

ACCESS COMMUNITY HEALTH NETWORK
Chicago, Illinois

FINANCIAL STATEMENTS
June 30, 2014 and 2013



CliftonLarsonAllen

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
 FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Operations and Changes in Net Assets.....	5
Statements of Cash Flows	7
 Notes to Financial Statements	 8

INDEPENDENT AUDITORS' REPORT

Board of Directors
Access Community Health Network
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Access Community Health Network (ACCESS), which comprise the statements of financial position as of June 30, 2014 and 2013 and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 ACCESS as of June 30, 2014 and 2013 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2014 on our consideration of ACCESS' 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 result 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 ACCESS' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Oak Brook, Illinois
September 22, 2014

ACCESS COMMUNITY HEALTH NETWORK
STATEMENTS OF FINANCIAL POSITION
June 30, 2014 and 2013

ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,159,290	\$ 3,859,460
Patient accounts receivable, net	4,294,282	5,716,251
Managed care receivables	2,618,032	1,568,801
Contracts and grants receivable	1,961,012	1,710,790
Other receivables	1,676,840	1,003,754
Prepaid expenses and other assets	<u>552,534</u>	<u>490,507</u>
Total current assets	<u>18,261,990</u>	<u>14,349,563</u>
 PROPERTY AND EQUIPMENT		
Land	342,415	342,415
Buildings and improvements	12,725,872	12,229,458
Leasehold improvements	12,896,735	12,666,166
Office equipment	6,790,428	7,101,974
Computer equipment	16,554,989	15,640,350
Construction in progress	<u>2,839,513</u>	<u>555,947</u>
Total, at cost	52,149,952	48,536,310
Less accumulated depreciation	<u>(28,524,712)</u>	<u>(23,682,124)</u>
Total property and equipment	<u>23,625,240</u>	<u>24,854,186</u>
 OTHER ASSETS	 <u>739,796</u>	 <u>789,357</u>
 TOTAL ASSETS	 <u>\$ 42,627,026</u>	 <u>\$ 39,993,106</u>

LIABILITIES AND NET ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT LIABILITIES		
Accounts payable	\$ 6,693,510	\$ 6,171,588
Incurred but not reported (IBNR) claims	579,908	902,447
Accrued salaries, payroll taxes, and employee benefits	4,863,003	4,726,577
Due to third party	16,446,914	15,199,787
Long-term debt - current portion	<u>1,149,516</u>	<u>1,192,614</u>
Total current liabilities	29,732,851	28,193,013
 NONCURRENT LIABILITIES		
Long-term debt - noncurrent portion	<u>1,916,259</u>	<u>3,065,775</u>
Total liabilities	<u>31,649,110</u>	<u>31,258,788</u>
 NET ASSETS		
Unrestricted	10,583,577	8,346,549
Temporarily restricted	<u>394,339</u>	<u>387,769</u>
Total net assets	<u>10,977,916</u>	<u>8,734,318</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 42,627,026</u>	 <u>\$ 39,993,106</u>

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

ACCESS COMMUNITY HEALTH NETWORK
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
Year Ended June 30, 2014

