

**METRO HEALTH, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS**

**DECEMBER 31, 2012 AND 2011**

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Independent Auditor's Report

To the Board of Directors  
Metro Health, Inc.  
Washington, DC

**Report on the Financial Statements**

We have audited the accompanying financial statements of Metro Health, Inc., previously known as the Carl Vogel Foundation, Inc., d/b/a Carl Vogel Center (the "Center"), a non-profit organization, which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the 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 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**

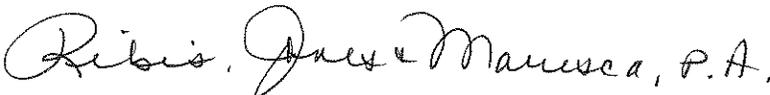
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metro Health, Inc. as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally 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 schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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 May 12, 2013 on our consideration of Metro Health, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metro Health, Inc.'s internal control over financial reporting and compliance.



Washington, DC  
May 12, 2013

**METRO HEALTH, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2012 AND 2011**

	2012	2011
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 337,605	\$ 319,627
Grants receivable	304,202	279,211
Accounts receivable	30,533	15,230
Inventory	755	755
Prepaid expenses	22,770	17,256
Total Current Assets	695,865	632,079
<b>PROPERTY</b>		
Furniture and equipment	66,393	66,393
Leasehold improvements	11,818	11,818
	78,211	78,211
Less: accumulated depreciation	(78,211)	(78,211)
Total Property, Net	-	-
<b>OTHER</b>		
Security deposits	14,192	14,192
<b>TOTAL ASSETS</b>	<b>\$ 710,057</b>	<b>\$ 646,271</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 34,599	\$ 26,761
Total current liabilities	34,599	26,761
<b>NET ASSETS</b>		
Unrestricted	675,458	619,510
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 710,057</b>	<b>\$ 646,271</b>

See independent auditor's report and accompanying notes to financial statements.

**METRO HEALTH, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2012**

**UNRESTRICTED REVENUE AND SUPPORT**

Grants	\$ 1,958,518
Contributions	9,677
Program services	10,674
Insurance reimbursement / billing	136,348
Interest and other	4,309
Total Revenue and Support	<u>2,119,526</u>

**EXPENSES**

Program services:	
Ryan White HIV/AIDS Program Part A	1,049,660
Ryan White HIV/AIDS Program Part B	110,534
Ryan White HIV/AIDS Program Part C	104,931
DC Appropriated	154,439
Preventions	121,529
Other programs	284,763
Total Program Services	<u>1,825,856</u>

Support services:	
General and Administrative	<u>237,722</u>

Total Expenses	<u>2,063,578</u>
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<b>CHANGE IN NET ASSETS</b>	55,948
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<b>NET ASSETS, beginning of year</b>	<u>619,510</u>
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<b>NET ASSETS, end of year</b>	<u><u>\$ 675,458</u></u>
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See independent auditor's report and accompanying notes to financial statements.

**METRO HEALTH, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2011**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Grants	\$ 1,799,816	\$ -	\$ 1,799,816
Contributions	21,758	-	21,758
Program services	37,160	-	37,160
Insurance reimbursement / billing	162,819	-	162,819
Interest and other	764	-	764
Net assets released from restriction	6,778	(6,778)	-
Total Revenue and Support	<u>2,029,095</u>	<u>(6,778)</u>	<u>2,022,317</u>
<b>EXPENSES</b>			
Program services:			
Ryan White HIV/AIDS Program Part A	908,236	-	908,236
Ryan White HIV/AIDS Program Part B	116,880	-	116,880
Ryan White HIV/AIDS Program Part C	79,553	-	79,553
DC Appropriated	144,286	-	144,286
Community Health	180,942	-	180,942
Preventions	132,473	-	132,473
Other programs	47,475	-	47,475
Total Program Services	<u>1,609,845</u>	<u>-</u>	<u>1,609,845</u>
Support services:			
General and Administrative	148,565	-	148,565
Total Expenses	<u>1,758,410</u>	<u>-</u>	<u>1,758,410</u>
<b>CHANGE IN NET ASSETS</b>	270,685	(6,778)	263,907
<b>NET ASSETS, beginning of year</b>	<u>348,825</u>	<u>6,778</u>	<u>355,603</u>
<b>NET ASSETS, end of year</b>	<u>\$ 619,510</u>	<u>\$ -</u>	<u>\$ 619,510</u>

See independent auditor's report and accompanying notes to financial statements.

