

Community Health Center
Association of Connecticut, Inc.
(CHCACT)
Financial Statements
for the Year Ended
June 30, 2014
and Reports of Independent Auditors

COMMUNITY HEALTH CENTER ASSOCIATION OF CONNECTICUT, INC.

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JUNE 30, 2014**

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VISCONTI AND ASSOCIATES, P.C.
C e r t i f i e d P u b l i c A c c o u n t a n t s



John J. Visconti, MS, CPA

REPORT I

Independent Auditor's Report

To the Board of Directors
Community Health Center Association
of Connecticut, Inc.
100 Great Meadow Road, Suite 400
Wethersfield, Connecticut 06109

ID # 22-3036666

Report on the Financial Statements

We have audited the accompanying financial statements of Community Health Center Association of Connecticut, Inc. ("CHCACT") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the organization's 2013 financial statements and in our report dated November 4, 2013, we expressed an unmodified opinion on those 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 audit. 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Health Center Association of Connecticut, Inc. as of June 30, 2014 and the changes in its net assets and its cash flows for the year 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 an opinion on the financial statements as a whole. The accompanying supplemental information is prepared for the purpose of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is prepared for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2014, on our consideration of Community Health Center Association of Connecticut, 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 Community Health Center Association of Connecticut, Inc.'s internal control over financial reporting and compliance.

Visconti; Associates, P.C.

October 20, 2014

COMMUNITY HEALTH CENTER ASSOCIATION OF CONNECTICUT, INC.

STATEMENT OF FINANCIAL POSITION, JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR 2013

ASSETS	NOTES	2014	(Note 1 Memorandum Only) 2013
CURRENT ASSETS:			
Cash and cash equivalents	4	\$ 1,332,672	\$ 1,083,822
Investments - deferred compensation plan	4		30,517
Grants and contracts receivable	1,2	593,626	413,529
Other receivables		354	498
Prepaid expenses and other current assets		26,893	13,537
Total current assets		<u>1,953,545</u>	<u>1,541,903</u>
PROPERTY AND EQUIPMENT:			
Furniture and equipment		53,335	53,335
Computer equipment		135,671	85,534
Vehicles		27,499	27,499
Leasehold improvements		85,054	85,054
Construction in progress		104,981	73,888
		<u>406,540</u>	<u>325,310</u>
Less accumulated depreciation		<u>(230,391)</u>	<u>(227,194)</u>
Property and equipment - net		<u>176,149</u>	<u>98,116</u>
TOTAL		<u>\$ 2,129,694</u>	<u>\$ 1,640,019</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	5	\$ 716,683	\$ 476,404
Accrued compensation		93,139	33,782
Deferred compensation liability	4		30,517
Deferred grant, contract and other revenue	6	360,570	192,023
Total liabilities		<u>1,170,392</u>	<u>732,726</u>
NET ASSETS:			
Unrestricted		<u>959,302</u>	<u>907,293</u>
Total		<u>959,302</u>	<u>907,293</u>
TOTAL		<u>\$ 2,129,694</u>	<u>\$ 1,640,019</u>

See notes to financial statements.

COMMUNITY HEALTH CENTER ASSOCIATION OF CONNECTICUT, INC.

**STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR 2013**

			(Note 1 Memorandum Only)
	<u>NOTES</u>	<u>2014</u>	<u>2013</u>
CHANGES IN UNRESTRICTED NET ASSETS			
Support and revenue:	2		
Federal grants and contracts		\$ 4,287,200	\$ 3,571,486
State grants		515,388	571,638
Foundation		30,190	67,540
Membership dues and assessments		130,000	134,550
Other		<u>179,303</u>	<u>234,876</u>
Total		<u>5,142,081</u>	<u>4,580,090</u>
Expenses:	4,5		
Program services		4,477,930	3,900,398
Management and general		<u>612,142</u>	<u>652,132</u>
Total		<u>5,090,072</u>	<u>4,552,530</u>
CHANGE IN NET ASSETS		52,009	27,560
NET ASSETS - Beginning of year		<u>907,293</u>	<u>879,733</u>
NET ASSETS - End of year		<u>\$ 959,302</u>	<u>\$ 907,293</u>

See notes to financial statements.