	2014		
	Unrestricted	Temporarily Restricted	Total
REVENUE			
Patient service revenue, net of contractual allowance, fee adjustments, and discounts	\$ 50,508,146	\$ -	\$ 50,508,146
Provision for bad debts	<u>(4,829,151)</u>	<u>-</u>	<u>(4,829,151)</u>
Net patient service revenue	45,678,995	-	45,678,995
Capitation revenue	<u>30,419,862</u>	<u>-</u>	<u>30,419,862</u>
Total revenues	<u>76,098,857</u>	<u>-</u>	<u>76,098,857</u>
SUPPORT AND OTHER REVENUE			
Government grants and contracts	19,484,428	166,389	19,650,817
Private grants and contributions	407,473	563,512	970,985
Third party grants and contracts	2,062,287	-	2,062,287
Other revenue	13,500,434	-	13,500,434
Net assets released from restrictions - operating	<u>723,331</u>	<u>(723,331)</u>	<u>-</u>
Total support and other revenue	<u>36,177,953</u>	<u>6,570</u>	<u>36,184,523</u>
Total revenue, support, and other revenue	<u>112,276,810</u>	<u>6,570</u>	<u>112,283,380</u>
EXPENSES			
Salaries, wages, and benefits	62,539,115	-	62,539,115
Purchased services	12,177,503	-	12,177,503
Referred medical services	7,642,738	-	7,642,738
Supplies	3,264,550	-	3,264,550
Occupancy	11,797,943	-	11,797,943
Insurance	589,374	-	589,374
Interest	1,047,085	-	1,047,085
Depreciation	5,898,065	-	5,898,065
Other	<u>6,566,522</u>	<u>-</u>	<u>6,566,522</u>
Total expenses	<u>111,522,895</u>	<u>-</u>	<u>111,522,895</u>
SURPLUS OF REVENUES OVER EXPENSES	753,915	6,570	760,485
Government grants - capital	<u>1,483,113</u>	<u>-</u>	<u>1,483,113</u>
CHANGES IN NET ASSETS	2,237,028	6,570	2,243,598
NET ASSETS, BEGINNING OF YEAR	<u>8,346,549</u>	<u>387,769</u>	<u>8,734,318</u>
NET ASSETS, END OF YEAR	<u>\$ 10,583,577</u>	<u>\$ 394,339</u>	<u>\$ 10,977,916</u>

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

ACCESS COMMUNITY HEALTH NETWORK
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
Year Ended June 30, 2013

	2013		
	Unrestricted	Temporarily Restricted	Total
REVENUE			
Patient service revenue, net of contractual allowance, fee adjustments, and discounts	\$ 50,665,748	\$ -	\$ 50,665,748
Provision for bad debts	<u>(6,070,557)</u>	<u>-</u>	<u>(6,070,557)</u>
Net patient service revenue	44,595,191	-	44,595,191
Capitation revenue	<u>29,416,460</u>	<u>-</u>	<u>29,416,460</u>
Total revenues	<u>74,011,651</u>	<u>-</u>	<u>74,011,651</u>
SUPPORT AND OTHER REVENUE			
Government grants and contracts	20,133,025	115,272	20,248,297
Private grants and contributions	764,616	155,969	920,585
Third party grants and contracts	2,075,412	-	2,075,412
Other revenue	10,217,193	-	10,217,193
Net assets released from restrictions-operating	<u>159,642</u>	<u>(159,642)</u>	<u>-</u>
Total support and other revenue	<u>33,349,888</u>	<u>111,599</u>	<u>33,461,487</u>
Total revenue, support, and other revenue	<u>107,361,539</u>	<u>111,599</u>	<u>107,473,138</u>
EXPENSES			
Salaries, wages, and benefits	60,616,218	-	60,616,218
Purchased services	12,727,786	-	12,727,786
Referred medical services	6,052,171	-	6,052,171
Supplies	3,013,215	-	3,013,215
Occupancy	11,492,126	-	11,492,126
Insurance	519,415	-	519,415
Interest	1,066,998	-	1,066,998
Depreciation	4,760,579	-	4,760,579
Other	<u>5,114,767</u>	<u>-</u>	<u>5,114,767</u>
Total expenses	<u>105,363,275</u>	<u>-</u>	<u>105,363,275</u>
SURPLUS OF REVENUES OVER EXPENSES	1,998,264	111,599	2,109,863
Government grants - capital	<u>123,277</u>	<u>-</u>	<u>123,277</u>
CHANGES IN NET ASSETS	2,121,541	111,599	2,233,140
NET ASSETS, BEGINNING OF YEAR	<u>6,225,008</u>	<u>276,170</u>	<u>6,501,178</u>
NET ASSETS, END OF YEAR	<u>\$ 8,346,549</u>	<u>\$ 387,769</u>	<u>\$ 8,734,318</u>