**METRO HEALTH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2012**

	Program Services										Total
	Ryan White PART A	Ryan White PART B	Ryan White PART C	DC Appropriated	Preventions	Other Programs	Total Programs	General and Administrative	Total		
Salaries and related expenses	\$ 383,740	\$ 78,922	\$ 81,518	\$ 15,345	\$ 45,750	\$ 77,741	\$ 683,016	\$ 170,756	\$ 853,772		
Advertising	180	-	-	-	-	-	180	886	1,066		
Audit fees	-	-	-	-	-	-	-	11,000	11,000		
Bank fees	-	-	-	-	-	-	-	1,382	1,382		
Client costs	180,272	1,575	1,711	95,272	25,771	26,486	331,087	861	331,948		
Communications	19,468	3,245	-	1,208	1,721	2,083	27,725	115	27,840		
Consultants / experts	185,062	4,665	8,180	29,546	23,839	86,365	337,657	13,054	350,711		
Development	-	-	-	-	-	-	-	3,507	3,507		
Dues and subscriptions	1,224	-	-	-	-	60	1,284	6,551	7,835		
Fringe benefits	32,777	8,104	8,202	1,574	4,533	7,822	63,012	28,873	91,885		
Insurance	6,101	3,140	-	-	2,250	-	11,491	5,730	17,221		
Medical billing fees	-	-	-	-	-	27,696	27,696	2,845	30,541		
Licenses	300	-	-	-	-	23,116	23,416	225	23,641		
Meetings	-	-	78	-	-	-	78	2,351	2,429		
Occupancy	62,055	6,082	-	6,618	11,108	9,547	95,410	131,117	226,527		
Other direct expenses	301	-	122	-	-	2,502	2,925	-	2,925		
Payroll service fees	-	-	-	-	-	-	-	4,314	4,314		
Supplies and minor equipment	32,125	4,600	1,245	2,555	2,774	14,841	58,140	1,477	59,617		
Travel and transportation	3,880	12	3,875	21	1,668	5,504	14,960	457	15,417		
Sub-total	907,485	110,345	104,931	152,139	119,414	283,763	1,678,077	385,501	2,063,578		
General and administrative allocation per grants	142,175	189	-	2,300	2,115	1,000	147,779	(147,779)	-		
Total	\$ 1,049,660	\$ 110,534	\$ 104,931	\$ 154,439	\$ 121,529	\$ 284,763	\$ 1,825,856	\$ 237,722	\$ 2,063,578		

See independent auditor's report and accompanying notes to financial statements.

**METRO HEALTH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2011**

	Program Services										Total
	Ryan White PART A	Ryan White PART B	Ryan White PART C	DC Appropriated	Community Health	Preventions	Other Programs	Programs	General and Administrative	Total	
Salaries and related expenses	\$ 465,915	\$ 80,319	\$ 69,590	\$ 15,200	\$ 17,401	\$ 59,789	\$ 26,889	\$ 735,103	\$ 183,778	\$ 918,881	
Advertising	336	-	-	-	80	-	-	416	-	416	
Audit fees	-	-	-	-	-	-	-	-	10,000	10,000	
Bank fees	-	-	-	368	-	-	-	368	1,232	1,600	
Client costs	95,241	1,653	2,494	86,521	23,656	14,246	-	223,811	-	223,811	
Communications	16,583	2,444	-	792	2,263	2,950	-	25,032	28	25,060	
Consultants / experts	77,446	11,435	-	29,578	61,808	16,250	10,712	207,229	32,991	240,220	
Development	-	-	-	-	-	-	-	-	1,753	1,753	
Dues and subscriptions	1,249	100	-	260	200	100	-	1,909	376	2,285	
Fringe benefits	44,668	11,009	5,811	1,258	1,508	5,016	2,195	71,465	68,734	140,199	
Insurance	5,930	3,350	-	790	320	2,900	1,200	14,490	3,622	18,112	
Legal	67	-	-	-	-	-	-	67	2,686	2,753	
Licenses	1,207	-	-	-	-	-	2,646	3,853	-	3,853	
Meetings	-	-	-	-	-	-	-	-	621	621	
Occupancy	46,352	3,218	-	5,445	51,216	14,811	2,603	123,645	101,685	225,330	
Other direct expenses	-	252	44	-	60	-	-	356	-	356	
Payroll service fees	-	-	-	-	-	-	-	-	4,465	4,465	
Postage	472	-	-	-	-	50	-	522	-	522	
Special events	-	-	-	-	-	-	-	-	1,002	1,002	
Supplies and minor equipment	18,058	3,044	-	1,852	14,526	7,679	1,098	46,257	2,728	48,985	
Travel and transportation	4,490	56	1,614	82	7,904	5,682	132	19,960	484	20,444	
Sub-total	778,014	116,880	79,553	142,146	180,942	129,473	47,475	1,474,483	416,185	1,890,668	
General and administrative allocation											
per grants	130,222	-	-	2,140	-	3,000	-	135,362	(267,620)	(132,258)	
Total	\$ 908,236	\$ 116,880	\$ 79,553	\$ 144,286	\$ 180,942	\$ 132,473	\$ 47,475	\$ 1,609,845	\$ 148,565	\$ 1,758,410	

See independent auditor's report and accompanying notes to financial statements.

