

REPORT ON AUDIT OF FINANCIAL STATEMENTS
with supplementary information
SAN FRANCISCO COMMUNITY CLINIC
CONSORTIUM
(a non profit corporation)
San Francisco, California
June 30, 2014 and 2013

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Independent Auditor's Report

To the Board of Directors
San Francisco Community Clinic Consortium
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of San Francisco Community Clinic Consortium, which comprise the statements of financial position as of June 30, 2014 and June 30, 2013, 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 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 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

Independent Auditor's Report (Continued)

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 opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Francisco Community Clinic Consortium as of June 30, 2014 and June 30, 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

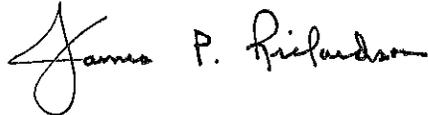
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise San Francisco Community Clinic Consortium's basic financial statements. The supplementary information required by the US Department of Health and Human Services and the schedule of expenditures of federal awards, as required by Office of Maintenance and Budget the Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information referred to above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information referred to above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Independent Auditor's Report (Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2014 on our consideration of San Francisco Community Clinic Consortium's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Francisco Community Clinic Consortium's internal control over financial reporting and compliance.



Richmond, California
October 30, 2014
EIN 26-1218230

STATEMENTS OF FINANCIAL POSITION
San Francisco Community Clinic Consortium
June 30, 2014 and 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash	\$ 44,372	\$ 31,689
Contracts receivable	2,641,712	2,089,956
Receivable from member clinics	43,421	23,639
Other receivables	32,049	109,979
Prepaid expenses	71,582	68,986
Security deposit	14,035	14,035
Total Current Assets	2,847,171	2,338,284
NON-CURRENT ASSETS		
Furniture and equipment - Note B, net of accumulated depreciation of \$870,444 and \$826,267 respectively	68,342	98,504
Van work-in-progress	-	10,485
TOTAL ASSETS	2,915,513	2,447,273
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Grants payable	2,875,756	2,286,795
Accounts payable and accrued expenses	267,724	186,153
Trust fund payable	8,853	11,200
Total Current Liabilities	3,152,333	2,484,148
NET ASSETS		
Unrestricted	(251,820)	(251,973)
Temporarily restricted	15,000	215,098
Net Assets	(236,820)	(36,875)
TOTAL LIABILITIES AND NET ASSETS	\$ 2,915,513	\$ 2,447,273

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

STATEMENTS OF ACTIVITIES
San Francisco Community Clinic Consortium
June 30, 2014 and 2013

	2014	2013
<u>UNRESTRICTED</u>		
Support and Revenue		
Government contracts and grants	\$ 8,358,504	\$ 7,611,307
Donations	43,381	61,710
Donated goods and services	231,598	255,583
Clinic revenue	256,800	236,500
Membership revenue	214,079	167,857
Event revenue	39,214	26,275
Interest income	11	17
Other revenue	11,615	13,541
Net assets released from restrictions	977,902	1,161,819
Total Support and Revenue	10,133,104	9,534,609
Expenses		
Program services	3,330,197	2,984,688
General and administration	340,049	285,524
Fundraising	92,584	160,902
	3,762,830	3,431,114
Allocation to sub-recipients	6,370,121	6,100,085
Total Expenses	10,132,951	9,531,199
Change in Unrestricted Net Assets	153	3,410
Net assets (unrestricted), beginning of year	(251,973)	(255,383)
NET ASSETS (unrestricted), ending of year	\$ (251,820)	\$ (251,973)
<u>TEMPORARILY RESTRICTED</u>		
Support and Revenue		
Foundation grants and contributions	\$ 777,804	\$ 561,328
Total Support and Revenue	777,804	561,328
Net assets released from restrictions	(977,902)	(1,161,819)
Change in Temporarily Restricted Net Assets	(200,098)	(600,491)
Net Assets (temporarily restricted), beginning of year	215,098	815,589
NET ASSETS (temporarily restricted), end of year	\$ 15,000	\$ 215,098

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

STATEMENTS OF CASH FLOWS
San Francisco Community Clinic Consortium
For the Years Ended June 30, 2014 and 2013