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

**ACCESS COMMUNITY HEALTH NETWORK
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,243,598	\$ 2,233,140
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for depreciation and amortization	5,898,065	6,070,557
Provision for bad debts	4,829,151	4,760,579
Effects of changes in operating assets and liabilities:		
Net patient accounts receivable	(3,407,182)	797,731
Managed care receivables	(1,049,231)	303,442
Contracts and grants receivable	(250,222)	627,754
Other receivables	(673,086)	(185,197)
Prepaid expenses and other assets	(12,466)	(559,465)
Accounts payable and IBNR claims	(464,628)	(7,983,653)
Accrued salaries, payroll taxes, and employee benefits	<u>136,426</u>	<u>(2,546,936)</u>
Net cash provided by operating activities	<u>7,250,425</u>	<u>3,517,952</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(4,005,108)</u>	<u>(934,259)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from third party	1,247,127	966,525
Principal payments towards long-term debt	<u>(1,192,614)</u>	<u>(1,693,410)</u>
Net cash provided by (used in) financing activities	<u>54,513</u>	<u>(726,885)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,299,830	1,856,808
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,859,460</u>	<u>2,002,652</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,159,290</u>	<u>\$ 3,859,460</u>
SUPPLEMENTARY INFORMATION		
Interest paid	<u>\$ 118,223</u>	<u>\$ 85,044</u>
Fixed asset additions included in accounts payable	<u>\$ 664,011</u>	<u>\$ -</u>

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

ACCESS COMMUNITY HEALTH NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Access Community Health Network (ACCESS), one of the nation's largest federally-qualified health centers (FQHC), provides primary and preventive health care services to nearly 200,000 patients each year. Accredited by The Joint Commission, ACCESS operates more than 35 health centers throughout the Chicagoland area, including Cook and DuPage counties.

The mission of ACCESS is to provide outstanding preventive and primary health care, accessible to all in their own communities. With its integrated service delivery approach that is anchored in a strong patient-centered medical home model, ACCESS offers a nationally recognized model for expanding quality health care to underserved populations.

ACCESS, an Illinois nonprofit corporation incorporated on August 10, 1984, is exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code (IRC).

Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. ACCESS maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

These financial statements have been prepared to focus on ACCESS as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of balances and transactions into three classes of net assets: permanently restricted, temporarily restricted, or unrestricted, as recommended by the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) No. 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. Accordingly, net assets and changes therein are classified as follows:

Unrestricted Net Assets

Net assets not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that may or will be met by actions of ACCESS and/or passage of time.

ACCESS COMMUNITY HEALTH NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting and Presentation (continued)

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained by ACCESS. Generally, the donors of these assets permit ACCESS to use all or part of the income earned on related investments for general or specific purposes. As of June 30, 2014 and 2013, ACCESS maintained no permanently restricted net assets.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Revenues that are restricted by the donor are reported as an increase in unrestricted net assets, if the restriction expires in the reporting period in which the revenue is recognized. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although estimates are considered fairly stated at the time made, actual results could differ from those estimates. Significant estimates in the accompanying financial statements include contractual allowance reserves, allowance for uncollectible accounts, and incurred but not reported claims payables.

Cash and Cash Equivalents

ACCESS considers cash on deposit at banks and highly liquid investments with maturities of three months or less at the date of purchase to be cash and cash equivalents.

Patient and Managed Care Receivables

Patient receivables, for which a third party payer is responsible for paying, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual fee adjustments or discounts provided to third party payers. Receivables due directly from the patients are carried at the original charge for the service provided, less amounts covered by third party payers, and less an estimated allowance for uncollectible receivables.

ACCESS COMMUNITY HEALTH NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Patient and Managed Care Receivables (continued)

ACCESS maintains allowances for uncollectible accounts for estimated losses resulting in a payer's inability to make payments on accounts. ACCESS estimates the allowance for uncollectible accounts, fees adjustments and discounts is based on management's assessment of historical and expected net collections considering historical and current business and economic conditions, trends in health care coverage, and other collection indicators. Accounts are generally written off when collection efforts have been exhausted. Recoveries of receivables previously written off are recorded as a reduction of service fee revenue adjustment account when received. ACCESS does not charge interest on past due accounts. The allowance for uncollectible accounts, fee adjustments, and discounts at June 30, 2014 and 2013 was \$4,678,771 and \$5,301,275, respectively.

