactory.

One company accounted for approximately \$15,500,000 of the total pharmaceutical purchases for the year ended December 31, 2019, and had an accounts payable balance outstanding of approximately \$1,370,000 at December 31, 2019. One company accounted for approximately \$14,677,000 of the total pharmaceutical purchases for the year ended December 31, 2018, and had an accounts payable balance outstanding of approximately \$1,106,000 at December 31, 2018.

**Miami Beach Community Health Center, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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**Significant Grantors**

One grantors accounted for approximately 63% of grants receivable December 31, 2019. Additionally, another grantor accounted for 35% and 94% of grants receivable at December 31, 2019 and 2018, respectively, and for 19% and 25% of total revenues during the years ended December 30, 2019 and 2018, respectively. The loss of these funding sources could have an adverse impact on the Center.

**Litigation**

The Center may be involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Center's financial position or results of operations.

**Medical Malpractice**

The Center maintains its medical malpractice coverage under the Federal Tort Claims Act ("FTCA"). FTCA provides malpractice coverage to eligible PHS-Supported programs and applies to the Center and its employees while providing services within the scope of employment included under grant-related activities. The Attorney General, through the U.S. Department of Justice, has the responsibility for the defense of the individual and/or grantee for malpractice cases approved for FTCA coverage. The Center maintains a GAP insurance policy for coverage beyond the coverage under FTCA.

**13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization's financial assets available within one year of the statement of financial position date, December 31, 2019, for general expenditures are as follows:

Cash and cash equivalents	\$ 11,578,370
Patient services receivable, net	3,987,559
Grants receivable	<u>2,409,403</u>
Total financial assets available within one year	17,975,332
Less: Amounts unavailable for general expenditure within one year due to contractual obligations	
Operating lease obligations	<u>(1,503,651)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 16,471,681</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

**14. SUBSEQUENT EVENT**

As a result of the COVID-19 virus, patient encounters may decline and some of the Center's funders are closing their operations, which is expected to have an impact on the Center's operations in the near future. Management is evaluating the impact and adjusting operations for the potential decrease in patient service revenues and federal and state funding. There have been no adjustments to the financial statements as of December 31, 2019 for any anticipated impact to the financial statements.



**MIAMI BEACH**  
**COMMUNITY HEALTH CENTER**

**SUPPLEMENTARY INFORMATION**

**Miami Beach Community Health Center, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2019**

<u>Programs</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Grant Expenditures</u>
U.S. Department of Health and Human Services			
Consolidated Health Centers Cluster Health Center Program	93.224	H80CS00182	\$ 2,539,189
Affordable Care Act Grants for New and Expanded Services under the Health Center Program	93.527	H80CS00182	<u>5,174,263</u>
Subtotal Consolidated Health Centers Cluster			7,713,452
Grants to Provide Outpatient Early Intervention Services with respect to HIV Disease (Ryan White)	93.918	H76HA00103	551,979
Passed through Miami-Dade County HIV Emergency Relief Project Grants (Ryan White)	93.914	R-1177-12 / R-11177-17	4,592,155
Passed through Public Health Trust of Miami-Dade County HIV Care Formula Grants	93.917	CODOJ	11,600
Passed through Healthy Start Coalition of Miami-Dade, Inc. Medical Assistance Program	93.778	HSMBC1819	18,320
Maternal & Child Health Services Block Grant to the States	93.994	HSMBC1819	7,855
Passed through State of Florida Department of Health Test and Treat (Ryan White)	93.917	DEX44-A4	<u>64,308</u>
Total U.S. Department of Health and Human Services			<u>\$ 12,959,669</u>

See Independent Auditor's Report.  
The Notes to Schedule of Expenditures of Federal Awards are an integral part of this statement.

**Miami Beach Community Health Center, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2019**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Center under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Center.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. INDIRECT COST RATE**

The Center has a federally negotiated indirect cost rate of 39.17% for major programs.

**4. RECEIVABLE FROM DEPARTMENT OF HEALTH AND HUMAN SERVICES**

The Center submits requests for reimbursement to the Department of Health and Human Services on a periodic basis. At December 31, 2019, there were no receivables outstanding from the Department of Health and Human Services.

**5. SUBRECIPIENTS**

There were no federal awards provided to subrecipients.

## **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,  
Miami Beach Community Health Center, 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 the Miami Beach Community Health Center, Inc. (the "Center") (a nonprofit Center), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 24, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Center'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 the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 Center'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. 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 the Center'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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Withum Smith & Brown, PC*

March 24, 2020

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

To the Board of Directors,  
Miami Beach Community Health Center, Inc.:

### **Report on Compliance for Each Major Federal Program**

We have audited the Miami Beach Community Health Center, Inc.'s (the "Center") (a nonprofit Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended December 31, 2019. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center'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 the Center's compliance.

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

In our opinion, the Center 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, 2019.

## Report on Internal Control Over Compliance

Management of the Center 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 the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

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

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

A handwritten signature in blue ink that reads "Withum Smith & Brown, PC".

March 24, 2020

**Miami Beach Community Health Center, Inc.  
 Schedule of Findings and Questioned Costs  
 Year Ended December 31, 2019**

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**SECTION I – SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X No	
Significant deficiencies identified?	_____ Yes	_____ X	None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes \_\_\_\_\_ X No

Federal Awards Programs

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X No	
Significant deficiencies identified?	_____ Yes	_____ X	None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? \_\_\_\_\_ Yes \_\_\_\_\_ X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.224, 93.527	Consolidated Health Centers Cluster
93.914	HIV Emergency Relief Project Grants

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ X Yes \_\_\_\_\_ No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**SECTION IV – PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN**

No matters were reported.

See Independent Auditor's Report.