

Robeson Health Care Corporation
Financial Statements
For the Fiscal Year Ended June 30, 2014

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Financial Statements
For the Fiscal Year Ended June 30, 2014

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Chairperson

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Jinnie Lowery, M.S.P.H
President and Chief Executive Officer

Robeson Health Care Corporation
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June 30, 2014

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S. Preston Douglas & Associates, LLP

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Independent Auditor's Report

Board of Directors
Robeson Health Care Corporation
Pembroke, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of Robeson Health Care Corporation (a non-profit organization), which are comprised of the the balance sheet as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 controls. 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 evaluation 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 Robeson Health Care Corporation at June 30, 2014, and the results of its activities and its cash flows for the fiscal year then ended in conformity 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 detailed schedules of functional expenses, as well as the accompanying Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, are presented for purposes of additional analysis and are 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 Requirements by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 2014, on our consideration of Robeson Health Care Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. 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 Robeson Health Care Corporation's internal control over financial reporting and compliance.



Lumberton, North Carolina
October 22, 2014

Robeson Health Care Corporation

Balance Sheet

June 30, 2014

Assets

Current assets

Cash and cash equivalents		\$	928,925
Accounts receivable			
Medicaid/Medicare	\$	314,603	
Private patients		303,952	
		<u>618,555</u>	
Less - allowance for uncollectible accounts		<u>210,000</u>	
			408,555
Other receivables			362,706
Inventory			110,343
Prepaid expenses			<u>35,970</u>
Total current assets			<u>1,846,499</u>

Property and equipment

Land			476,048
Buildings			6,113,010
Furniture and equipment			635,456
Leasehold improvements			616,761
Capital improvements			1,318,294
Construction in progress			85,224
Vehicles			<u>661,222</u>
			9,906,015
Less - accumulated depreciation			<u>2,400,419</u>
Property and equipment - net			<u>7,505,596</u>

Total assets

\$ 9,352,095

Liabilities and Net Assets

Current liabilities

Accounts payable	\$	126,226
Current installments of long-term debt		148,925
Current portion of capital lease obligations		46,212
Deferred revenue		121,000
Accrued expenses		432,715
Accrued vacation		<u>213,897</u>

Total current liabilities

1,088,975

Long-term debt, including long-term capital leases

2,907,580

Total liabilities

3,996,555

Net assets - unrestricted

5,355,540

Total liabilities and net assets

\$ 9,352,095

The accompanying notes are an integral part of these financial statements

Robeson Health Care Corporation
Statement of Operations
For the Fiscal Year Ended June 30, 2014

Unrestricted Net Assets

Support and revenue

Grant support

Federal awards \$ 3,240,749

Contracted services 5,985,582

Net patient service revenue

Private \$ 2,998,519

Medicaid 3,290,501

Medicare 1,288,163

Other 377,567

Interest 903

7,955,653

Less - disallowances and reductions 2,458,603

5,497,050

Total support and revenue 14,723,381

Expenses

Salaries and wages 8,867,261

Fringe benefits 2,179,690

Supplies 1,025,832

Depreciation 404,733

Occupancy 1,269,942

Insurance 115,473

Interest 140,971

Telephone, postage, and freight 16,862

Contract Work 712,620

Repairs and maintenance 273,213

Training and continuing education 132,238

Travel 44,321

Recruiting and advertising 125,323

Publications and miscellaneous supplies 114,725

Other 191,824

Total expenses 15,615,028

Increase (decrease) in unrestricted net assets (891,647)

Net assets - beginning of year 6,247,187

Net assets - End of year \$ 5,355,540

The accompanying notes are an integral part of these financial statements

Robeson Health Care Corporation
Statement of Functional Expenses
For the Fiscal Year Ended June 30, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Totals</u>
Salaries and wages	\$ 7,253,681	\$ 1,613,580	\$ 8,867,261
Fringe benefits	1,839,383	340,307	2,179,690
Supplies	995,419	30,413	1,025,832
Depreciation	2,465	402,268	404,733
Occupancy	1,214,483	55,459	1,269,942
Insurance	93,358	22,115	115,473
Interest	32,689	108,282	140,971
Telephone, postage, and freight	12,923	3,939	16,862
Contract work	570,672	141,948	712,620
Repairs and maintenance	236,830	36,383	273,213
Training and continuing education	110,767	21,471	132,238
Travel	39,263	5,058	44,321
Recruiting and advertising	116,181	9,142	125,323
Publications and miscellaneous supplies	62,325	52,400	114,725
Other	157,909	33,915	191,824
	<u>\$ 12,738,348</u>	<u>\$ 2,876,680</u>	<u>\$ 15,615,028</u>

The accompanying notes are an integral part of these financial statements

Robeson Health Care Corporation
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014