COMMUNITY HEALTH CENTER ASSOCIATION OF CONNECTICUT, INC.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR 2013**

	<u>2014</u>	(Note 1 Memorandum Only) <u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 52,009	\$ 27,560
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	19,628	8,813
(Increase) decrease in operating assets:		
Grants and contract receivable	(180,097)	(126,184)
Other receivables	144	739
Prepaid expenses and other current assets	(13,356)	17,530
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	240,279	210,577
Accrued compensation	59,357	(55,074)
Deferred grant, contract and other revenue	168,547	(217,398)
Net cash provided by (used in) operating activities	<u>346,511</u>	<u>(133,437)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(97,661)</u>	<u>(43,680)</u>
Net cash (used in) investing activities	<u>(97,661)</u>	<u>(43,680)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	248,850	(177,117)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>1,083,822</u>	<u>1,260,939</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 1,332,672</u>	<u>\$ 1,083,822</u>

See notes to financial statements.

COMMUNITY HEALTH CENTER ASSOCIATION OF CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Operations – Community Health Center Association of Connecticut, Inc. (CHCACT), a non-profit organization, was created to provide technical and educational assistance to community health care centers in the State of Connecticut. CHCACT's objective is the expansion and provision of quality, cost-effective and efficient primary health care. CHCACT also seeks new and expanded revenue sources for these services. Support and revenue consists primarily of federal and state grants and contracts.

Basis of Presentation - The Financial Accounting Standards Board (FASB) has created the FASB Accounting Standards Codification (ASC) System, which is the official source of authoritative, nongovernmental accounting principles generally accepted in the United States of America. In accordance with ASC Topic 958-205, *Not for Profit Entities, Presentation of Financial Statements*, CHCACT reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted – Unrestricted net assets represent available resources other than donor-restricted contributions. Included in unrestricted net assets are grants and contracts that may be earmarked for specific purposes.

Temporarily Restricted – Temporarily restricted net assets represent contributions that are restricted either as to purpose or as to time of expenditure. CHCACT has no temporarily restricted net assets.

Permanently Restricted – Permanently restricted net assets represent contributions received with the donor restriction that the principal be invested in perpetuity and that only the income earned thereon will be available for operations. CHCACT has no permanently restricted net assets.

Prior Year Information – The financial information presented for 2013 in the accompanying financial statements is included to provide a basis for comparison with 2014 and presents summarized totals only. The 2013 amounts are not intended to include all the information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such amounts should be read in conjunction with CHCACT's financial statements for the year ended June 30, 2013, from which the comparative amounts were derived. Certain 2013 amounts were reclassified to conform to the 2014 presentation.

Cash and Cash Equivalents – For the purpose of reporting cash flows, CHCACT considers financial instruments with original maturities of less than three months to be cash equivalents.

Investments – Investments in mutual funds and money market funds with readily determinable fair values are carried at fair value in the statement of financial position. Realized and unrealized gains and losses on these investments are reported in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Property and Equipment - Property and equipment acquisitions and improvements thereon that individually exceed \$5,000 are capitalized at cost. Donated property and equipment are capitalized at the fair market value on the date of donation. Expenditures that substantially increase the useful lives of the related assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Maintenance, repairs and minor renewals are charged to operations as incurred.

Deferred Grant and Contract Revenue – Deferred grant and contract revenue will be recognized in subsequent fiscal years upon incurring expenditures or achieving performance goals in the provision of technical and educational assistance to community health care centers in the State of Connecticut.

Revenue Recognition - Grants awarded to CHCACT are generally considered exchange transactions rather than contributions and are recorded at the time the grant contracts are awarded by the grantor. Revenue is recognized ratably over the period of the grant or, for prepayment grants, upon actual expenses incurred.

