

BOND COMMUNITY HEALTH CENTER, INC.

**Financial Statements,
Schedule of Expenditures of Federal Awards,
Internal Control and Compliance
(With Supplementary Information)
And Independent Auditor's Report
June 30, 2014**

**HCT Certified Public Accountants and Consultants, LLC
3816 Hollywood Boulevard, Suite 203
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**BOND COMMUNITY HEALTH CENTER, INC.
1720 GADSDEN STREET
TALLAHASSEE, FLORIDA 32301**

ORGANIZATION AND GOVERNANCE

Organization

Bond Community Health Center was incorporated on June 22, 1984, as a nonprofit 501(c) (3) organization with the mission to improve the physical, spiritual, psychosocial, and psychological well-being of the residents of Leon and surrounding counties by providing access to the highest quality comprehensive family health services with particular concern for lower socioeconomic groups, regardless of their ability to pay.

Governance

The members of the Board of Directors for Bond Community Health Center, Inc. for the year ended June 30, 2014 were as follows:

Board of Directors

Executive Committee

Antonio Jefferson – *Chairman*
Brenda Williams - *Vice Chair*
Ruth Bedell – *Secretary*
Peter Okonkwo - *Treasurer*

Board Members Listed With the State of Florida

Doris Ballard-Ferguson
William Lamar
Jerry Lang
Delores Lawson
Gail Milon
Donald Palm, Sr.
Maria Pouncey
Cheryl Readus
Chuck White

Chief Executive Officer

Bernard Goodman, CEO
William Petit, Interim CEO (Part Year)

BOND COMMUNITY HEALTH CENTER, INC.
JUNE 30, 2014

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bond Community Health Center, Inc.
Tallahassee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Bond Community Health Center, Inc. (a Florida nonprofit Organization) which comprise the statements of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended.

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 error or fraud. 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 Bond Community Health Center, Inc. as of June 30, 2014, and the changes in 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 Matter - Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by 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 related 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 date May 22, 2015, on our consideration of Bond Community Health Center, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. Then purpose of that report is to describe the scope of our testing of 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 Bond Community Health Center, Inc.'s internal control over financial reporting and compliance.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

May 22, 2015

BOND COMMUNITY HEALTH CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

Assets

Current assets:	
Cash	\$ 719,290
Patient services receivable, net	257,421
Contracts and other grants receivable	596,953
Inventory	149,535
Prepaid expenses	-
Total current assets	<u>1,723,199</u>
Property and equipment, net	<u>3,939,755</u>
Total	<u><u>\$ 5,662,954</u></u>

Liabilities and Unrestricted Net Assets

Current liabilities:	
Current liabilities	
Accounts payable and accrued expenses	\$ 468,486
Accrued compensated absences	163,778
Current maturities of long-term debt	64,371
Total current liabilities	<u>696,635</u>
Long-term debt, less current maturities	<u>688,269</u>
Total liabilities	<u>1,384,904</u>
Unrestricted net assets	<u>4,278,050</u>
Total	<u><u>\$ 5,662,954</u></u>

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

BOND COMMUNITY HEALTH CENTER, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Total
Revenue:			
DHHS grants	\$ 2,850,298	\$ -	\$ 2,850,298
Patient services revenue, net	3,808,867	-	3,808,867
Contract services and other grants	2,760,431	-	2,760,431
Pharmacy sales (net of costs)	456,707	-	456,707
Other	41,509	-	41,509
Contributions	500	-	500
Net assets released from restrictions	-	-	-
Total revenue	<u>9,918,312</u>	<u>-</u>	<u>9,918,312</u>
Operating expenses:			
Salaries and benefits	5,349,636	-	5,349,636
Office and occupancy	946,555	-	946,555
Medical supplies and expense	757,312	-	757,312
Contractual and consulting	588,941	-	588,941
Other	91,572	-	91,572
Provision for bad debts	810,130	-	810,130
Interest expense	122,146	-	122,146
Total operating expenses	<u>8,666,292</u>	<u>-</u>	<u>8,666,292</u>
Operating income (loss) prior to depreciation	1,252,020	-	1,252,020
Depreciation	<u>248,296</u>	<u>-</u>	<u>248,296</u>
Operating income (loss) prior to nonoperating revenue	1,003,724	-	1,003,724
Nonoperating activities:			
Interest Income	356	-	356
Total nonoperating activities	<u>356</u>	<u>-</u>	<u>356</u>
Increase (decrease) in net assets	1,004,080	-	1,004,080
Net assets, beginning of year	3,273,970	-	3,273,970
Net assets, end of year	<u>\$ 4,278,050</u>	<u>\$ -</u>	<u>\$ 4,278,050</u>