Fixed Assets

Fixed asset purchases greater than \$5,000 are capitalized and stated at cost. Donations of property and equipment are recorded as support at their estimated economic fair value. Provisions for depreciation of buildings, office equipment, computer equipment, and leasehold improvements are computed using the straight-line method based upon the estimated useful lives of the related assets which range from three to 40 years.

As of June 30, 2014, ACCESS has a construction project underway related to the ACCESS Center for Health and Learning. This project will expand ACCESS' ability to work with researchers to examine effective ways to deliver high quality care, develop and bring evidence-based practices to urban communities, address health problems and health disparities from a community perspective, and facilitate community partnerships relevant to primary care and community health environments.

Construction is expected to be completed by April 30, 2015 and is being funded by a grant from the National Institutes of Health. Funding from this grant is reported as "Government grants - capital" on the Statements of Operations and Changes in Net Assets.

Impairment of Long-Lived Assets

ACCESS reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

ACCESS COMMUNITY HEALTH NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

ACCESS is exempt from federal income tax under Section 501(c)(3) of the IRC. In addition, ACCESS qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation within the meaning of Section 509(a) of the IRC.

ACCESS had no unrelated business income during fiscal years 2014 and 2013; consequently, no provision for federal or state income taxes has been made in the accompanying financial statements. ACCESS determined that it was not required to record a liability related to uncertain tax positions. The federal and state tax returns for ACCESS' 2010, 2011, and 2012 fiscal years are subject to examination by the Internal Revenue Service (IRS) and state taxing authorities, generally for three years after they were filed.

Net Patient Service Revenue

ACCESS accounts for net patient service revenue in accordance with FASB ASC 954-605, *Health Care Entities, Revenue Recognition*. ACCESS has agreements with third party payers that provide for payments at amounts different from its established rates. Payment arrangements include prospectively determined rates per admission or visit, reimbursed costs, discounted charges, and per diem rates. Net patient service revenue is reported at the estimated net realizable amounts due from patients, third party payers, and others for services rendered, including estimated adjustments under reimbursement agreements with third party payers, certain of which are subject to audit by administering agencies. These adjustments are accrued on an estimated basis and are adjusted, as needed, in future periods.

For uninsured patients that do not qualify for charity care, ACCESS recognizes revenue on the basis of its standard rates for services provided. A significant portion of ACCESS' uninsured patients will be unable or unwilling to pay for the services provided. Thus, ACCESS records a significant provision for bad debts related to uninsured patients in the period the services are provided. ACCESS also records provision for doubtful accounts related to third party payers for services provided.

Capitation Revenue

Access has agreements with various health maintenance organizations (HMO) to provide medical services to subscribing participants. Under these agreements, ACCESS receives monthly capitation payments based on the number of each HMO's participants assigned to ACCESS, regardless of services actually performed. ACCESS's HMO contracts provide for annual settlements based on utilization. The contracts settle at various times during ACCESS' fiscal years. Settlements recorded during the years ended June 30, 2014 and 2013 were \$4,117,945 and \$3,333,333, respectively, and are included in "Capitation revenue" on the Statements of Operations and Changes in Net Assets.

ACCESS COMMUNITY HEALTH NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Revenue

Other revenues primarily consist of ACCESS' participation in the 340B drug pricing program, Illinois' primary care case management program called Illinois Health Connect (IHC), and the electronic health record incentive program. The 340B drug pricing program requires drug manufacturers to provide outpatient drugs to eligible health care organizations at significantly reduced prices. The 340B drug pricing program enables participating entities to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services. Revenue recorded by ACCESS from the 340B drug pricing program was \$8,873,312 and \$6,491,606 during the years ended June 30, 2014 and 2013, respectively. IHC is a statewide health plan that is available to most persons covered by Medicaid. Those enrolled in IHC have a medical home through a primary care provider (PCP). PCPs are compensated based on a per member per month basis. Revenue recorded by ACCESS from IHC was \$1,952,927 and \$2,253,910 during the years ended June 30, 2014 and 2013, respectively. See Note 12 for additional details on the electronic health record incentive program.

