OPEN DOOR CLINIC OF GREATER ELGIN

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND 2018

TOGETHER WITH AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Open Door Clinic of Greater Elgin:

Report on the Financial Statements

We have audited the accompanying financial statements of Open Door Clinic of Greater Elgin (a non-profit organization), which comprise the statement of financial position as of December 31, 2019 and 2018 and the related statements of activities, cash flows, and functional expenses 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2020 on our consideration of Open Door Clinic of Greater Elgin'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 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 Open Door Clinic of Greater Elgin's internal control over financial reporting and compliance.

Dugan + Lopatka

DUGAN & LOPATKA

Warrenville, Illinois
October 8, 2020

OPEN DOOR CLINIC OF GREATER ELGIN
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

A S S E T S

	2019	2018
CURRENT ASSETS:		
Cash and cash equivalents	$ 248,809	$ 571,435
Accounts receivable, net	1,047,651	1,187,823
Grants receivable	574,987	727,385
Prepaid expenses	8,037	26,853
Employee loan	2,312	6,787
Total current assets	1,881,796	2,520,283
PROPERTY AND EQUIPMENT:		
Land	86,000	86,000
Building	2,445,831	2,387,744
Furniture and equipment	248,763	248,763
Total property and equipment	2,780,594	2,722,507
Less - Accumulated depreciation	(567,391)	(497,154)
Net property and equipment	2,213,203	2,225,353
OTHER ASSETS:		
Security deposit	20,835	-
Total assets	$ 4,115,834	$ 4,745,636

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES:		
Line of credit	$ 130,682	$ -
Mortgage payable, current maturities	58,911	55,457
Accounts payable	327,262	144,917
Accrued expenses	129,490	50,926
Deferred rent	60,218	-
Total current liabilities	706,563	251,300
LONG-TERM LIABILITIES:		
Mortgage payable, net of current maturities	1,122,442	1,184,377
Total liabilities	1,829,005	1,435,677
COMMITMENTS		
NET ASSETS:		
Without donor restrictions	2,286,829	3,309,959
With donor restrictions	-	-
Total net assets	2,286,829	3,309,959
	$ 4,115,834	$ 4,745,636

OPEN DOOR CLINIC OF GREATER ELGIN
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT:						
AIDS Foundation of Chicago	$ 976,185	$ -	$ 976,185	$ 1,097,337	$ -	$ 1,097,337
Chicago Department of Public Health	502,650	-	502,650	563,474	-	563,474
Department of Health and Human Services	321,209	-	321,209	268,615	-	268,615
Department of Rehabilitation Services	88,682	-	88,682	92,413	-	92,413
Housing Opportunities for Persons with AIDS (HOPWA)	391,850	-	391,850	252,928	-	252,928
Illinois Department of Public Health	232,703	-	232,703	203,726	-	203,726
Other grants	28,482	-	28,482	55,200	-	55,200
340B drug program (net of expenses, $6,970,458 and $7,007,679, respectively)	1,391,415	-	1,391,415	2,204,579	-	2,204,579
Program service fees	434,286	-	434,286	434,719	-	434,719
Private donations	72,585	-	72,585	37,377	-	37,377
United Way	46	-	46	586	-	586
Other	35,870	-	35,870	9,037	-	9,037
Fundraising	41,574	-	41,574	26,199	-	26,199
Net assets released from restrictions	-	-	-	-	-	-
Total revenue, gains, and other support	$ 4,517,537	$ -	$ 4,517,537	$ 5,246,190	$ -	$ 5,246,190

The accompanying notes are an integral part of this statement.