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

BOND COMMUNITY HEALTH CENTER, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2014

Cash flows from operating activities:	
Cash received from contracts and grants	\$ 6,520,774
Cash received patient services	1,514,561
Cash received from pharmacy sales (net of costs)	380,160
Cash received from other	42,365
Cash paid for personnel, contracts and consulting costs	(6,213,233)
Cash paid for other than personnel costs	(1,788,190)
Interest paid	(122,146)
Net cash provided by (used in) operating activities	<u>334,291</u>
Cash flow from investing activity:	
Purchase of property and equipment	<u>(28,727)</u>
Net cash provided by (used in) investing activities	<u>(28,727)</u>
Cash flow from financing activities:	
Repayment of long-term debt	<u>61,326</u>
Net cash provided by (used in) financing activities	<u>61,326</u>
Net increase (decrease) in cash	<u>366,890</u>
Cash, beginning of year	<u>352,400</u>
Cash, end of year	<u><u>\$ 719,290</u></u>

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

BOND COMMUNITY HEALTH CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

Description	Program Services	General and Administrative	Total Expenses
Accounting	\$ -	\$ 11,904	\$ 11,904
Advertising - marketing	63,682	-	63,682
Audit	32,688	-	32,688
Bad debt	810,130	-	810,130
Communication	-	14,820	14,820
Computers and processing costs	144,857	14,336	159,193
Conferences and meals	-	3,827	3,827
Contract and consulting	280,048	-	280,048
Depreciation	207,551	40,745	248,296
Donations	-	642	642
Consumable program supplies	330,443	-	330,443
Payroll taxes	298,816	62,509	361,325
Fringe benefits	114,347	255,831	370,178
Insurance	72,146	22,833	94,979
Interest expense	102,102	20,044	122,146
Legal	73,426	14,415	87,841
Maintenance - vehicle	4,918	-	4,918
Medical dues, fees and other	442,645	-	442,645
Miscellaneous	284,076	14,060	298,136
Occupancy costs	391,175	67,309	458,484
Office expenses	60,975	12,629	73,604
Payroll and employment expenses	27,070	22,060	49,130
Salaries	3,784,499	791,679	4,576,178
Uniforms and laundry	19,351	-	19,351
Workers compensation	-	-	-
Totals:	<u>\$ 7,544,945</u>	<u>\$ 1,369,643</u>	<u>\$ 8,914,588</u>

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

**BOND COMMUNITY HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Bond Community Health Center, Inc. (the “Center”) was incorporated on June 22, 1984 as a 501(c) (3) nonprofit organization and obtains funding from various sources. The Center operates a community health center located in Tallahassee, Florida. The Center provides a broad range of health services to a largely medically underserved population.

The U.S. Department of Health and Human Services (the “DHHS”) provides substantial support to the Center. The Center is obligated under the terms of the DHHS grants to comply with specified conditions and program requirements set forth by the grantor.

The Center’s mission is to improve the physical, spiritual, psychosocial, and psychological well-being of the residents of Leon and surrounding counties by providing access to the highest quality comprehensive family health services with particular concern for lower socioeconomic groups, regardless of their ability to pay

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards FASB ASC 958 (formerly SFAS No. 117), *Financial Statements for Not-For-Profit Organizations*. Under FASB ASC 958, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets represent the expendable resources that are available for operations at management’s discretion; temporarily restricted net assets represent resources restricted by donors as to purpose or by the passage of time; and, permanently restricted net assets are based upon the existence and nature of donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Center. The Center did not have any temporarily or permanently restricted net assets as of June 30, 2014.