Membership Dues and Assessments – Membership dues are assessed to member community health care centers based on a fixed rate determined by the Board of Directors. In addition, the Board of Directors may authorize special dues and assessments for certain specified purposes. Membership dues are recognized ratably over the membership period, which is CHCACT's fiscal year. Unearned dues and assessments are deferred.

Contributions – Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor 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 statement of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented as unrestricted net assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

CHCACT reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived

assets with explicit restrictions on how the assets are to be used and gifts of cash or other assets that must be used to acquire property and equipment are reported as restricted support. Without donor stipulations about how long those assets must be maintained, CHCACT reports expirations of donor restrictions when the assets are placed in service.

Allocated Expenses – The costs of providing various programs and activities have been presented on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes – CHCACT is exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that CHCACT is other than a private foundation.

CHCACT adheres to ASC Topic 740, *Income Taxes*. ASC Topic 740 provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon adoption of ASC Topic 740 and in subsequent periods. Management is not aware of any uncertain tax positions taken by CHCACT as of that date. Tax years ended June 30, 2011 through June 30, 2014 remains subject to examination by major tax jurisdictions.

Disclosure of Subsequent Events – CHCACT adheres to ASC Topic 855, *Subsequent Events*. ASC Topic 855 requires disclosure of the date through which subsequent events have been evaluated and whether that date is the date that the financial statements were issued or available to be issued. Management has evaluated subsequent events for potential recognition and disclosure through October 20, 2014, the date the financial statements were available to be issued. Management is not aware of any events subsequent to the statement of financial position date which would require additional adjustment to, or disclosure in, the accompanying financial statements.

Use of Estimates in Financial Statements - Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenues and expenses. Although management believes the estimates that have been used are reasonable, actual results could vary from the estimates that were used.

2. CONCENTRATIONS OF CREDIT RISK

CHCACT's financial instruments that are exposed to concentrations of credit risk are cash and cash equivalents, grants, and contracts receivable:

- Cash – CHCACT maintains its deposits in financial institutions which insure deposits with the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. CHCACT has not experienced any losses relating to temporarily uninsured cash balances and management believes that CHCACT's deposits are not subject to significant credit risk. At June 30, 2014 uninsured cash balances approximated \$1,090,000, of which approximately \$405,000 consisted of money market funds that are not covered by FDIC insurance.
- Grants and contracts receivable – Grants and contracts receivable are supported by contracts with federal and state governments and others, and, based on historical experience, management believes these receivables represent negligible credit risk. Accordingly, management has not established an allowance for potential credit loss.

A substantial portion of CHCACT's revenue consists of grants and contracts from the U.S. Department of Health and Human Services and the State of Connecticut. As with all government funding, grants and contracts from these funding sources are subject to reduction or termination in future years. Any reduction in federal or state funding could have an adverse impact on CHCACT's programs.

3. LEASES

CHCACT leased office space on a "month-to-month" basis under an expired operating lease agreement through December 31, 2012. Effective January 1, 2013, CHCACT leased its new offices under an agreement that expired on June 30, 2013 and that was subsequently extended through February 28, 2015. Rent expense approximated \$85,000 for the year ended June 30, 2014. Future minimum lease payments at June 30, 2014 consist of \$56,000 which is due during the fiscal year ending June 30, 2015.

4. EMPLOYEE BENEFIT PLANS

CHCACT maintains a defined contribution pension plan available to all full-time employees who have attained the age of 21 and who have completed 1 year of service. CHCACT's contributions to the plan are based on a percentage of eligible employees' wages as determined by the Board of Directors annually. Pension expense totaled \$43,899 for the year ended June 30, 2014.

CHCACT also maintained a nonqualified deferred compensation plan for eligible employees. Benefit payments to participants or beneficiaries were made according to the manner and method of payment as elected in a participation agreement provided within the plan. Because it is a nonqualified plan, the plan is not a separate entity and, therefore, investments funding the plan and the related liability of \$30,517 at June 30, 2013 were reported on CHCACT's statement of financial position. During the year ended June 30, 2014, CHCACT's Board of Directors voted to terminate this plan and all assets held by the plan were distributed to plan participants.