OPEN DOOR CLINIC OF GREATER ELGIN
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program service:						
Primary care/HIV specialty case	$ 2,014,274	$ -	$ 2,014,274	$ 1,817,283	$ -	$ 1,817,283
Case Management	1,017,544	-	1,017,544	926,211	-	926,211
Outreach & prevention	319,513	-	319,513	222,155	-	222,155
Dentistry	172,077	-	172,077	116,519	-	116,519
Behavioral health	456,046	-	456,046	561,777	-	561,777
Community engagement	343,690	-	343,690	272,066	-	272,066
LGBT/Primary medical care	-	-	-	5,559	-	5,559
HOPWA	491,376	-	491,376	477,143	-	477,143
Total program	4,814,520	-	4,814,520	4,398,713	-	4,398,713
Management and general	726,147	-	726,147	900,098	-	900,098
Total expenses	5,540,667	-	5,540,667	5,298,811	-	5,298,811
CHANGE IN NET ASSETS	(1,023,130)	-	(1,023,130)	(52,621)	-	(52,621)
NET ASSETS, Beginning of year	3,309,959	-	3,309,959	3,362,580	-	3,362,580
NET ASSETS, End of year restated	$ 2,286,829	$ -	$ 2,286,829	$ 3,309,959	$ -	$ 3,309,959

The accompanying notes are an integral part of this statement.

EXHIBIT 3

OPEN DOOR CLINIC OF GREATER ELGIN
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in total net assets	$ (1,023,130)	$ (52,621)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	70,237	66,964
Change in assets and liabilities:		
Decrease in accounts receivable	140,172	170,937
(Increase) decrease in grants receivable	152,398	(128,551)
(Increase) decrease in prepaid expenses	18,816	(3,036)
Decrease in employee loan	4,475	9,180
(Increase) in security deposits	(20,835)	-
Increase (decrease) in accounts payable	182,345	(69,377)
Increase in accrued expenses	78,564	22,279
Increase in deferred rent	60,218	-
Net cash provided by (used in) operating activities	(336,740)	15,775
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(58,087)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on line of credit	130,682	-
Payments on mortgage payable	(58,481)	(65,427)
Net cash provided by (used in) financing activities	72,201	(65,427)
CHANGE IN CASH AND CASH EQUIVALENTS	(322,626)	(49,652)
CASH AND CASH EQUIVALENTS, Beginning of year	571,435	621,087
CASH AND CASH EQUIVALENTS, End of year	$ 248,809	$ 571,435
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 64,503	$ 63,510

The accompanying notes are an integral part of this statement.

OPEN DOOR CLINIC OF GREATER ELGIN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Primary Care/ HIV Specialty Care	Case Management	Outreach & Prevention	Dentistry	Behavioral Health	Community Engagement	LGBT/ Primary Medical Care	HOPWA	Total Program Services	Management and General	Total
FUNCTIONAL EXPENSES:											
Salaries and wages	$ 1,144,432	$ 753,021	$ 80,404	$ -	$ 87,245	$ 155,321	$ -	$ 141,184	$ 2,361,607	$ 418,468	$ 2,780,075
Payroll taxes	89,143	58,674	7,678	-	10,164	13,322	-	11,140	190,121	34,416	224,537
Employee benefits	73,907	86,615	14,541	114	13,106	14,957	-	20,632	223,872	104,402	328,274
Supplies and professional fees	417,271	12,257	74,640	165,521	92,969	13,444	-	21,855	797,957	79,205	877,162
Occupancy/Insurance	30,490	27,652	41,000	-	83,640	26,969	-	63,207	272,958	-	272,958
Telephone and technology	119,440	44,638	43,182	83	97,778	55,014	-	61,599	421,734	-	421,734
Conferences, conventions, and travel	21,421	9,512	12,623	40	1,457	5,117	-	11,748	61,918	19,634	81,552
Postage and delivery	95	179	629	-	94	91	-	69	1,157	3,661	4,818
Office supplies	81,972	9,098	21,801	7	25,741	9,278	-	15,217	163,114	12,135	175,249
Advertising and promotion	1,277	-	8,669	-	-	10,816	-	-	20,762	2,173	22,935
Depreciation	14,046	7,024	7,024	-	21,071	7,024	-	7,024	63,213	7,024	70,237
Uncollected fees	600	-	-	-	-	-	-	-	600	-	600
Program expenses	1,857	2,580	33	77	3,419	-	-	125,185	133,151	4,893	138,044
Cost of sales for pharmacy partners program	6,970,458	-	-	-	-	-	-	-	6,970,458	-	6,970,458
Event expenses	-	-	82	-	441	31,587	-	-	32,110	2,712	34,822
Interest expense	6,235	6,235	6,235	6,235	18,706	-	-	12,471	56,117	8,386	64,503
Miscellaneous	12,088	59	972	-	215	750	-	45	14,129	29,038	43,167
Total functional expenses	$ 8,984,732	$ 1,017,544	$ 319,513	$ 172,077	$ 456,046	$ 343,690	$ -	$ 491,376	$ 11,784,978	$ 726,147	$ 12,511,125
Less expenses included with revenues on statement of activities											
Cost of sales for pharmacy partners program	(6,970,458)	-	-	-	-	-	-	-	(6,970,458)	-	(6,970,458)
Total expenses included in the expense section of the statement of activities	$ 2,014,274	$ 1,017,544	$ 319,513	$ 172,077	$ 456,046	$ 343,690	$ -	$ 491,376	$ 4,814,520	$ 726,147	$ 5,540,667