**METRO HEALTH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 55,948	\$ 263,907
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease (increase) in assets:		
Grants receivable	(24,991)	(46,147)
Accounts receivable	(15,303)	(15,230)
Inventory	-	920
Prepaid expenses	(5,514)	9,150
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	7,838	(537)
Advance grantor payments	-	(18,750)
Net Cash Provided By Operating Activities	17,978	193,313
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	17,978	193,313
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	319,627	126,314
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 337,605	\$ 319,627

See independent auditor's report and accompanying notes to financial statements.

**METRO HEALTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

**NOTE A – NATURE OF ORGANIZATION**

Metro Health, Inc., previously known as the Carl Vogel Foundation, Inc., d/b/a Carl Vogel Center (the “Center”) is a non-profit, community based organization, which was incorporated in the District of Columbia, and chartered in 1988. The Center provides multidisciplinary and integrated medical healthcare that embodies all aspects of a person’s physical, mental, and emotional well-being. The Center helps medically underserved individuals to become full partners and informed advocates in managing their health. The Center offers the following services and programs funded by government grants and contributions: primary medical care; *Get Healthy DC!*; case management services; mental health services; nutritional counseling; rehabilitation and therapy services; early intervention services; and treatment education and adherence program.

The Center administers the following federally funded programs:

*Ryan White PART A* – HIV Emergency Relief Project Grants

*Ryan White PART B* – HIV Care Formula Grants

*Ryan White PART C* – Grants to Provide Outpatient Early Intervention Services with HIV Disease.

*DC Appropriated* – HIV counseling, testing, referral, outreach, recruitment, evaluation, and food bank services.

*Community Health - Chronic Disease* – Provides chronic disease screenings for diabetes, hypertension, and obesity. Also provides educational workshops, outreach, and care coordination for Washington, DC residents including physical activity programs and primary medical care.

*Comprehensive Prevention Strategies* – Provides strategies for HIV prevention with positives and prevention with negatives and unknown.

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, which recognizes revenue when earned and expenses when incurred.

**METRO HEALTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**  
(continued)

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES - continued**

Financial Statement Presentation

Net assets, revenue, and gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, the net assets of the Center and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Center and/or the passage of time. There were no temporarily restricted net assets as of December 31, 2012 or 2011.

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Center. There were no permanently restricted net assets as of and for the years ended December 31, 2012 or 2011.

Cash and Cash Equivalents

For financial statement purposes, the Center considers money market accounts, and investments with original maturities of three months or less to be cash equivalents.

Grants Receivable and Revenue

Grants receivable are funds due from the District of Columbia for services performed in accordance with the terms of the grant agreements. Federally funded grants are recognized as unrestricted revenue to the extent of related expenses incurred for grant purposes.

Inventory

Inventory consists of health and nutritional products available for sale. The value is stated at the lower of cost or market using the first-in, first-out method.

Furniture, Equipment, and Leasehold Improvements

Furniture, equipment, and leasehold improvements are recorded at cost if purchased or recorded at fair market value at the date of gift if donated. Depreciation for furniture and equipment is computed using the straight-line method over the life of the assets, generally five years. Leasehold improvements are amortized over the shorter of the asset life or the remaining term of the lease agreement. Maintenance and repairs are expensed, while expenditures for improvements that extend the useful lives of the assets are capitalized.

**METRO HEALTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**  
(continued)

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES - continued**

Contributions

Unconditional contributions are recorded as revenue in the year notification is received from the donor. Contributions received with donor restrictions are recorded as temporarily or permanently restricted revenue based on donor intent. Expirations of temporary restrictions are reported as reclassifications from temporarily restricted net assets to unrestricted net assets.

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 the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

Functional Expense Allocation

The costs of providing various programs and other 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 programs and supporting services benefited.

Reclassifications

Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 presentation.