Cash flows from operating activities	
Cash received from patients and third-party payers	\$ 5,197,255
Cash received in the form of government financial assistance	3,240,749
Cash received in the form of contracted services	5,985,582
Cash paid to employees for services	-- -- -- (8,435,332) --
Cash paid for goods and services	(6,238,714)
Other revenue	<u>378,470</u>
Net cash provided (used) by operating activities	<u>128,010</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(319,523)
Proceeds from sale of assets	162,075
Debt principal and capital lease repayments	<u>(391,863)</u>
Net cash provided (used) by capital and related financing activities	<u>(549,311)</u>
Net increase (decrease) in cash and cash equivalents	(421,301)
Cash and cash equivalents - beginning of year	<u>1,350,226</u>
Cash and cash equivalents - end of year	<u>\$ 928,925</u>
Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities:	
Increase (decrease) in unrestricted net assets	<u>\$ (891,647)</u>
Adjustments to reconcile excess change in net assets to cash provided (used) by operating activities -	
Depreciation	404,733
Changes in assets and liabilities -	
Net (increase) decrease in receivables, inventory, and prepaids	(17,544)
Net increase (decrease) in payables and accrued expenses	525,354
Increase (decrease) in deferred revenue and accrued vacation	<u>107,114</u>
Total adjustments	<u>1,019,657</u>
Net cash provided (used) by operating activities	<u>\$ 128,010</u>

The accompanying notes are an integral part of these financial statements

Robeson Health Care Corporation

Notes to Financial Statements

June 30, 2014

Note A - Summary of Significant Accounting Policies

Basis of Accounting

Robeson Health Care Corporation (the Corporation) recognizes revenue and expenses according to the accrual basis of accounting, thereby recognizing revenue when earned and expenses when incurred and accordingly reflect all significant receivables, payables, and other liabilities.

Property and Equipment

The cost of property and equipment is depreciated by the straight-line method for financial reporting purposes. The estimated useful lives used in the depreciation calculation are as follows:

Buildings	40 years
Furniture and equipment	5 - 20 years
Leasehold improvements	8 - 25 years

Expenditures for maintenance, repairs, renewals, and improvements, which do not materially extend the useful lives of the assets, are treated as charges to revenue in the period in which they are incurred. Depreciation expense for the year ended June 30, 2014 was \$404,733.

Income Taxes

The Corporation is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. However, income from certain activities not directly related to the Corporation's tax-exempt purpose could be subject to taxation as unrelated business income. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170(b)(1)(3) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Corporation's open audit periods are the fiscal years ended June 30, 2012 through June 30, 2014.

Net Patient Service Revenue/Accounts Receivable

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Accounts receivable are stated at unpaid balances, less an allowance for uncollectible accounts using the allowance method.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Inventory

Inventory is stated at lower of cost or market. Cost is determined by specific identification.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at June 30, 2014, and revenue and expenses during the fiscal year then ended. Actual results could differ from those estimates.

See independent auditor's report

Robeson Health Care Corporation
Notes to Financial Statements (continued)
June 30, 2014

Note A - Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk

Financial instruments that potentially subject Robeson Health Care Corporation to concentrations of credit risk consist principally of cash deposits. Robeson Health Care Corporation generally limits its exposure to credit risk from balances on deposit in financial institutions in excess of the FDIC-insured limit. The FDIC insurance coverage is limited to \$250,000 per financial institutions. At year end, the Corporation's deposits had a carrying amount of \$926,305 and a bank balance of \$1,103,638. Of the bank balance, the Corporation exceeded the aforementioned limit by \$777,348 at June 30, 2014. At June 30, 2014, the Corporation's petty cash fund totaled \$2,620.

Note B - Organization and Revenue Sources

Robeson Health Care Corporation is a non-profit family health care organization located in Robeson County, North Carolina. It is governed by a nine-member Board of Directors consisting of citizens that reside in the service area. The Corporation was formed in response to the overwhelming need for primary health services (including dentistry) in southern Robeson County. Robeson Health Care Corporation operates a medical care facility in each of the following North Carolina towns: Pembroke, Maxton, Fairmont, Star, Whiteville, Laurinburg, and Lumberton. Robeson Health Care Corporation offers medical-related services to all citizens located in the middle and southern portions of Robeson County, particularly to individuals who rely on government assistance. Robeson Health Care Corporation also manages six supervised living facilities for needy families in the following counties: Moore, Robeson (3), Pitt, and Johnston.

Note C - Operating Leases

Robeson Health Care Corporation leases several facilities with unrelated third parties. Details of each operating lease, active at June 30, 2014, are described immediately below:

Lumberton clinic is leased for \$8,300 per month and expires January 31, 2017.

Johnston County facility (apartments) is leased for \$12,869.54 per month thru April 1, 2019.

Moore County facility is leased for \$11,504.30 per month through June 30, 2018.

Columbus County Regional Healthcare is leased for \$2,000 per month and expires December 20, 2025.

Montgomery County Community Health Center is leased for \$16,330.00 per month and expires on April 4, 2029.

Robeson County Church and Community is leased for \$450 per month and expires December 31, 2014.

Prevention & Ryan White Program facility is leased for \$2,975.00 per month and expires May 31, 2015.

Scotland County Clinic is leased for \$2,500 per month and expires August 15, 2014.

All other facilities are leased on a month-to-month basis.

Building rent expense was \$803,286 for FYE 2013-14.