Charity Care and Community Services

ACCESS is a nonprofit health care provider established to meet the health care needs of its community. ACCESS has a policy of providing charity care to uninsured patients who meet certain criteria under its policy at amounts less than its established rates, or without charge. However, all patients are requested to pay a minimum fee for each visit, although no patient is denied services because of inability to pay. ACCESS maintains records to identify and record the level of charity care it provides. Since management does not expect payment for this care, the services that are discounted from the established rates are excluded from revenue. During the years ended June 30, 2014 and 2013, the cost of charity care provided was approximately \$12,900,000 and \$16,400,000, respectively. The estimated cost of charity care is based on a cost ratio developed from ACCESS' Medicaid cost report applied to the number of self-pay encounters.

Contributions

ACCESS accounts for contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*. Per FASB ASC 958-605, contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions from unconditional promises to give that are to be received after one year are discounted at an appropriate discount rate based on an average federal funds rate.

ACCESS COMMUNITY HEALTH NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Grants and Contracts

ACCESS has several contracts with government agencies to fund its various programs. These programs involve providing health care services, health care research, capital improvements, and various counseling services. Expenditures are charged to these programs to the extent that such expenditures are reimbursable by the various funding agencies. These expenditures are subject to audit and acceptance by the funding agencies and, as a result of such audit, adjustments could be required. Management does not anticipate any adjustments for the revenue shown as of June 30, 2014 and 2013 from these sources.

Electronic Health Record Incentive Payments

As discussed in Note 12, ACCESS received funds under the Electronic Health Record (EHR) Incentive Program during 2014 and 2013. ACCESS recognizes revenue from Stage 1 as payments are received. For Stages 2 and beyond, ACCESS recognizes revenue when management is reasonably assured they will meet all meaningful use objectives and any other specific grant requirements that are applicable (e.g., electronic transmission of quality measures to Centers for Medicare and Medicaid Services (CMS) in the second and subsequent payment years).

Donated Services

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills which would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributions of space, operating supplies, and expenses are recorded at their fair value when received.

Surplus of Revenues over Expenses

The Statements of Operations and Changes in Net Assets includes surplus of revenues over expenses. Changes in unrestricted net assets which are excluded from operations, consistent with industry practice, include grants restricted for the acquisition of capital assets.

NOTE 2 - CONTRACTUAL ARRANGEMENTS WITH THIRD PARTY PAYERS

ACCESS has agreements with third party payers which provide for reimbursement at amounts different from their established rates. Contractual adjustments under third party reimbursement programs principally represent the differences between ACCESS' billings at list price and the amounts reimbursed by Medicare, Medicaid, and certain other third party payers; they also include any differences between estimated retroactive third party reimbursement settlements for prior years and subsequent final settlements.

ACCESS COMMUNITY HEALTH NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 2 - CONTRACTUAL ARRANGEMENTS WITH THIRD PARTY PAYERS (continued)

ACCESS provides care to certain patients under Medicare and Medicaid payment arrangements. The Medicare program provides payment for covered services at rates established annually based on reimbursable costs subject to certain limits. The Medicaid reimbursement agreement pays ACCESS for covered services at predetermined rates.

ACCESS also has contractual arrangements with various Health Maintenance and Preferred Provider Organizations (HMO/PPO), the terms of which call for ACCESS to be paid for covered services at negotiated rates.

Provisions have been made in the financial statements for estimated contractual adjustments, which represent the difference between the charges for service and estimated payments.

Net patient service revenue recognized under the Medicare and Medicaid reimbursement arrangements amounted to approximately \$42,600,000 and \$40,300,000 for the years ended June 30, 2014 and 2013, respectively. Revenue received under HMO/PPO reimbursement and capitation arrangements amounted to \$30,400,000 and \$29,400,000 for the years ended June 30, 2014 and 2013, respectively.