OPEN DOOR CLINIC OF GREATER ELGIN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Primary Care/ HIV Specialty Care	Case Management	Outreach & Prevention	Dentistry	Behavioral Health	Community Engagement	LGBT/ Primary Medical Care	HOPWA	Total Program Services	Management and General	Total
FUNCTIONAL EXPENSES:											
Salaries and wages	$ 1,029,308	$ 656,673	$ 77,438	$ -	$ 156,682	$ 117,890	$ -	$ 123,915	$ 2,161,906	$ 479,443	$ 2,641,349
Payroll taxes	79,703	51,796	7,318	-	15,253	10,932	-	10,004	175,006	38,370	213,376
Employee benefits	82,576	89,266	9,675	199	26,691	18,344	-	12,404	239,155	76,508	315,663
Supplies and professional fees	356,593	8,282	38,558	109,143	134,154	13,224	-	11,598	671,552	80,585	752,137
Occupancy/Insurance	41,937	16,942	16,942	-	50,202	17,496	-	40,016	183,535	-	183,535
Telephone and technology	108,229	56,040	32,262	132	102,303	33,267	-	57,400	389,633	21,503	411,136
Conferences, conventions, and travel	32,050	10,260	11,321	22	3,147	8,871	5,554	16,896	88,121	34,584	122,705
Postage and delivery	62	235	4,140	-	18	372	-	7	4,834	1,831	6,665
Office supplies	55,807	12,113	9,411	-	25,540	7,395	-	20,003	130,269	17,401	147,670
Advertising and promotion	3,487	-	262	-	60	9,184	5	-	12,998	367	13,365
Depreciation	6,696	6,696	6,696	-	26,786	6,696	-	6,696	60,266	6,698	66,964
Uncollected fees	-	-	-	-	-	-	-	-	-	110,810	110,810
Program expenses	8,813	1,680	940	711	1,816	3,395	-	163,960	181,315	7,640	188,955
Cost of sales for pharmacy partners program	7,007,679	-	-	-	-	-	-	-	7,007,679	-	7,007,679
Event expenses	48	49	126	-	92	24,455	-	67	24,837	2,420	27,257
Interest expense	6,312	6,312	6,312	6,312	18,937	-	-	12,625	56,810	6,700	63,510
Miscellaneous	5,662	9,867	754	-	96	545	-	1,552	18,476	15,238	33,714
Total functional expenses	$ 8,824,962	$ 926,211	$ 222,155	$ 116,519	$ 561,777	$ 272,066	$ 5,559	$ 477,143	$ 11,406,392	$ 900,098	$ 12,306,490
Less expenses included with revenues on statement of activities											
Cost of sales for pharmacy partners program	(7,007,679)	-	-	-	-	-	-	-	(7,007,679)	-	(7,007,679)
Total expenses included in the expense section of the statement of activities	$ 1,817,283	$ 926,211	$ 222,155	$ 116,519	$ 561,777	$ 272,066	$ 5,559	$ 477,143	$ 4,398,713	$ 900,098	$ 5,298,811

The accompanying notes are an integral part of this statement.