	2014	2013
Cash Flow from Operating Activities		
Change in net assets	\$ (199,945)	\$ (597,081)
Adjustments to reconcile change in net assets to cash flow from operating activities		
Depreciation	44,177	40,604
Decrease (increase) in accounts and grant receivable	(493,608)	534,239
Decrease (increase) in prepaid expenses	(2,596)	31,476
Increase (decrease) in accounts payable and accrued expenses	81,571	17,988
Increase (decrease) in grants payable	588,961	(19,379)
Increase (decrease) in trust fund payable	(2,347)	(185)
Net Cash Provided (Used) by Operating Activities	16,213	7,662
Cash Flow from Investing Activities		
Van work-in-progress	10,485	(10,485)
Purchase of property and equipment	(14,015)	(6,614)
Net Cash Used by Investing Activities	(3,530)	(17,099)
Increase(decrease) in Cash	12,683	(9,437)
Cash, beginning of year	31,689	41,126
Cash, end of year	\$ 44,372	\$ 31,689

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

STATEMENT OF FUNCTIONAL EXPENSES
San Francisco Community Clinic Consortium
For the Year Ended June 30, 2014

	Program Services	Fundraising	General and Admin.	Total 2014
Salaries and wages	\$ 1,758,459	\$ 19,468	\$ 179,096	\$ 1,957,023
Volunteers	150,130	-	-	150,130
Payroll taxes and fringe benefits	429,725	3,509	39,027	472,261
Consultants	236,164	24,102	43,680	303,946
Occupancy	229,666	7,706	17,539	254,911
Travel & reimbursement	48,030	4	8,252	56,286
Equipment and supplies	155,714	797	6,527	163,038
Printing	5,987	48	87	6,122
Training & recruitment	16,971	103	5,035	22,109
Dues and subscriptions	26,890	1,851	1,577	30,318
Communications	178,817	1,205	6,802	186,824
Meetings & conferences	4,945	21,308	12,331	38,584
Depreciation	30,792	-	13,385	44,177
Insurance	27,179	441	4,460	32,080
Bank & Payroll Fees	4,982	550	1,033	6,565
Postage and shipping	1,395	11,371	154	12,920
Utilities	3,045	121	599	3,765
Repairs & maintenance	21,286	-	-	21,286
Miscellaneous exp.	20	-	465	485
	<u>\$ 3,330,197</u>	<u>\$ 92,584</u>	<u>\$ 340,049</u>	<u>\$ 3,762,830</u>

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

STATEMENT OF FUNCTIONAL EXPENSES
San Francisco Community Clinic Consortium
For the Year Ended June 30, 2013

	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Admin.</u>	<u>Total 2013</u>
Salaries and wages	\$ 1,583,277	\$ 96,988	\$ 156,371	\$ 1,836,636
Volunteers	199,072	-	-	199,072
Payroll taxes and fringe benefits	416,664	19,824	38,550	475,038
Consultants	60,735	6,803	36,702	104,240
Occupancy	214,342	6,991	15,675	237,008
Travel & reimbursement	44,587	-	4,019	48,606
Equipment and supplies	145,781	3,104	3,329	152,214
Printing	2,550	90	164	2,804
Training & recruitment	30,870	-	1,430	32,300
Dues and subscriptions	26,964	2,557	1,312	30,833
Communications	171,851	1,235	3,045	176,131
Meetings & conferences	7,677	17,054	7,272	32,003
Depreciation	28,392	-	12,212	40,604
Insurance	25,722	468	4,018	30,208
Bank & Payroll Fees	5,817	1,182	552	7,551
Postage and shipping	2,145	5,694	220	8,059
Utilities	3,146	111	203	3,460
Repairs & maintenance	14,710	(1,199)	-	13,511
Miscellaneous exp.	386	-	450	836
	<u>\$ 2,984,688</u>	<u>\$ 160,902</u>	<u>\$ 285,524</u>	<u>\$ 3,431,114</u>

NOTES TO FINANCIAL STATEMENTS
San Francisco Community Clinic Consortium
June 30, 2014 and 2013

A - GENERAL AND ORGANIZATION

San Francisco Community Clinic Consortium (SFCCC) was incorporated in 1983 as a non-profit public benefit corporation to promote the provision of health care for everyone on an equal basis in the City and County of San Francisco by working for the common good of non-profit community based health centers. SFCCC is an association of ten partner clinics providing a full range of community-based related services geared to lower income families of the City and County of San Francisco. The Organization is exempt from Federal and California income taxes under Section 501 (c)(3) of the Internal Revenue Code, and Section 23701(d) of the California Revenue and Taxation Code.

B - SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The Organization maintains its books and prepares its financial statements and exempt tax returns using the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

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.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS (Continued)
San Francisco Community Clinic Consortium
June 30, 2014 and 2013

B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method. Estimated useful lives for depreciation purposes are as follows: buildings, 40 years; building improvements, 20 years; and furniture and equipment, 5 to 10 years.

Maintenance, repairs and renewals which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

Restricted and Unrestricted Support and Revenue

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as "net assets released from restriction".