Major components of net patient accounts receivable include approximately 98% and 62% from Medicare and Medicaid for the years ended June 30, 2014 and 2013, respectively.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term. ACCESS believes it is in compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

NOTE 3 - INCURRED BUT NOT REPORTED (IBNR) CLAIMS

ACCESS enters into capitation arrangements whereby ACCESS accepts the risk for the provision of certain health care services to health plan members. Under these agreements, ACCESS is financially responsible for services provided to the health plan members by most institutional health care providers. Capitation premiums received and accrued based on health plan members are recorded as "Capitation revenue" in the Statements of Operations and Changes in Net Assets.

**ACCESS COMMUNITY HEALTH NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013**

NOTE 3 - INCURRED BUT NOT REPORTED (IBNR) CLAIMS (continued)

Reserves for incurred but not reported (IBNR) claims have been established to cover the unpaid costs of these services. The liability is estimated based on historical reporting and payment trends. Subsequent actual claim experience will differ from the estimated liability due to variances in estimated and actual utilization of health care services, the amount of charges, and other factors. As settlements are made and estimates are revised, the differences are reflected in current operations. The IBNR liability amounted to \$579,908 and \$902,447 for June 30, 2014 and 2013, respectively.

NOTE 4 - LONG-TERM DEBT

Long-term debt consists of the following at June 30:

	<u>2014</u>	<u>2013</u>
Promissory note payable to Illinois Facilities Fund, maturing on November 1, 2014, payable in monthly installments of \$3,297 including interest at 4.14%, and secured by building (ACCESS La Villita).	\$ 4,240	\$ 42,762
Note payable to Joseph Lee and Sharon Halliday (collectively), maturing on June 1, 2022, bearing stated interest at 7.5%, payable in monthly installments of \$3,222, and secured by building (ACCESS Pilsen Family Health Center).	232,094	252,516
Promissory note to Solomon Dayan, maturing on February 1, 2014, bearing stated interest at 8.5%, payable in monthly installments of \$2,775 and secured by building (ACCESS Des Plaines Valley Health Center).	-	16,246
Promissory note payable to Sinai Health System and Affiliates, maturing on June 30, 2016, bearing stated interest at 7%, payable in monthly installments of \$94,329, and secured by office and computer equipment.	2,024,810	2,978,477
Promissory note payable to Central DuPage Health, maturing on April 1, 2021, bearing interest at 5.25%, payable in monthly installments of \$11,699, and secured by building (ACCESS Martin T. Russo Family Health Center)	<u>804,631</u>	<u>968,388</u>
Subtotal	3,065,775	4,258,389
Less current maturities	<u>1,149,516</u>	<u>1,192,614</u>
Total	<u>\$ 1,916,259</u>	<u>\$ 3,065,775</u>

**ACCESS COMMUNITY HEALTH NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013**

NOTE 4 - LONG-TERM DEBT (continued)

Future maturities of long-term debt are as follows as of June 30:

Years Ending June 30,

2015	\$ 1,149,516
2016	1,131,998
2017	137,344
2018	145,344
2019	398,690
Thereafter	<u>102,883</u>
Total	<u>\$ 3,065,775</u>

NOTE 5 - DUE TO THIRD PARTY

ACCESS maintains a balance due to a third party (Sinai Health System and Affiliates) who charge ACCESS interest on the amounts due to them. The amounts due to the third party primarily include charges for computer and software rental, office rental, and sub-capitation agreements. These amounts are also offset against amounts due to ACCESS from the third party for shared provider services. Management of ACCESS and Sinai Health System and Affiliates agreed upon the annual interest rate of 5% for fiscal years 2014 and 2013. Interest expense was \$809,985 and \$744,566 for the fiscal years ended June 30, 2014 and 2013, respectively. This interest expense was specific to the due to third party balance and was included as a part of interest expense on the Statements of Operations and Changes in Net Assets. ACCESS' due to third party balance was \$16,446,914 and \$15,199,787 for the fiscal years ended June 30, 2014 and 2013, respectively.