OPEN DOOR CLINIC OF GREATER ELGIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Open Door Clinic of Greater Elgin (the "Organization") is an Illinois nonprofit organization that provides services to improve health and wellness by providing education, prevention, screening and treatment of HIV/AIDS and other sexually transmitted infections. A majority of the Organization's funding is provided by government grants and their drug program. Other support is provided by service fees and contributions from foundations, corporations and individuals.

The financial statements were available to be issued on October 8, 2020, with subsequent events being evaluated through this date.

The Organization conducts the following programs:

Primary Care/HIV Specialty Care: HIV Specialty care includes a comprehensive continuum of care for people living with HIV/AIDS. This includes Early Intervention Services and Primary Medical Care to treat HIV as well as the overall health of the patient.

Case Management: Case Management provides HIV+ clients with assistance obtaining medical insurance as well as other services as it relates to their HIV status. The program assists with emotional support for clients and their families and provides information/educational materials on living with HIV/AIDS.

Outreach & Prevention: Dedicated to stopping the spread of HIV, the Outreach and Prevention Program provides testing and risk reduction counseling to high risk individuals. This program also educates the general community about HIV/AIDS, specifically increasing understanding of how HIV spreads and decreasing the stigma for those living with HIV/AIDS.

Dentistry: This program provides subsidies for HIV+ patients in need of dental care.

Behavioral Health: The Organization's Behavioral Health program provides a wide-range of behavioral health care available to the general public. Services include psychiatry, individual and group therapy and substance use. Support groups and educational groups are also available through the Behavioral Health Program.

Community Engagement: The Community Engagement Department promotes the mission by developing opportunities for key stakeholders to become more involved with the organization. This department serves all of the Organization's other programs through cohesive, branded marketing and communication strategies; development of special events and community education; volunteer opportunities; and fund development.

LGBT/Primary Medical Care: The Organization understands the need to provide STD testing and treatment, and behavioral health and primary medical care to those seeking providers who are sensitive to sexual health and wellness needs. The focus of this program is to provide services to those who identify as lesbian, gay, bisexual, or transgender and includes hormone treatment and monitoring as well as PEP and PrEP.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Housing Opportunities for Persons with AIDS ("HOPWA"): This program provides housing subsidies and assistance for individuals living with AIDS.

Basis of Accounting -

The financial statements of the Organization are prepared on the accrual basis of accounting which recognizes revenue as it is earned and expenses as they are incurred.

Basis of Presentation -

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets, which are without donor restrictions and with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the board of directors.

With donor restrictions - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents -

The Organization defines cash and cash equivalents as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

Property and Equipment -

Property and equipment, consisting of office equipment are stated at cost, less accumulated depreciation. The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of $5,000. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Furniture and Office Equipment	5 -10	years
Building	39	years

Depreciation expense for the years ended December 31, 2019 and 2018 was $70,237 and $66,964, respectively.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Receivables -

Receivables are stated at the amount the Organization expects to collect from outstanding balances and pledges. The Organization provides for probable uncollectible amounts through a provision for bad debt expense based on its assessment of the current status of individual receivables. At December 31, 2019 and 2018, the allowance for doubtful accounts balance was $6,700 and $6,100, respectively.

Credit Risk -

The Organization maintains its cash balances in several bank accounts at several banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times during the years ended December 31, 2019 and 2018, cash balances exceeded the insured limit. As of December 31, 2019, and 2018, the uninsured portion of this balance was approximately $-0- and $250,000, respectively. Management has evaluated the frequency and amount over the limit, and based on these considerations, does not consider this to be a risk.

Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, professional services, interest, depreciation, insurance, rent and utilities and others which are allocated on the basis of estimates of time and effort.

Use of 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.

Risk Management -

Significant losses are covered by commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or prior three years.

Program Service Fees -

Program service fee revenue consists of third-party payments and co-pays from clients and insurance companies. Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing various services to their clients and is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Public Support and Revenue -

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-imposed contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

A portion of the Organization’s revenue is derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Contributed Services -

Contributed services are reported as contributions at their fair value if such services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated. During 2019 and 2018, the value of contributed services recognized as revenues was $-0-.