Cash

The Center maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. To date, the Center has not experienced any losses in such accounts. At June 30, 2014, the Center’s cash balance did not exceed federally insured limits. All highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents. There were no cash equivalents at June 30, 2014.

BOND COMMUNITY HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Patient Services Receivable and Concentration of Credit Risk

The collection of receivables from third-party payers and patients is the Center's significant source of cash for operations and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts and patient accounts for which the primary insurance payer has paid, but patient responsibility amounts (deductibles and copayments) remain outstanding. Patient receivable from third-party payers are carried as a net amount determined by the original charge for the services provided, less an estimate made for contractual adjustments or discounts provided to third-party payers. Receivables due directly from patients are carried at the original charge for the service provided less discounts provided under the Center's charity care policy, less amounts covered by third-party payers and less an estimated allowance for doubtful receivables. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. The Center considers accounts past due when they are outstanding beyond 60 days with no payment. The Center generally does not charge interest on past due accounts. Patient receivables are written off against the allowance for doubtful accounts when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

Inventory

Inventory consists of drugs and other pharmaceutical supplies and is stated at the lower of cost or fair market value. The Center utilizes a contract service that maintains the inventory and the related compliance under the standards for the United States Food and Drug Administration.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years. Leasehold improvements are amortized over the shorter of the useful life of the asset or the lease term. Expenditures, which substantially increase useful lives are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are included in change in net assets. The Center capitalizes all purchases of property and equipment in excess of \$1,500.

According to federal regulations, any property and equipment items obtained through federal funds are subject to a lien by the federal government. Provided that the Center maintains its tax-exempt status and the property and equipment are used for their intended purpose, the Center is not required to reimburse the federal government. If the stated requirements are not met, the Center would be obligated to the federal government in an amount equal to the fair value of the property and equipment.

BOND COMMUNITY HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

The Center reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing a review for impairment, the Center compares the carrying value of the assets with their estimated future undiscounted cash flows. If it is determined that impairment has occurred, the loss would be recognized during that period. The impairment loss is calculated as the difference between the assets' carrying values and the present value of estimated net cash flows or comparable market values giving consideration to recent operating performance and pricing trends. The Center does not believe that any material impairment currently exists related to its long-lived assets.

Patient Services Revenue

The Center has agreements with third-party payers that provide for payments to the Center at amounts different from its established rates. Payment arrangements include predetermined fee schedules and discounted charges. Service fees are reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, including retroactive adjustments, if applicable, under reimbursement agreements with third-party payers, which are subject to audit by administering agencies. These adjustments are accrued on an estimated basis and are adjusted in future periods as final settlements are determined. The Center provides care to certain patients under Medicaid and Medicare payment arrangements. Laws and regulations governing the Medicaid and Medicare programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action. Self-pay revenue is recorded at published charges with charitable care deducted to arrive at gross self-pay patient revenue. Contractual allowances are then deducted to arrive at net self-pay patient revenue.

Grants and Contracts Receivable and Revenue

Revenue from government grants and contracts designated for use in specific activities is recognized in the period when the expenditures have been incurred in compliance with the grantor's restrictions. Grants and contracts awarded for the acquisition of long-lived assets are reported as unrestricted non-operating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as refundable advances.

Fund Raising Costs

There were no fund raising costs incurred for the fiscal year ended June 30, 2014.

BOND COMMUNITY HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions are recorded at fair value when received or pledged. Amounts are recorded as temporarily or permanently restricted revenue if they have donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and are reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as unrestricted revenue. Conditional contributions are recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions.

Meaningful Use Incentives

The American Recovery and Reinvestment Act of 2009 ("ARRA") amended the Social Security Act to establish one-time incentive payments under the Medicare and Medicaid programs for certain professionals that: (1) meaningfully use certified Electronic Health Record ("EHR") technology, (2) use the certified EHR technology for electronic exchange of health information to improve quality of healthcare, and (3) use the certified EHR technology to submit clinical and quality measures. These provisions of ARRA, together with certain of its other provisions, are referred to as the Health Information Technology for Clinical and Economic Health ("HITECH") Act. The criteria for meaningful use incentives will be staged in three steps over the course of the next four years and be paid out based on a transitional schedule. The Center's providers have met the criteria for Stage 1.