ACCESS also holds a note payable to Sinai Health System and Affiliates which is detailed in Note 4. Interest expense was \$172,719 and \$237,387 for the years ended June 30, 2014 and 2013, respectively. This interest expense was specific to the note payable and was included as a part of interest expense on the Statements of Operations and Changes in Net Assets.

During the fiscal year 2012, ACCESS' management retained counsel to research the origin of its debt to Sinai Health System and Affiliates and the related transaction history, including the validity of the debt and the amount due. Based upon its research, ACCESS' management has concluded that no loan was made by Sinai Health System and Affiliates to ACCESS and is disputing the validity and enforceability of the purported loan agreements, as well as the validity and/or amount of the debt. Sinai Health System and Affiliates and ACCESS have had communications regarding this matter, including through their attorneys, and the discussions are ongoing. As of the issuance of this report, this has had no material effect upon the financial statements.

**ACCESS COMMUNITY HEALTH NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013**

NOTE 6 - OPERATING LEASE COMMITMENTS

ACCESS leases property and equipment under noncancelable operating leases. Pursuant to the leases, ACCESS is also responsible for real estate taxes, insurance, and general maintenance of the property. Rental expense amounted to \$7,907,489 and \$8,287,789 for the years ended June 30, 2014 and 2013, respectively. These amounts are included under "Occupancy" in the Statements of Operations and Changes in Net Assets.

The aggregate minimum rental commitments under all noncancelable operating leases at June 30, 2014 are as follows:

Years Ending June 30,

2015	\$ 5,615,262
2016	5,299,037
2017	5,223,606
2018	4,477,578
2019	4,044,322
Thereafter	<u>5,064,136</u>
Total	<u>\$ 29,723,941</u>

NOTE 7 - BENEFIT PLAN

ACCESS maintains a 403(b) plan covering substantially all employees who meet certain age and service requirements. Under terms of the plan, employees under the age of 50 years were able to contribute the lower of \$16,500 or 100% of his/her annual compensation for fiscal years 2014 and 2013. The maximum contribution for employees at or above the age of 50 years was the lower of \$22,000 or 100% of his/her annual compensation for fiscal years 2014 and 2013.

ACCESS' contribution to the plan is discretionary and amounted to \$0 for the years ended June 30, 2014 and 2013.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were approximately as follows at June 30:

	<u>2014</u>	<u>2013</u>
Temporarily restricted for program services	<u>\$ 394,339</u>	<u>\$ 387,769</u>

**ACCESS COMMUNITY HEALTH NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013**

NOTE 9 - SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Financial instruments that potentially subject ACCESS to a concentration of credit risk consist of cash deposits. ACCESS maintains bank accounts at several local banks that are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, cash balances may exceed federally insured limits; however, ACCESS has not experienced any losses in such accounts and limits the exposure to credit risk by maintaining its cash and cash equivalents in highly reputable institutions.

Government grant funding, predominately from the federal government and the state of Illinois, represents approximately 18% and 20% of total revenue and support for the years ended June 30, 2014 and 2013, respectively. If this support were discontinued, it would have a material adverse effect on ACCESS.

NOTE 10 - FUNCTIONAL EXPENSES

The operating expenses in the Statements of Operations and Changes in Net Assets primarily relates to the following:

	<u>2014</u>	<u>2013</u>
Program services	\$ 79,950,581	\$ 74,678,455
Management and general	<u>31,572,314</u>	<u>30,684,820</u>
Total expense	<u>\$ 111,522,895</u>	<u>\$ 105,363,275</u>

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Medical Malpractice Insurance Coverage and Claims

ACCESS is covered under the provision of Federal Tort Claims Act (FTCA) for malpractice. The FTCA is a government-funded program which allows federally qualified health centers to be covered for malpractice.

Risk Management

ACCESS is exposed to various risks of loss related to; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. This coverage has not changed significantly from the previous year. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

ACCESS COMMUNITY HEALTH NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 11 - COMMITMENTS AND CONTINGENCIES (continued)

Litigation

In addition to professional liability claims, ACCESS is involved in litigation arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on ACCESS' financial position, results of operations and changes in net assets, and cash flows.