Expense Allocation

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

C - CONCENTRATION OF CREDIT RISK

Certain financial instruments potentially subject the Organization to concentrations of credit risk. These financial instruments consist primarily of cash, cash equivalents and receivables. The Organization places its cash and cash equivalents with high credit, quality financial institutions. Concentrations of credit risk with respect to receivables are generally diversified due to the large number of tenants and other payers owing the Project. The Organization writes off uncollectible amounts as they become known.

NOTES TO FINANCIAL STATEMENTS (Continued)
San Francisco Community Clinic Consortium
June 30, 2014 and 2013

D - DONATED GOODS AND SERVICES

San Francisco Community Clinic Consortium recognizes the estimated fair value of donated goods and certain services received both as revenue and an offsetting expense item. Donated goods and services totaled \$231,598 and \$255,583 for the years ended June 30, 2014 and 2013, respectively. Donated goods and services were mainly medical staff volunteer services and medical supplies used to support SFCCC's Street Outreach program.

E - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

Healthcare for the Homeless -- Funded by the Federal Bureau of Primary Health Care, SFCCC provides medical care, dental services health education, outreach and referral, and substance abuse and mental health services to more than 14,000 homeless clients annually. In addition to its partner clinics, SFCCC also works with the San Francisco Department of Public Health and its in-house Street Outreach Services to provide this service.

Street Outreach Services (SOS) -- Working under the funding of the Healthcare for the Homeless program and through the volunteer efforts of UCSF Internal Medicine residents and others, SOS is instrumental in meeting the health needs of homeless people in San Francisco's Mission, China Basin and Bayview neighborhoods. The SOS team, in addition to providing needed medical services for the homeless population, is also active in the creation of new clinics in previously underserved areas of San Francisco.

HIV/AIDS -- Funded through Part C of the Ryan White C.A.R.E. Act, SFCCC provides medical care, medication adherence support, HIV counseling and testing, and treatment advocacy to approximately 1,000 HIV/AIDS clients annually. With additional public support, SFCCC provides additional resources such as bus tokens, grocery vouchers and nutritional supplements to these same clients.

Health Policy and Planning -- Funded in part by the California Endowment SFCCC researches and develops solutions related to community health care delivery issues at the local, state and national level.

NOTES TO FINANCIAL STATEMENTS (Continued)
San Francisco Community Clinic Consortium
June 30, 2014 and 2013

E - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES (Continued)

Information Technology -- Seeks to improve the quality and access to care delivered to SFCCC uninsured and underinsured patients, through the installation of access to the San Francisco Department of Public Health's electronic medical records application via a wide area network.

AmeriCorps / Health Corps -- Funded primarily by the National Association of Community Health Centers via a grant from the National Services Program, SFCCC has been the host site for the San Francisco Community HealthCorps, an AmeriCorps program with a health and human service focus. The program places individuals who have an interest in pursuing careers in the health professions at SFCCC partner clinics, on the SOS medical van, and at other community based organizations. The mission of the program is to engage HealthCorps members in service while expanding access to comprehensive, affordable and culturally appropriate health care for under-served San Franciscans. In addition, the HealthCorp serves as a workforce development program, training tomorrow's health professionals as a means to reinforce community based health care.

Training and Technical Support -- Offers guidance and training to support partner clinics in the area of staff development, disaster preparedness training, chronic care, disease management, data collection, coding, and personnel management.

Continuous Quality Improvement -- Funded primarily by the Kaiser Foundation, the program interprets health outcome data across consortium sites, shares effective strategies for improving health care, and collaborates in identifying best practices for treating patients with specific health conditions such as diabetes and cardiovascular disease.

Healthy San Francisco -- Funded by the San Francisco Department of Public Health, SFCCC and its partner clinics assist eligible patients in enrolling into the City's safety-net health care system in order to access primary health care for uninsured and underinsured individuals.

Management and General

This category supports the general management and administrative functions of the Organization, including parts or all of the staff time and expenses associated with general management, financial operations and reporting, administrative activities and organizational planning.

NOTES TO FINANCIAL STATEMENTS (Continued)
San Francisco Community Clinic Consortium
June 30, 2014 and 2013

F - VULNERABILITY DUE TO CONCENTRATION

The Organization receives a substantial portion of its support from government agencies. A significant reduction in the level of this support may have an adverse effect on its ability to continue those programs and activities, which are funded by these government agencies. In addition, the related grants/contracts are subject to audit by funding agencies; and disallowed costs, if any, found as a result of the audits must be repaid to the grantor.