Interest Earned on Federal Funds

Interest earned on federal funds is recorded as a payable to the United States Public Health Service ("PHS") in compliance with the regulations of the United States Office of Management and Budget. There has been no interest earned on federal funds at June 30, 2014.

Functional Expense Allocation

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

Income Taxes

Bond Community Health Center, Inc., is a not-for-profit Organization, exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financials statements. Contributions to the Center qualify for charitable contributions, subject to limitation.

BOND COMMUNITY HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The presentation of financial statements in conformity with generally accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – PATIENT SERVICES RECEIVABLE, NET

Patient services receivable, net consists of the following:

Medicare and Medicaid	\$ 513,519
Other third-party	157,576
Self-pay	<u>677,777</u>
Total	1,348,872
Less: Contractual allowance and allowance for doubtful accounts	<u>(1,091,451)</u>
Net patient services receivable	<u><u>\$ 257,421</u></u>

NOTE 4 – CONTRACTS AND OTHER GRANTS RECEIVABLE

Contracts and other grants receivable consist of the following:

Ryan White Part C	\$ 420,375
Leon County Primary Care Grant	552,463
Ryan White Part D	434,245
Allowance for Doubtful Accounts	<u>(810,130)</u>
Total	<u><u>\$ 596,953</u></u>

BOND COMMUNITY HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 295,000	\$ -	\$ -	\$ 295,000
Building and Improvements	3,738,749	-	-	3,738,749
Furniture and Equipment	797,664	28,727	-	826,391
Mobile Van and Other Vehicles	342,473	-	-	342,473
Total fixed assets	5,173,886	28,727	-	5,202,613
Less: Accumulated Depreciation	(1,002,690)	(260,168)	-	(1,262,858)
Total fixed assets, net	<u>\$4,171,196</u>	<u>\$(231,441)</u>	<u>\$ -</u>	<u>\$3,939,755</u>

NOTE 6 – LONG-TERM DEBT

Long-term debt consists of the following:

Mortgage payable - in the original amount of \$2,341,598 maturing on June 5, 2015. The mortgage is payable in monthly installments of \$14,888, including interest of 5.50%, with balloon payment at maturity date. The note is collateralized by real property located at 1720 South Gadsen Street, Tallahassee, Florida

\$2,134,026

Vehicle financing loan - in the original amount of \$32,390 maturing on September 22, 2015, payable in monthly installments of \$675 without interest, The loan is collateralized by the vehicle.

10,122

2,144,148

Less: Current Portion

(64,371)

\$2,079,777

Principal payment requirements on the above obligations in each of the years subsequent to June 30, 2014 are as follows:

Year Ending June 30,	Amount
2015	\$2,079,776
2016	-
2017	-
	<u>\$2,079,776</u>

**BOND COMMUNITY HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 7 – DHHS GRANTS

<u>Grant Number</u>	<u>Grant Period</u>	<u>Total Grant</u>	<u>Revenue Recognized</u>
4H80CS00683-12	03/01/2013 - 07/31/2014	\$ 3,196,133	\$ 2,317,270
6H76HA000710-12	04/01/2013 - 03/31/2014	560,500	200,000
6H76HA000710-13	04/01/2014 - 03/31/2015	560,500	-
6H12HA24786-03	08/01/2013 - 07/31/2014	\$ 473,722	300,000
			<u>\$ 2,817,270</u>

BOND COMMUNITY HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 8 – PATIENT SERVICES REVENUE, NET

For the year ended June 30, 2014, patient services revenue, net, consists of the following:

Medicare and Medicaid	\$ 3,143,371
Self pay and other third-party payers	<u>130,437</u>
Total	<u><u>\$ 3,273,808</u></u>

Medicaid and Medicare revenue is reimbursed to the Center at the net reimbursement rates as determined by each program. Reimbursement rates are subject to revisions under the provisions of reimbursement regulations. Adjustments for such revisions are recognized in the fiscal year incurred.