5. RELATED PARTY TRANSACTIONS

CHCACT's Board of Directors is composed of representatives from Connecticut community health care centers that are also members of CHCACT. These community health care centers are also sub-recipients of grants and contracts from CHCACT. Grant and contract revenue earned by these community health care centers totaled approximately \$2,267,000 for the year ended June 30, 2014.

Amounts payable to members under grant delegate arrangements and included in accounts payable totaled \$543,384 at June 30, 2014.

CHCACT is affiliated through common board membership with a tax-exempt managed care organization. However, CHCACT has no control or economic interest in the organization and, therefore, its accounts are not included in the accompanying financial statements.

6. DEFERRED REVENUES

At June 30, 2014, deferred revenues consisted of the following:

AmeriCorps	\$ 15,987
SBIRT	263,915
CHN Network Development	45,630
Advanced Primary Care Practice	3,224
CT Health Foundation Outreach & Enrollment	9,920
Senior SNAP	<u>21,894</u>
Total	<u>\$360,570</u>

7. CONTINGENCIES

CHCACT participates in federal and state grant programs. The use of the grants in programs is subject to future review by the grantors to ensure that the grant proceeds have been used in compliance with the terms and conditions of the grant awards. Such reviews could result in disallowed costs resulting in amounts due back to the grantors. Based on prior experience, management believes such disallowances, if any, will not be material to the financial statements.

8. SUBSEQUENT EVENTS

In June 2014, CHCACT entered into an agreement to purchase property located in Cheshire, Connecticut for \$460,000 and expects to relocate its offices to this site during fiscal 2015. Amounts related to the purchase, including capitalized costs, are reported in property and equipment, subject to depreciation when placed in service. In addition, CHCACT obtained mortgages in the amount of \$544,000 in order to finance and remodel this acquisition.



**Independent Auditor's Report on Internal Control Over Financial Reporting
And on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

To the Board of Directors
Community Health Center Association
of Connecticut, Inc.
100 Great Meadow Road, Suite 400
Wethersfield, Connecticut 06109

ID # 22-3036666

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 Community Health Center Association of Connecticut, Inc., which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year then ended, and the notes to the financial statements, and have issued our report thereon dated October 20, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Health Center Association of Connecticut, Inc.'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 Community Health Center Association of Connecticut, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Health Center Association of Connecticut, Inc.'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 for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

· VISCONTI ASSOCIATES, P.C.

October 20, 2014

John J. Visconti, MS, CPA

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular No. A-133

To the Board of Directors
Community Health Center Association
of Connecticut, Inc.
100 Great Meadow Road, Suite 400
Wethersfield, Connecticut 06109

ID # 22-3036666

Report on Compliance for Each Major Federal Program

We have audited Community Health Center Association of Connecticut, Inc.'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 Community Health Center Association of Connecticut, Inc.'s major federal programs for the year ended June 30, 2014. Community Health Center Association of Connecticut, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs (Exhibit I).

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 Community Health Center Association of Connecticut, Inc.'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 Community Health Center Association of Connecticut, Inc.'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 Community Health Center Association of Connecticut, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Community Health Center Association of Connecticut, 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 June 30, 2014.

Report on Internal Control Over Compliance

Management of Community Health Center Association of Connecticut, Inc. 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 Community Health Center Association of Connecticut, Inc.'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 Community Health Center Association of Connecticut, Inc.'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 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 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.

Visconti ; Associates, P.C.