Additionally, a number of volunteers have donated significant amounts of time to the Organization in fundraising and special projects. However, these services have not been recognized, as such services either do not require specialized skills or would not typically be purchased had they not been provided by donation. The value of these services is not readily determinable.

New Accounting Pronouncements -

Effective January 1, 2019, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), and all subsequently issued clarifying ASU’s which replaced most existing revenue recognition guidance in generally accepted accounting principles in the United State of America (GAAP). The new guidance requires the Organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The new guidance also requires expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cashflows arising from contracts with customers. The adoption of this new guidance was done using the modified retrospective method. The Organization applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Pronouncements (Continued)

The Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update provided guidance to assist in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and determining whether a contribution is conditional. The ASU has been retroactively applied to all periods presented.

The adoption of these new standards did not result in a material impact to the Organization's financial statements. There was no significant effect on the financial statements related to the adoption of these new standards which would require a cumulative adjustment to net assets at the date of adoption under the modified retrospective method.

Recently Issued Accounting Pronouncement -

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842), which provides guidance for accounting for leases. The new guidance requires organizations to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. This ASU is effective for fiscal periods beginning after December 15, 2021 and interim period within fiscal years beginning after December 15, 2022, with early adoption permitted. It is to be adopted using the modified retrospective approach. The Organization is currently evaluating this guidance to determine the impact it may have on its financial statements.

(2) TAX-EXEMPT STATUS

The Organization is a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities.

Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress.

(3) COMMITMENTS AND CONTINGENCIES:

Government Grants -

Government agencies awarding grants to the Organization are allowed, under certain agreements, to audit and adjust the amounts paid under the grants. Although the impact of any such potential audit cannot be determined at this time, management does not anticipate the amount of disallowed expenditures, if any, would have a material adverse effect on the Organization's financial position.

Lease Arrangements -

The Organization is currently leasing various office spaces from unrelated parties. Rental expense for the years ended December 31, 2019 and 2018 was $152,550 and $92,363, respectively. Cost of living adjustments may be assessed.

The office leases includes scheduled increases in rental payments and free rent. The excess of rent expense recognized for financial statements and the cumulative effect of these differences is included in deferred rent.

The Organization also leases computer hardware, server, and copier equipment. Rental expense for the equipment was $144,076 and $129,672 for the years ended December 31, 2019 and 2018, respectively.

The future minimum commitment is as follows:

2020	$ 250,890
2021	141,294
2022	136,902
2023	137,705
2024	140,572
Thereafter	704,028
Total	$ 1,511,391

(4) RETIREMENT PLAN:

Employees of the Organization may participate in an Internal Revenue Code section 401(k) retirement savings plan. The plan is funded by employee contributions and an employer match to the plan, pursuant to a salary reduction agreement. The 401(k) expense for the years ended December 31, 2019 and 2018 was $64,360 and $57,925, respectively.

(5) MORTGAGE PAYABLE:

Long-term debt consists of the following as of December 31, 2019 and 2018:

	2019	2018
Note payable to a bank in monthly installments of $4,747, principal and interest, bearing interest at 4.00%, and due in February, 2025, collateralized by the building.	$ 668,020	$ 697,168
Note payable to a bank in monthly installments of $4,975, principal and interest, bearing interest at 5.75%, and due in May, 2024, collateralized by the building.	513,333	542,666
Total	1,181,353	1,239,834
Less - Current portion	(58,911)	(55,457)
Long-term debt	$ 1,122,442	$ 1,184,377

Future minimum principal payments are as follow:

2020	$ 58,911
2021	61,827
2022	64,890
2023	68,109
2024	426,950
Thereafter	500,666
Total	$ 1,181,353

(6) LINE OF CREDIT:

The Organization maintains a $200,000 revolving line of credit to help finance its short-term capital needs. This line is collateralized by all of the Organization's assets, and interest is payable monthly on outstanding balances at an annual percentage rate of 6.60% and 7.35% for 2019 and 2018, respectively. At December 31, 2019 and 2018, the organization had an outstanding balance of $130,682 and $-0-, respectively.