See independent auditor's report

Robeson Health Care Corporation
Notes to Financial Statements (continued)
June 30, 2014

Note C - Operating Leases (continued)

Minimum lease payments by year for the next five years and in aggregate are as follows:

2015	\$ 652,471
2016	612,046
2017	570,546
2018	512,446
2019	348,655
Thereafter	2,082,940

Note D – Long Term Debt

Long-term debt consisted of the following as of June 30, 2014:

Note payable collateralized by a deed of trust on certain real estate. A short-term loan at year end was converted to an executed long-term debt instrument on February 23, 2012, which was refinanced at 4.40%, amortized over 25 years, payable in 120 monthly installments ending February 23, 2022.	\$ 2,474,824
Note payable collateralized by a deed of trust on certain real estate, payable in installments of \$4,265, including interest at 6.00%, with balance due March, 2018.	46,687
Note payable collateralized by a deed of trust on certain real estate, interest rate is at 0.00% and the loan shall be repaid in one installment of all outstanding principal due May 1, 2028.	500,000
Total long-term debt	3,021,511
Less – current portion	148,925
Long-term debt, net	\$ 2,872,585

Robeson Health Care Corporation
Notes to Financial Statements (continued)
June 30, 2014

Note G - Vacation Pay

Robeson Health Care Corporation is obligated to pay, within certain limits, earned and accumulated employee vacation pay. Management has implemented certain limitations with regards to accumulated vacation pay. Therefore, under guidelines established under SFAS No. 43, 100% of accumulated vacation was accrued at June 30, 2014, and is reflected on the balance sheet in the amount of \$213,897.

Note H - Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note I - Deferred Revenue

Deferred revenue is associated with certain pre-paid support/revenue, which in connection with accrual basis accounting, is recognized when earned. The amount of deferred revenue reflected on the statement of financial position at June 30, 2014 was \$121,000.

Note J - Commitments and Contingencies

Financial awards from federal, state and local governmental entities are subject to special compliance requirement audits. No provision has been made in the financial statements for any liability that may arise from such an audit. Also, no provision has been made in the financial statements for any potential disallowance resulting from noncompliance because the amount, if any, cannot be determined at this date.

Note K - Subsequent Events

Were evaluated through October 22, 2014 which is the date the financial statements were available to be issued.

S. Preston Douglas & Associates, LLP

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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*

Robeson Health Care Corporation
Pembroke, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States, the accompanying basic financial statements of the Robeson Health Care Corporation, as of and for the fiscal year then ended June 30, 2014, and the related notes to the financial statements, which collectively comprises Robeson Health Care Corporation's basic financial statements, and have issued our report thereon dated October 22, 2014.

Internal Control Over Financial Reporting

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

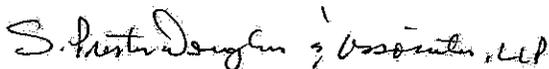
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations,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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Robeson Health Care Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This 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 of the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lumberton, North Carolina
October 22, 2014

S. Preston Douglas & Associates, LLP

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Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance In Accordance with OMB Circular A-133

Robeson Health Care Corporation
Pembroke, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Robeson Health Care Corporation's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Robeson Health Care Corporation's major federal programs for the fiscal year then ended June 30, 2014. Robeson Health Care Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Robeson Health Care Corporation'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 on Robeson Health Care Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, Robeson Health Care Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

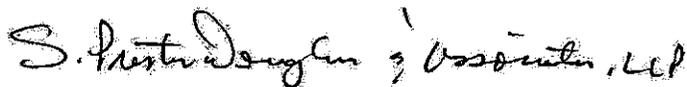
Management of Robeson Health Care Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Robeson Health Care Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

Robeson Health Care Corporation
Pembroke, North Carolina
Page Two

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "S. Peter Douglas, CPA". The signature is written in a cursive style.

Lumberton, North Carolina
October 22, 2014

Robeson Health Care Corporation
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(s) identified that are not considered to be material weaknesses _____ yes X none reported
- Noncompliance material to financial statements _____ yes X no

Federal Awards

Type of auditor's report issued on compliance for major federal programs: Unmodified

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(s) identified that are not considered to be material weaknesses _____ yes X none reported
- Noncompliance material to federal awards _____ yes X no
- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 _____ yes X no

Identification of major federal programs:

CFDA Numbers

93.224

Names of Federal Program or Cluster

Community Health Centers

Dollar Threshold used to distinguish between Type A and Type B programs

\$300,000

Auditee qualified as low-risk auditee?

 X yes _____ no

**Robeson Health Care Corporation
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014**

Section II. Financial Statement Findings

None reported

Section III. Federal Award Findings and Questioned Costs

None reported.

Section II. State Award Findings and Questioned Costs

None reported.

Robeson Health Care Corporation
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

Direct federal grants:

US Department of Health and Human Services

Community Health Centers (CHC)	93.224	\$ 2,583,619
Ryan White (Part C Outpatient EIS)	93.918	<u>657,130</u>
Total federal awards		<u>\$ 3,240,749</u>

Notes to the Schedule of Expenditures of federal awards

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