G - COMMITMENTS AND CONTINGENCIES

SFCCC has entered into various non-cancelable office space and equipment operating leases that expire at various dates through April 2016. For the year ended June 30, 2014 and 2013, occupancy expense including utilities totaled \$252,438 and \$232,571 respectively. For the years ended June 30, 2014 and 2013 equipment lease expense was \$6,238 and \$7,897, respectively. The future minimum lease payments required under these leases are as follows:

June 30,	2014	\$222,085
	2015	231,494
	2016	199,443

SFCCC receives funding from governmental agencies and foundations in the form of grants and contracts. Significant amounts of these grants and contracts are passed through to its partner clinics. As a pass-through entity, SFCCC is responsible for monitoring the sub-recipient's use of federal awards to provide reasonable assurance that the sub-recipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. SFCCC and the partner clinics are subject to review or audit by these agencies regarding compliance with terms and conditions of the grants, contracts and specific program performances and requirements. Management believes that SFCCC has complied with all aspects of the grant and contract provisions and those adjustments, if any, would be insignificant to the financial position of SFCCC.

NOTES TO FINANCIAL STATEMENTS (Continued)
San Francisco Community Clinic Consortium
June 30, 2014 and 2013

H - PENSION AND RETIREMENT PLANS

SFCCC has two 403(b) plans for all eligible employees. One plan is for employee contributions and all employees are eligible. Contributions to this plan are voluntary and 100% vested. The second plan is for employer contributions. Eligibility for this plan is based on 1,000 hours of service and active employment on the last day of the plan year. This plan provides for discretionary contributions by SFCCC, as determined annually by the Board of Directors, and allocated to each participant proportional to their compensation. This plan is also 100% vested. SFCCC made contributions of \$28,120 and \$31,886 in 2014 and 2013, respectively.

I - RELATED PARTY TRANSACTIONS

SFCCC has significant interaction with its partner clinics. All are sub-recipients of the federal awards SFCCC receives. Each has representation on the SFCCC Board of Directors. Some partner clinics have cooperative purchasing arrangements with SFCCC and all pay membership fees to be a part of the organization. Each clinic that is a sub-recipient of SFCCC is monitored by SFCCC for quality assurance and contract compliance. The ten partner clinics comprising SFCCC are:

Curry Senior Center: Located in the Tenderloin, CSC provides community-based long-term care for people 55 and older.

Glide Health Services: Located in the Tenderloin, Glide Health Services is a program instituted by the Board of Trustees of the Glide Foundation that offers urgent, primary care, and behavioral health services.

HealthRIGHT 360 (formerly Haight Ashbury Free Clinics, Inc.): Provides primary care for low-income and uninsured San Franciscans with linkages to outpatient and residential substance abuse treatment.

Lyon-Martin Health Services: Provides primary care and preventive services for and by women and transgender people.

Mission Neighborhood Health Center: Offers a full range of medical care and preventive services for a predominantly Latino population.

Native American Health Center: Provides medical and dental services for a primarily Native American population.

NOTES TO FINANCIAL STATEMENTS (Continued)
 San Francisco Community Clinic Consortium
 June 30, 2014 and 2013

I - RELATED PARTY TRANSACTIONS (Continued)

North East Medical Services: Provides a comprehensive array of outpatient services to a predominantly Asian population.

San Francisco Free Clinic: Provides routine and preventive care to children, adults and elderly who are uninsured.

St. Anthony Free Medical Clinic: Provides free medical care and referrals for uninsured adults and children in San Francisco.

South of Market Health Center: Serving the multi-cultural South of Market neighborhood, SMHC offers a full range of primary, prevention and dental services.

	<u>2014</u>	<u>2013</u>
Payments to partner clinics as sub-recipients of federal and public grants for the year ended June 30:	<u>\$4,775,233</u>	<u>\$4,964,356</u>
Payments from partner clinics for federal matching requirements, membership fees, and other services:	<u>\$214,079</u>	<u>\$167,857</u>
Grants payable to partner clinics at June 30:	<u>\$1,686,210</u>	<u>\$1,952,621</u>

Note:

Charter Member Clinics Glide Health Services and Lyon-Martin Health Services are in transition to consolidate with HealthRIGHT 360.