**NOTE C – INCOME TAXES**

The Center is a 501(c)(3) organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code. The Center is, however, subject to tax on business income unrelated to their exempt purpose. For the years ended December 31, 2012 and 2011, no provision for income taxes has been made in the accompanying financial statements.

The Center believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

The Center's income tax returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. The Center's tax returns for the years 2009 through 2011 are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

**METRO HEALTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**  
(continued)

**NOTE D – GRANTS RECEIVABLE**

Grants receivable totaled \$304,202 and \$279,211, respectively as of December 31, 2012 and 2011. All grants receivable are collectible within a year.

**NOTE E - LEASE COMMITMENTS**

The Center leases the 7th floor in an office building located at 1012 14th Street, N.W., Washington, DC. The lease expires on February 28, 2015. Rent expense for the years ended December 31, 2012 and 2011 were \$226,527 and \$225,332, respectively.

Future minimum rental commitments are as follows:

Year ending December 31,		
2013	\$	223,028
2014		227,080
2015		38,888
Total	\$	<u>488,996</u>

**NOTE F - CONCENTRATION OF REVENUE**

Federal agencies provided approximately 75% and 68% of the revenue in 2012 and 2011, respectively.

**NOTE G - RETIREMENT PLAN**

The Center provides a qualified retirement plan, IRS Code Section 403(b), to all full-time employees. Employees are eligible to participate at date of hire. Currently the Center contributes 3% of the eligible employees' salary to the employees' annuity portfolios. Retirement expense for the years ended December 31, 2012 and 2011 was \$14,276 and \$10,246, respectively.

**NOTE H - SUBSEQUENT EVENTS**

In preparing these financial statements the Center's management has evaluated events and transactions for potential recognition or disclosure through May 12, 2013, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further disclosure.

**METRO HEALTH, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2012**

<u>MAJOR PROGRAMS</u>	<u>CFDA NUMBER</u>	<u>PASS THROUGH</u>	<u>2012 EXPENDITURES</u>
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES:</b>			
Ryan White HIV/AIDS Program Part A and MAI	93.914	District of Columbia	\$ 1,049,660
Ryan White HIV/AIDS Program Part B	93.917	District of Columbia	110,534
Ryan White HIV/AIDS Program Part C	93.918	No	104,931
Ryan White Title III HIV Capacity Development and Planning	93.918	No	84,343
<b>SUBTOTAL CFDA NUMBER 93.918</b>			<u>189,274</u>
Comprehensive HIV Prevention Strategies	93.940	No	121,529
Affordable Care Act	93.527	No	48,882
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 1,519,879</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**METRO HEALTH, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2012**

**NOTE A – BASIS OF PRESENTATION**

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

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES**

Major Programs

The Single Audit Act of 1984 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for Metro Health, Inc. are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

Basis of Accounting

The expenditures reported on the SEFA are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



**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***

Board of Directors  
Metro Health, Inc.  
Washington, D.C.

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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Metro Health, Inc. (the "Center"), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 12, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 internal control was limited for the purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors  
Metro Health, Inc.  
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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Center'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 and 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.



Washington, DC  
May 12, 2013



**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133**

Board of Directors  
Metro Health, Inc.  
Washington, D.C.

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

We have audited Metro Health, Inc.'s (the "Center") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the CenterMetro Health, Inc.'s major federal programs for the year ended December 31, 2012. The Center'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 Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

**Opinion on Each Major Federal Program**

In our opinion, Metro Health, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

To the Board of Directors  
Metro Health, Inc.  
Page Two

***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

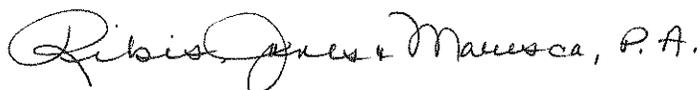
**Report on Internal Control Over Compliance**

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Center's internal control over compliance.

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

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

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



Washington, DC  
May 12, 2013

**METRO HEALTH, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2012**

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

*Financial Statements*

Type of report issued on the financial statements: Unqualified opinion

Internal control over financial reporting:

Material weakness identified?	No
Significant deficiencies identified that are not Considered to be material weakness?	No
Noncompliance material to financial statements noted?	No

*Federal Awards*

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

Internal control over major programs:

Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weakness?	No

Any audit findings disclosed that are required to be reported  
under Section 510(a) of OMB Circular A-133? No

*Major programs:*

Names of Federal Programs and CFDA Numbers:

CFDA Number(s)	Name of Federal Program or Cluster
93.914	U.S. Department of Health and Human Services

Dollar threshold used to distinguish between  
type A and type B programs: \$300,000

Auditee qualified as low-risk auditee: Yes