NOTE 9 – CONTRACT SERVICES AND OTHER GRANTS

Contract services and other grants consist of the following:

State of Florida Department of Health:	
Agency for Healthcare Administration	\$ 855,558
Dental Grant	385,256
Leon County Department of Health:	
Department of Health Expansion Grant	
ER Diversion Grant	-
Apalachee Grant	248,270
Leon County Primary Care Grant	<u>641,053</u>
	<u><u>\$ 2,130,137</u></u>

NOTE 10 – PENSION PLAN

The Center maintains a defined contribution retirement plan covering substantially all employees who meet certain eligibility requirements. Employees are eligible to participate after one year of employment. Retirement fund expense amounted to \$62,955 for the year ended June 30, 2014.

NOTE 11- COMMITMENTS AND CONTINGENCIES

The Center has contracted with various funding agencies to perform certain healthcare services, and receives Medicaid and Medicare revenue from federal and state governments. Reimbursements received under these contracts and payments from Medicaid and Medicare are subject to audit by federal and state governments and other agencies. Upon audit, if discrepancies are discovered, the Center could be held responsible for refunding the amounts in question.

BOND COMMUNITY HEALTH CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 11- COMMITMENTS AND CONTINGENCIES (Continued)

The Center maintains its medical malpractice coverage under the federal Tort Claims Act ("FTCA"). FTCA provides malpractice coverage to eligible PHS supported programs and applies to the Center and its employees while providing services within the scope of employment included under grant-related activities. The Attorney General, through the U.S. Department of Justice has the responsibility for the defense of the individual and/or grantee for malpractice cases approved for FTCA coverage.

The healthcare industry is subject to voluminous and complex laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement laws and regulations, anti-kickback and anti-referral laws, and false claims prohibitions. In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of reimbursement, false claims, anti- kickback and anti-referral statutes and regulation by healthcare providers. The Center believes that it is in material compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Upon audit, if discrepancies are discovered, the Center could be held responsible for refunding the amounts in question.

The Center is subject to several lawsuits which were filed by former employees for various reasons. Management does not expect these lawsuits to exceed the Center's insurance limits and therefore pose no significant liability to the Center.

NOTE 12- SUBSEQUENT EVENTS

The Center has evaluated subsequent events through May 22, 2015, which is the date the financial statements were available to be issued.

COMPLIANCE SECTION

BOND COMMUNITY HEALTH CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Total Expenditures
U.S. Department of Health and Human Services:			
Direct programs:			
Consolidated Health Centers Cluster:			
Consolidated Health Centers Program	93.224	NA	\$2,317,270
Ryan White Part C Outpatient EIS Program	93.918	NA	200,000
Ryan White Title IV Women, Infants, Children, Youth and Affected Family Members AIDS Healthcare	93.153	NA	<u>300,000</u>
Total Direct Programs			<u>2,817,270</u>
Total U.S. Department of Health and Human Services			<u><u>2,817,270</u></u>

See the notes to the schedule of expenditures of federal awards

**BOND COMMUNITY HEALTH CENTER, INC.
NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1 – GENERAL INFORMATION

The accompanying Schedule of Expenditures of Federal Awards presents the activities in all federal awards of Bond Community Health Center, Inc. (the "Center"). All financial assistance received directly from federal agencies as well as financial assistance passed through other governmental agencies or nonprofit organizations is included in the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. The amounts reported in the schedule as expenditures may differ from certain financial reports submitted to federal funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

NOTE 3 – RELATIONSHIP TO THE FINANCIAL STATEMENTS

Federal expenditures are reported on the statement of functional expenses as program services. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the schedule of expenditures of federal awards due to program expenditures exceeding grant or contract budget limitations or agency-matching or in-kind contributions which are not included in the statement of activities and changes in net assets.

NOTE 4 – SUBRECIPIENTS

Of the federal expenditures presented in this schedule, the Center provided no federal awards to sub recipients for the year ended June 30, 2014.