October 20, 2014

SCHEDULE I

COMMUNITY HEALTH CENTER ASSOCIATION OF CONNECTICUT, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Federal Grantor/Program Title</u>	<u>Grant Number</u>	<u>Grant Period Ending</u>	<u>CFDA Number</u>	<u>Subrecipient Expenditures</u>	<u>Total Expenditures</u>
U.S. Department of Health and Human Services					
<i>Direct:</i>					
Technical and Non-Financial Assistance to Health Centers – ACA Grants for New & Expanded Services under the Health Center Program	6U58CS06842-08-04	03/14	93.129 - 93.527		\$101,910
Technical and Non-Financial Assistance to Health Centers - Consolidated Health Centers	5U58CS06842-09-00	03/15	93.129		180,904
Technical and Non-Financial Assistance to Health Centers - Consolidated Health Centers	6U58CS06842-08-04	03/14	93.129		497,083
Ryan White HIV/AIDS Program Part D	6H12HA24859-02-01	07/14	93.153	\$400,322	528,135
Ryan White HIV/AIDS Program Part D	6H12HA24859-01-04	07/13	93.153	115,288	132,584
ACA Grants for New & Expanded Services under the Health Center Program - Health Center Controlled Networks	6H2QCS25655-01-03	11/13	93.527		298,666
ACA Grants for New & Expanded Services under the Health Center Program - Health Center Controlled Networks	6H2QCS25655-02-01	11/14	93.527		199,358
<i>Passed Through the State</i>					
<i>Department of Public Health:</i>					
Bioterrorism Emergency Preparedness	2013-1037-1	06/14	93.889		70,000
Comprehensive Cancer Control Program	2010-0193-5	06/14	93.283	138,300	165,995
<i>Passed Through the State</i>					
<i>Department of Mental Health and Addiction Services:</i>					
CT Screening, Brief Intervention & Referral to Treatment Program (SBIRT)	11MHA1027-01	08/14	93.243	214,829	352,525
CT Screening, Brief Intervention & Referral to Treatment Program	11MHA1027-01	08/13	93.243		341,688

(SBIRT)

*Passed Through eHealth
Connecticut, Inc.*

Health Information Technology Regional Extension Centers Program (ARRA) – Pool Project	06/14	93.718	34,280	55,323
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*Passed Through State of Connecticut
Board of Regents for Higher Education
– Office of Rural Health:*

Training for Access Health and Medicaid Expansion	09/13	93.913	_____	<u>4,950</u>
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Total U.S. Department of Health and Human Services			<u>903,019</u>	<u>2,929,121</u>
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U. S. Department of Agriculture

Passed Through the State

Department of Social Services:

State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	12DSS4701GB-A2	09/13	10.561	310,836	443,304
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State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	12DSS4701GB-A2	09/14	10.561	<u>665,443</u>	<u>783,389</u>
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Total U.S. Department of Agriculture			<u>976,279</u>	<u>1,226,693</u>
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**Corporation for National and
Community Service**

*Passed Through National
Association of Community
Health Centers, Inc.*

AmeriCorps – Community Health Corps	10EDHMD0020019	07/13	94.006		22,117
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AmeriCorps – Community Health Corps	10EDHMD0020019	07/14	94.006		<u>109,269</u>
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Total Corporation for National and Community Service			_____		<u>131,386</u>
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Total Federal Awards Expended			<u>\$1,879,298</u>	<u>\$4,287,200</u>
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Basis of Accounting – The schedule of expenditures of federal awards is prepared in accordance with OMB Circular No. A-133, *Audits of States, Local Governments and Non-Profit Organizations* and does not differ materially from generally accepted accounting principles. Expenses are recognized when they become a demand on current available financial resources; and are liquidated within 60 days.

See Auditor's Report on Supplemental Information.

COMMUNITY HEALTH CENTER ASSOCIATION OF CONNECTICUT, INC.FEDERAL SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR
THE YEAR ENDED JUNE 30, 2014

I. SUMMARY OF AUDIT RESULTS

*Financial Statements:*Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements
noted? yes no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs: *Unmodified*Any audit findings disclosed that are required to be
reported in accordance with Section 510(a) ofCircular OMB A-133 yes no

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA#</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
ACA Grants for New and Expanded Services under the Health Center Program	93.527
Ryan White HIV/AIDS Program Part D	93.153
Dollar Threshold Used to Distinguish Type A and Type B Programs	<u>\$300,000</u>
Auditee qualified as low-risk auditee <u> x </u> yes	<u> </u> no

PART II - FINANCIAL STATEMENTS FINDINGS SECTION

No matters were reported.