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
San Francisco Community Clinic Consortium
For the Year Ended June 30, 2014

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER		AWARD NUMBER	EXPENDITURE
Healthy Center Cluster	93.224	*	6H80CS00049-12-10	\$ 1,245,693
Healthy Center Cluster	93.224	*	6H80CS00049-13-06	4,450,814
Total Consolidated Healthy Center Cluster				<u>5,696,507</u>
Ryan White Part C Outpatient EIS Program	93.918	*	5H76HA00163-21-02	346,606
Ryan White Part C Outpatient EIS Program	93.918	*	6H76HA00163-22-02	485,579
Total Ryan White Part C Outpatient EIS Program				<u>832,185</u>
Pass-Through National Association of Community Health Centers, Inc.				
AmeriCorps Program Community HealthCorps	94.006		10EDHMD0020002	13,708
	94.006		13EDHMD0010029	220,690
				<u>234,398</u>
Pass-Through University of California San Francisco				
Area Health Education Program	93.189		6U77HP03015-19-10	5,234
	93.189		6U77HP23071-03-00	65,269
				<u>70,503</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 6,833,593</u></u>

* Major program determined in accordance with OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
San Francisco Community Clinic Consortium
For the Year Ended June 30, 2014

Note 1. Basis of Presentation

The accompany schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of San Francisco Community Clinic Consortium under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of San Francisco Community Clinic Consortium, it is not intended to and does not present the financial position, changes in net assets or cash flows of San Francisco Community Clinic Consortium.

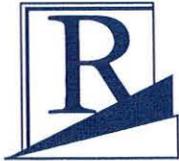
Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditure are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3. Subrecipients

Of the federal expenditures presented in the Schedule, San Francisco Community Clinic Consortium provided federal awards to the subrecipients as follows:

CFDA Number	Sub-Recipients
93.224 - Health Care for Homeless/HCH	<u>\$ 3,915,530</u>
93.918 - Ryan White HIV Part C	<u>\$ 750,352</u>



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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*

To the Board of Directors
San Francisco Community Clinic Consortium
San Francisco, California

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 San Francisco Community Clinic Consortium, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise San Francisco Community Clinic Consortium's basic financial statements, and have issued our report thereon dated October 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Francisco Community Clinic Consortium's internal control over financial reporting 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 San Francisco Community Clinic Consortium'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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all

**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***
(Continued)

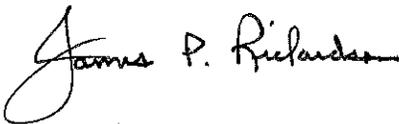
deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Francisco Community Clinic Consortium's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements 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 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.



Richmond, California
October 30, 2014



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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the OMB Circular A-133

Independent Auditor's Report

To the Board of Directors
San Francisco Community Clinic Consortium
San Francisco, California

Report on Compliance for Each Major HUD Program

We have audited San Francisco Community Clinic Consortium's compliance with the compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of San Francisco Community Clinic Consortium's major programs for the year ended June 30, 2014. San Francisco Community Clinic Consortium's major 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 San Francisco Community Clinic Consortium's major federal programs based on our audit of the 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 the OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 San Francisco Community Clinic

**Report on Compliance for Each Major Federal Program and Report on Internal Control
Over Compliance Required by the OMB Circular A-133**
(Continued)

Consortium'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 San Francisco Community Clinic Consortium's compliance.

Opinion on Each Major Federal Program

In our opinion, San Francisco Community Clinic Consortium 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 San Francisco Community Clinic Consortium is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered San Francisco Community Clinic Consortium'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 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 San Francisco Community Clinic Consortium's compliance.

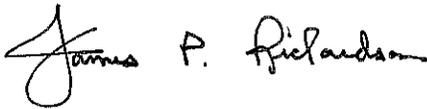
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a federal 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.

**Report on Compliance for Each Major Federal Program and Report on Internal Control
Over Compliance Required by the OMB Circular A-133**
(Continued)

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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

Purpose of this Report

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

A handwritten signature in black ink that reads "James A. Richardson". The signature is written in a cursive style with a large initial "J".

Richmond, California
October 30, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
San Francisco Community Clinic Consortium
For the Year Ended June 30, 2014

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the Organization's financial statements.
2. No material weaknesses in internal control over financial reporting were identified.
3. No instances of noncompliance material to the Organization's financial statements were disclosed.
4. No material weaknesses in internal control over major federal programs were identified.
5. The auditor's report on compliance for the Organization's major federal award programs expresses an unqualified opinion.
6. No audit findings are reported relative to the Organization's major federal award programs.
7. Major programs included:

<u>Name</u>	<u>CFDA No.</u>
Community Health Centers	93.224
HIV Clusters	93.918
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The Organization was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
San Francisco Community Clinic Consortium
For the Year Ended June 30, 2014

CURRENT FINDINGS

There are no current year audit findings.

QUESTIONED COST

None

**AUDITOR'S COMMENTS ON RESOLUTION MATTERS
RELATING TO GOVERNMENT PROGRAMS**

STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.

STATUS OF OTHER REVIEW REPORTS

All required responses have been submitted to the Cognizant Agencies.