**BOND COMMUNITY HEALTH CENTER, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued		<u>Unqualified</u>		
Internal Control over financial reporting:				
• Material weakness(es) identified	<u> X </u>	Yes	<u> </u>	No
• Significant deficiency (ies) identified that are not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u>	No
Noncompliance which is material to the financial statements noted?	<u> </u>	Yes	<u> X </u>	No

federal awards

Internal control over major programs:				
• Material weakness(es) identified?	<u> </u>	Yes	<u> X </u>	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u>	No
Type of auditors' report issued on compliance for major programs:			<u>Qualified</u>	
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section.510 (a)	<u> </u>	Yes	<u> X </u>	No

Federal awards programs:

Federal CFDA

US Department of Health and Human Services:

 Consolidated Health Center Cluster:

 Consolidated Health Centers Program 93.224

Dollar threshold used to distinguish between

 Type A and Type B programs: \$300,000

Auditee qualified as low risk auditee for federal awards program?	<u> </u>	Yes	<u> X </u>	No
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**BOND COMMUNITY HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION II - PRIOR YEAR FINANCIAL STATEMENT FINDINGS

CONTROL DEFICIENCIES

2013-01 - MATERIAL WEAKNESS - Patient services receivable and revenue (Repeat finding)

Condition

Accounts receivable subsidiary ledgers are not adequately maintained and reconciled.

Criteria

Accounts receivable subsidiary ledgers should be reconciled to the general ledger accounts on a regular basis and should ensure that collectability of receivables is maximized.

Recommendation

We recommend that the Center adopt, train staff for and implement all the steps required for the accounts receivable software procedures. These steps should incorporate the notes and comments from staff for patient accounts to help in the determination of potential collection alternatives.

Status

Repeat finding for FY 2014

2013-02 - SIGNIFICANT DEFICIENCY - Proper documentation relating to disbursements (Repeat finding)

Condition

Although the part of this prior year finding related to credit card use was resolved as of March of 2013, vendor invoices do not indicate the approval or monitoring process. The Center implemented a procedure that uses the printed check run as the approval and monitoring document.

Criteria

The invoices themselves should have proof of the monitoring and approval processes as documentation for the required monitoring procedures and segregation of duties as evidenced by a stamp or similar mechanism.

Recommendation

We recommend that the Center adopt, train staff for and implement all the steps required for the recognition and verification of the approval, receipt, recording and cancellation procedures for invoices and credit card usage.

Status:

Implemented

**BOND COMMUNITY HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION II - PRIOR YEAR FINANCIAL STATEMENT FINDINGS (Continued)

2013-03 - SIGNIFICANT DEFICIENCY - Sliding fee discounts (Repeat finding)

Condition

There was incomplete evidence of the sliding fee discounts as applied to and / or documented in patient files for the fiscal year ended June 30, 2013. The Center did not have all the supporting documentation required for eligibility in the patient files. Our selections indicate that on average patient files are missing 20% of the required documents. We also determined that only 30% of patient files we selected were complete with all the required documents.

Criteria

Health centers are required to have a corresponding schedule of discounts applied and adjusted on the basis of the patients' ability to pay and their eligibility. A patient's eligibility to pay is determined on the basis of the official poverty guidelines, as revised by HHS (42 CFR Sections 51c.107(b)(5), 56.108(b)(5) and 56.303(f)). The Center should be implementing and monitoring procedures to properly determine, calculate, document and review sliding fee discounts given to patients in accordance with the Center's sliding fee scale.

Recommendation

We recommend that proper training be given to all employees for both the accounts receivable software and for the patient management software to ensure that both groups of employees understand the importance of relating the documentation back and forth as it is gathered. Also, we recommend that there be a standard naming convention given to documents in the patient files to more properly label and characterize the updated information.

Status:

Repeat finding for FY 2014.

**BOND COMMUNITY HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION III - FINANCIAL STATEMENT FINDINGS

CONTROL DEFICIENCIES

2014-01 - MATERIAL WEAKNESS - Patient services receivable and revenue (Repeat finding)

Condition

Accounts receivable subsidiary ledgers are not adequately maintained and reconciled.