(7) CONCENTRATIONS:

For the years ended December 31, 2019 and 2018, the Organization received 31% and 42%, respectively, of its support from the 340B drug program. Any substantial loss in the amount of revenue generated by this program could significantly affect the Organization's ability to provide services.

(7) CONCENTRATIONS: (Continued)

Revenues and directly associated expenses generated from this program for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
340B program revenues	$ 8,361,873	$ 9,212,258
340B program expenses	(6,970,458)	(7,007,679)
Program net income	$ 1,391,415	$ 2,204,579

(8) EMPLOYEE LOANS:

The Organization will, from time to time, loan money out to its employees. These loans are unsecured and non-interest bearing. Employees repay the Organization through deductions from their monthly wages or salaries. The balance at December 31, 2019 and 2018 was $2,312 and $6,787, respectively.

(9) LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, comprise the following:

	December 31,	
	2019	2018
Financial assets -		
Cash	$ 248,809	$ 571,435
Receivables	1,622,638	1,915,208
Employee loan receivable	2,312	6,787
Financial assets available to meet cash needs for general expenditures that is without donor or other restrictions limiting their use within one year	$ 1,873,759	$ 2,493,430

The Organization's goal is to generally maintain enough financial assets to meet 3 months of operating expenses (approximately $1,400,000).

The Organization manages liquidity and reserves following three guideline principles:

- Operating within a prudent range of financial soundness and stability.
- Maintaining adequate liquid assets to fund near term operating needs.
- Maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

(10) SUBSEQUENT EVENTS:

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As part of these mitigation measures, the Organization has had to make changes in how to operate its programs. The changes have included more tele-health appointments instead of in-person and finding alternative payment methods for clients who have recently lost their insurance. In response to the effects of COVID-19, management is implementing strategies to help mitigate the losses in relation to this pandemic. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption from this pandemic may impact the Organization operations and financial statements.

Additionally, as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, in May, 2020, the Organization obtained a Payroll Protection Program (PPP) loan in the amount of $602,700. The interest rate on this loan is 1% with the amount to be repaid in 18 installments beginning November 2020 with the final payment due on May, 2022. As part of the PPP loan agreement, a portion of the loan can be forgiven. The Organization intends to maximize the forgiven portion of this loan as allowed under Act.

(11) MANAGEMENT’S RESPONSE TO LOSS:

As indicated in the accompanying financial statements, the Organization showed a decrease in net assets of $1,023,130 during the year ended December 31, 2019. Management and the board of directors of the Organization have evaluated the conditions and are actively working on a strategic plan to improve the Organization’s operating performance, which include and have included new revenue streams, better collections of revenue earned, reducing cost in various programs, and a change in management to implement these new strategies. In addition, management is in the process of evaluating and switching venders to lower expenses related to rising medication costs. Finally, the Organization expects the revenue recognized from forgiveness of the PPP loan to improve the financial position of the Organization for the year ended December 31, 2020.

Dugan & Lopatka

Certified Public Accountants

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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
Open Door Clinic of Greater Elgin:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Open Door Clinic of Greater Elgin, (a nonprofit organization) (the Organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 8, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (2019-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’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*.

Organization’s Response to Findings

The Organization’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization’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.

Dugan + Lopatka

DUGAN & LOPATKA

Warrenville, Illinois
October 8, 2020

Dugan & Lopatka

Certified Public Accountants

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

To the Board of Directors of
Open Door Clinic of Greater Elgin:

Report on Compliance for Each Major Federal Program

We have audited Open Door Clinic of Greater Elgin (the Organization) 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 Organization's major federal programs for the year ended December 31, 2019. The Organization'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 federal statutes, regulations and the terms and conditions of federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 Organization'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 Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

The Organization's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Organization 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 Organization'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 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 Organization'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identity certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2019-002, that we consider to be significant deficiencies.