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

No matters were reported.

PART IV - DISPOSITION OF PRIOR YEAR FINDINGS

No matters were reported.



John J. Visconti, MS, CPA

REPORT IV

**Independent Auditor's Report On Compliance for Each Major Program;
Report On Internal Control Over Compliance; and Report on the Schedule
of Expenditures of State Financial Assistance Required by the State Single
Audit Act**

To the Board of Directors
Community Health Center Association
of Connecticut, Inc.
100 Great Meadow Road, Suite 400
Wethersfield, Connecticut 06109

ID # 22-3036666

Report on Compliance for Each Major State Program

We have audited Community Health Center Association of Connecticut, Inc.'s compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of Community Health Center Association of Connecticut, Inc.'s major state programs for the year ended June 30, 2014. Community Health Center Association of Connecticut, Inc.'s major state 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 state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Community Health Center Association of Connecticut, Inc.'s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act 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 state program occurred. An audit includes examining, on a test basis, evidence about Community Health Center Association of Connecticut, Inc.'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 state program. However, our audit does not provide a legal determination of Community Health Center Association of Connecticut, Inc.'s compliance.

Opinion on Each Major State Program

In our opinion, Community Health Center Association of Connecticut, 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 state programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of Community Health Center Association of Connecticut, Inc. 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 Community Health Center Association of Connecticut, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, 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 Community Health Center Association of Connecticut, Inc.'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 state 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 state 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of Community Health Center Association of Connecticut, Inc. as of and for the year ended June 30, 2014, and have issued our report thereon dated October 20, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Visconti & Associates, P.C.

October 20, 2014

COMMUNITY HEALTH CENTER ASSOCIATION OF CONNECTICUT, INC.

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2014**

<u>State Grantor/Pass-Through Grantor Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Subrecipient Expenditures</u>	<u>Expenditures</u>
DEPARTMENT OF SOCIAL SERVICES:			
Medicaid Outreach	11000-DSS60000-10020	<u>\$481,000</u>	<u>\$515,388</u>
TOTAL STATE FINANCIAL ASSISTANCE:		<u>\$481,000</u>	<u>\$515,388</u>

See notes to Schedule and Auditor's Report on Supplemental Information.

COMMUNITY HEALTH CENTER ASSOCIATION OF CONNECTICUT, INC.

STATE FINANCIAL ASSISTANCE PROGRAMS NOTES TO SCHEDULE FOR THE YEAR ENDED JUNE 30, 2014

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Community Health Center Association of Connecticut, Inc. for the fiscal year ended June 30, 2014. Various departments and agencies of the State of Connecticut have provided financial assistance to Community Health Center Association of Connecticut, Inc. through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including operations and capital expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Community Health Center Association of Connecticut, Inc. conform to generally accepted accounting principles as applicable to not-for-profit organizations. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

The financial statements contained in the Community Health Center Association of Connecticut, Inc.'s annual audit report are prepared on the accrual basis. The following is a summary of such basis:

- Revenues are recognized when earned.
- Expenditures are recorded as incurred.

The schedule of expenditures of state financial assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts, if applicable, are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

COMMUNITY HEALTH CENTER ASSOCIATION OF CONNECTICUT, INC.

**STATE SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

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 no
- Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements
noted? yes no

State Financial Assistance:

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

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

Any audit findings disclosed that are required to be
reported in accordance with Section 4-236-24 of the
Regulations to the State Single Audit Act? yes no

- The following schedule reflects the major programs included in the audit:

State Grantor And Program	State Core-CT Number	<u>Expenditures</u>
DEPARTMENT OF SOCIAL SERVICES:		
Medicaid Outreach	11000-DSS60000-10020	\$515,388
• Dollar threshold used to distinguish between Type A and Type B programs:		<u>\$100,000</u>

II. FINANCIAL STATEMENT FINDINGS

- No matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

- No matters were reported.

IV. DISPOSITION OF PRIOR YEAR FINDINGS

- No matters were reported.
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