Criteria

Accounts receivable subsidiary ledgers should be reconciled to the general ledger accounts on a regular basis and should ensure that collectability of receivables is maximized.

Cause

Personnel were not trained on the proper procedures for accounts receivable software newly implemented during the year. The new software programs; Centricity and Medical Manager were installed and operating in December 2012. Also, patient balances have been carried on this system without evidence of a proper review for potential collection alternatives.

Questioned Costs: - None

Effect

This deficiency could result in a loss of the Center's potential cash collections. Also, any financial reports that may be reviewed by management will not contain the proper balances from which they could make decisions affecting the financial well being of the Center.

Recommendation

We recommend that the Center adopt, train staff for and implement all the steps required for the accounts receivable software procedures. These steps should incorporate the notes and comments from staff for patient accounts to help in the determination of potential collection alternatives.

Management Response

Management agrees with the current year finding and will implement changes in the current year.

**BOND COMMUNITY HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION III - FINANCIAL STATEMENT FINDINGS (Continued)

CONTROL DEFICIENCIES

2014-02 – Single Audit Reporting Package

Condition

Results of the single audit performed each year should be filed with the Federal Audit Clearinghouse 9 months after year end. Client failed to file with the FAC for the year end June 30, 2013.

Criteria

A Single Audit reporting package and data collection form for each of the two prior years need to be submitted to the Federal Audit Clearinghouse (FAC) by the due date designated. The due date is nine months after the end of the audit period. HCT searched the FAC's Single Audit Database to determine whether the client has filed on time. HCT noted that the FY2012 Single Audit reporting package was filed on time on 3/28/2013. HCT did not note a filed date for the FY13 reporting package.

Cause

Personnel did not perform the required task by the due date of nine months after the end of the audit period.

Questioned Costs: - None

Effect

Failure to file the required documents may lead to other sanctions and loss of additional monetary sources.

Recommendation

HCT recommends contacting a FAC representative to obtain an extension and to inquire what the next steps are.

Management Response

Management agrees with the current year finding and will implement changes in the current year.

**BOND COMMUNITY HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION III - FINANCIAL STATEMENT FINDINGS (Continued)

CONTROL DEFICIENCIES

2014-03 - SIGNIFICANT DEFICIENCY – Adjusting journal entries provided by auditor.

Condition

Client should post journal entries as provided by auditor after completion of the audit in order to maintain accurate financial statements. Client failed to post such entries from FY13.

Criteria

In order to reflect true balances, the client should recorded adjusting entries provided by the auditors at the end of the audit.

Cause

Lack of awareness by Finance management of the effect not recording auditors' adjusting entries has on the balance sheet.

Questioned Costs: - None

Effect

Financial statements that do not accurately reflect the true balance.

Recommendation

Record auditors' adjusting journal entries when they are provided.

Management Response

Management agrees with the current year finding and will implement changes in the current year.

**BOND COMMUNITY HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION III - FINANCIAL STATEMENT FINDINGS (Continued)

CONTROL DEFICIENCIES

2014-04 - SIGNIFICANT DEFICIENCY – Sliding fee discounts (Repeat Finding)

Condition

Patient files are not reviewed in a timely manner and as a result, sliding fees are incorrectly calculated for the fiscal year ended June 30, 2014. Our selections indicated that patients sliding fees are not being accurately calculated and are not being reviewed properly.

Criteria

Health Centers are required to have a corresponding schedule of discounts applied and adjusted on the basis of the patients' ability to pay and their eligibility. A patient's eligibility to pay is determined on the basis of the official poverty guidelines, as revised by HHS (42 CFR Sections 51c.107(b)(5), 56.108(b)(5) and 56.303(f)). The Center should be implementing and monitoring procedures to properly determine, calculate, document and review sliding fee discounts given to patients in accordance with the Center's sliding fee scale. While the Center has policies in place to perform such procedures, HCT determined the Center is not performing thorough reviews. HCT determined that patients were not assigned the correct sliding fee scale based on their annual income.