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

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

Dugan + Lopatka

DUGAN & LOPATKA

Warrenville, Illinois
October 8, 2020

OPEN DOOR CLINIC OF GREATER ELGIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/Program Title	Federal CFDA Number	Pass Through Grantor	Pass-Through Number	Passed Through to Sub-Recipients	Total Program Expenditures
Department of Housing and Urban Development:					
Housing Opportunities for People with AIDS	14.241	City of Chicago Department of Public Health	92315	$ -	$ 293,590
Housing Opportunities for People with AIDS	14.241	AIDS Foundation of Chicago		-	96,578
Total Housing Opportunities for People with AIDS					390,168
Total Department of Housing and Urban Development				-	390,168
Department of Health and Human Services:					
Ryan White HIV/AIDS Program Part C	93.918			-	321,209*
Ryan White HIV/AIDS Program Part A	93.914	City of Chicago Department of Public Health	102872	-	160,456
	93.914	City of Chicago Department of Public Health	73070	-	222,287
	93.914	City of Chicago Department of Public Health	110225		123,223
	93.914	AIDS Foundation of Chicago		-	540,373
	93.914	AIDS Foundation of Chicago		-	110,177
Total Ryan White HIV/AID Program Part A					1,156,516*
Ryan White HIV/AIDS Program Part B	93.917	AIDS Foundation of Chicago		-	183,422
HIV Testing and Prevention	93.940	Illinois Public Health Association		-	27,431
Total Department of Health and Human Services				-	1,688,578
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ -	$ 2,078,746

(*) Major Programs

OPEN DOOR CLINIC OF GREATER ELGIN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note A - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Open Door Clinic of Greater Elgin (the Organization) 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 Organization, it is not intended to and does not represent the financial position, changes in net assets, or cash flows of the Organization.

Note B - 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Indirect Cost Rates:

The Organization has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D - Non-Cash Awards:

The Organization did not have any outstanding federal loans or loan guarantees or insurance, and did not receive any federal non-cash awards during the year ended December 31, 2019.

OPEN DOOR CLINIC OF GREATER ELGIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

PART 1: SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on the financial statements of Open Door Clinic of Greater Elgin.

2. There were no material weaknesses disclosed during the audit of the financial statements. There was one significant deficiency disclosed during the audit of the financial statements.

3. No instances of noncompliance material to the financial statements of Open Door Clinic of Greater Elgin were disclosed during the audit.

4. There were no material weaknesses disclosed during the audit of the major federal award programs. There was one significant deficiency disclosed related to the audit of the major federal award programs.

5. The auditor's report on compliance for the major federal award programs for Open Door Clinic of Greater Elgin expresses an unmodified opinion on all major federal programs.

6. There was an audit finding disclosed that is required to be reported in accordance with 2 CFR Section 200.516(a).

7. The programs tested as major programs included:

Ryan White Part A	93.914
Ryan White Part C	93.918

8. The threshold for distinguishing Types A and B programs was $750,000.

9. Open Door Clinic of Greater Elgin was determined not to be a low-risk auditee.

OPEN DOOR CLINIC OF GREATER ELGIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

PART 2: FINDINGS – FINANCIAL STATEMENT AUDIT (GAGAS):

2019-001

Criteria: Under AU-C 265, *Communicating Internal Control Related Matters Identified in an Audit,* a deficiency in internal control exists when the design or operations 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 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 charge with governance.

Condition: In gaining our understanding of controls over payroll, we noted the following control that all timesheets must be approved by the employee's supervisor. We viewed 40 timesheets of which one timesheet did not have a supervisor signature for approval.

Cause: The missing timesheet approval was likely caused by a change in personnel in management and the accounting department that occurred at the end of 2019 and the beginning of 2020. During the transition, some documents were not filed correctly or were misplaced.

Auditor's Recommendation: We recommend that the timesheets be reviewed by the accounting department to verify all timesheets have a supervisor approval before processing payroll. If the approval is missing, the accounting department should e-mail the timesheet to the supervisor and ask for a reply verifying that the hours are correct.

Effect: The completeness of timesheets gives the accounting department and management the assurance that the hours worked and allocation per grant is the actual hours the employee provided.

Management Response: We agree with the auditors' comments, and the following action will be taken to improve the situation. As of January 2020, we have implemented Automatic Data Processing as our payroll provider. Each employee now submitted their payroll timesheet to the timesheet portal for review by their supervisor.