Cause

Without the proper documentation in the patient files and updated information regarding annual income, the sliding fee scale assignment is deemed incorrect.

Questioned Costs: - None

Effect

The Center did not comply with the determination of the sliding fee discounts based on the federal poverty guidelines in effect during the year ended June 30, 2013 nor did the Center comply with the related patient eligibility requirements.

Recommendation

We recommend that proper training be given to all employees for both the accounts receivable software and for the patient management software to ensure that both groups of employees understand the importance of relating the documentation back and forth as it is gathered. Also, we recommend the Center reviews patient files more regularly to determine patients are assigned the right discount.

Management Response

Management agrees with the current year finding and will implement changes in the current year.

**BOND COMMUNITY HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION IV - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

THESE FINDINGS ARE ALSO NOTED ABOVE AS CONTROL DEFICIENCIES

2014-01 - MATERIAL FINDING - Patient services receivable and revenue (Repeat finding)

2014-03 - SIGNIFICANT DEFICIENCY – Adjusting journal entries provided by auditor.

2014-04 - SIGNIFICANT DEFICIENCY – Sliding fee discounts (Repeat Finding)

SECTION V – STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

THESE FINDINGS ARE ALSO NOTED ABOVE AS CONTROL DEFICIENCIES

2014-01 - MATERIAL FINDING - Patient services receivable and revenue (Repeat finding)

2014-03 - SIGNIFICANT DEFICIENCY – Adjusting journal entries provided by auditor.

2014-04 - SIGNIFICANT DEFICIENCY – Sliding fee discounts (Repeat Finding)

**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
Bond Community Health Center, Inc.
Tallahassee, Florida

We have audited, in accordance with accounting standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Bond Community Health Center, Inc. (the Center), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements and have issued our report thereon dated May 22, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 opinions 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.

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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 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. We consider one of the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness, #2014-01.

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 charges with governance.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items #2014-01.

Center's Response to Findings

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

Purpose of this Report

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

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
May 22, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors
Bond Community Health Center, Inc.
Tallahassee, Florida

Report on Compliance for Each Major Federal Program

We have audited Bond Community Health Center, Inc., (a nonprofit organization) (the Center) 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 Center's major federal programs for the year ended June 30, 2014. 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.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Center's compliance.

**Basis for Qualified Opinion on US Department of Health and Human Services,
Consolidated Health Center Cluster**

As described in the accompanying schedule of findings and questioned costs, The Center did not comply with requirements regarding CFDA 93.224, Consolidated Health Center Cluster as described in finding numbers 2014-01, 2014-02, 2014-03 and 2014-04. Compliance with such requirements is necessary, in our opinion, for The Center to comply with the requirements applicable to that program.

Qualified Opinion on US Department of Health and Human Services, Consolidated Health Center Cluster

In our opinion, except for the noncompliance described in the “Basis for Qualified Opinion” paragraph, The Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the US Department of Health and Human Services, Consolidated Health Center Cluster for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, The Center 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 other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-02. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of The 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-01 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-03 and 2014-04 to be a significant deficiency.

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

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

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
May 22, 2015

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors
Bond Community Health Center, Inc.

Report on the Financial Statements

We have audited the financial statements of Bond Community Health Center, Inc. (the Center), as of and for the fiscal year ended June 30, 2014 and have issued our report thereon dated May 22, 2015.

Auditor's Responsibility

We conducted our audit 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; (if applicable) OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.650 or 10.550 (as applicable), Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, (as applicable) Independent Auditor's Report on Compliance for Each Major Federal Program and State Project (as applicable) and Report on Internal Control over Compliance in accordance with OMB Circular A-133, and Chapter 10.650 or 10.550, Rules of the Florida Auditor General (as applicable); and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated May 22, 2015, should be considered in conjunction with this management letter.

Other Matter

Section 10.654(1)(e), Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did have any the following findings: 2014-01, 2014-02, 2014-03, and 2014-4. See page 19 of our audit report for the complete findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to thank the management and staff of the Center for the opportunity to be of service to them in this endeavor as well as future engagements, and for their assistance and courtesy extended to us.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
May 22, 2015