OPEN DOOR CLINIC OF GREATER ELGIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

PART 3: AUDIT FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM AUDIT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES
2019-002
Ryan White Part C, CFDA #93.918

Condition and Criteria: According to 2 CFR Section 200.305(b)(3) all reimbursement requests should be based on supporting documentation that shows the cost was incurred before the request for payment and that the payment to vendor was made. All the cash drawdown reports (3 in total were tested) did not have adequate supporting documentation for the drawdown request.

Effect: The effect is that the Organization could have either requested funds before actual expenses and not be in compliance with the cash management requirements under Uniform Grant Guidance or the Organization could be shorting themselves funds during the grant period and causing cash flow issues.

Cause: The reason for the lack of support in the drawdowns is due to the allocation of expenses in the general ledger to the program not being made in a timely manner due to vacancies in the accounting department from turnover. Additionally, it appears drawdowns were requested based on estimated use instead of actual costs. The individual requesting the drawdowns did not have proper knowledge in relation to cash management compliance requirements.

Context: In reviewing all the cash drawdown requests, we could not find the supporting documentation to support the expense was incurred before the drawdown request. We also could not determine that the cash payment was made to the vendor before the Organization requested it from the vendor.

Auditor's Recommendation: We recommend when a check is paid, the expense is allocated to the grant cost activity through the accounting system. This will help support the request and, if needed, a method to provide the actual invoice for the expense being requested.

Management Response: We agree with the auditors' comments, and the following action will be taken to improve the situation. The Finance Manager will review with staff the Cost-based and Reasonable Payments for Services and with understanding that they should be follow base on the rules of the Office of Management and Budget (OMB).

Open Door will:

- Make available to the grantee very detailed information on the allocation and costing of expenses for services provide
- Reasonable methodologies for allocating costs among different funding sources
- Reconcile projected unit costs with actual unit costs on a monthly or quarterly basis

Open Door Health Center of Illinois

www.odhcil.org

OPEN DOOR CLINIC OF GREATER ELGIN
CORRECTIVE ACTION PLAN TO AUDIT FINDINGS
OCTOBER 2, 2020

Oversight Agency: U.S. Department of Health and Human Services

Open Door Clinic of Greater Elgin respectfully submits the following corrective action plan for the year ended December 31, 2019.

Auditor: Dugan & Lopatka, CPA's
4320 Winfield Road Suite 450
Warrenville, IL 60555

Audit Period: For the year ended December 31, 2019

The findings from the schedule of finding and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings – Financial Statement Audit

Significant Deficiency

2019-001 -

Auditor's Recommendation: We recommend that the timesheets be reviewed by the accounting department to verify all timesheets have a supervisor approval before processing payroll. If the approval is missing, the accounting department should e-mail the timesheet to the supervisor and ask for a reply verifying that the hours are correct.

Action Taken: With the recent hiring of our new Finance Manager (Robert Barnes) who's responsible is to review payroll. Also, as of January 2020, we have implemented Automatic Data Processing as our payroll provider. Each employee now submitted their payroll timesheet to the ADP portal for review by their supervisor.

Findings – Federal Award Programs Audit

DEPARTMENT OF HEALTH AND HUMAN SERVICES
2019-002
Ryan White Part C, CFDA #93.918

Auditor's Recommendation: We recommend when a check is paid, the expense is allocated to the grant cost activity through the accounting system. This will help support the request and, if needed, a method to provide the actual invoice for the expense being requested.

Health Center of Illinois

www.odhcil.org

Action Taken: the following action will be taken to improve the situation. The Finance Manager will review with staff the Cost-based and Reasonable Payments for Services and with understanding that they should be follow base on the rules of the Office of Management and Budget (OMB).

Open Door will:

- Make available to the grantee very detailed information on the allocation and costing of expenses for services provide
- Reasonable methodologies for allocating costs among different funding sources
- Reconcile projected unit costs with actual unit costs on a monthly or quarterly basis

If the funding agency has questions regarding this plan, please call me at (847) 695-1095.

Sincerely,

Robert B. Barnes
Manager: Finance & Grants
www.odhcil.org
(847)695-1093