Regulatory Environment Including Fraud and Abuse Matters

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that ACCESS is in compliance with fraud and abuse and other applicable government laws and regulations. While no regulatory inquiries that are expected to have a material adverse effect on ACCESS have been made, 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.

NOTE 12 - ELECTRONIC HEALTH RECORD INVENTIVE PROGRAM

The Electronic Health Record (EHR) Incentive Program was enacted as part of the American Recovery and Reinvestment Act of 2009 (ARRA) and the Health Information Technology for Economic and Clinical Health (HITECH) Act. These Acts provided for incentive payments under both the Medicare and Medicaid programs to eligible hospitals and providers that demonstrate meaningful use of certified EHR technology. The incentive payments are made based on a statutory formula and are contingent on ACCESS continuing to meet the escalating meaningful use criteria. For the Stage 1, ACCESS must attest, subject to an audit, they have adopted, implemented, or upgraded certified EHR technology used in achieving meeting the meaningful use criteria. For the subsequent stages, ACCESS must demonstrate meaningful use for the entire year. Participants who have met Stage 1 for two or three years must meet meaningful use Stage 2 criteria. Stage 2 includes new objectives to improve patient care through better clinical decision support, care coordination, and patient engagement.

The incentive payments are generally made over a six-year period. For the years ended June 30, 2014 and 2013, ACCESS received incentive payments of approximately \$1,317,500 and \$340,000, respectively, which are included in other revenues.

ACCESS COMMUNITY HEALTH NETWORK
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE 13 - HEALTHCURA, LLC

HealthCura, LLC is a Delaware Limited Liability Company incorporated on April 28, 2014 with ACCESS as the sole member. HealthCura, Inc. is an Illinois business corporation incorporated on March 24, 2014 with HealthCura, LLC as the sole shareholder. HealthCura, Inc. was created to operate as an Accountable Care Entity (ACE) in the state of Illinois. An ACE is a new model of integrated delivery, designed to meet the triple aim of increasing quality of care, lowering costs, and improving population health outcomes for the Medicaid population in Illinois. This model will contract to provide care coordination services for the Medicaid population and be organized to include primary care, specialty, hospital, and behavioral health providers. An ACE will operate on a three-year path to a new payment structure different from the current fee-for-service model utilized for the Medicaid population. This will include shared savings within the first 18 months, partial risk after 18 months and full risk after three years.

The governance structure of HealthCura, LLC is such that its officers are comprised of members of the board of directors and the senior leadership team of ACCESS. As of June 30, 2014, HealthCura, LLC has no activity other than its ownership of HealthCura, Inc. As of June 30, 2014, HealthCura, Inc has not yet commenced operations and is only in the planning stages of operations. Operations of HealthCura, Inc. will commence once it has satisfied the readiness reviews conducted by the Illinois Department of Healthcare and Family Services, which are expected to occur in the next 12 months. In order to facilitate start-up costs, ACCESS has provided HealthCura, Inc. with a \$750,000 open ended line of credit, which includes interest at a rate not to exceed the prime rate minus 1% (prime rate as of June 30, 2014 is 3.25%). As of June 30, 2014, \$250,000 was drawn on the line of credit by HealthCura, Inc. and is included in "Other receivables" within the Statements of Financial Position.

NOTE 14 - RECLASSIFICATIONS

Certain reclassifications have been to the June 30, 2013 financial statement amounts in order to conform to the June 30, 2014 presentation. These reclassifications have had no impact on the total assets, net assets, or changes in net assets previously reported.

NOTE 15 - SUBSEQUENT EVENTS

Management evaluated subsequent events through September 22, 2014, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2014 but prior to September 22, 2014 that provided additional evidence about conditions that existed at June 30, 2014, have been recognized in the financial statements for the year ended June 30, 2014. Events or transactions that provided evidence about conditions that did not exist at June 30, 2014, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2014.

This information is an integral part of the accompanying financial statements.

ACCESS COMMUNITY HEALTH NETWORK
Chicago, Illinois

SINGLE AUDIT REPORTS
June 30, 2014



CliftonLarsonAllen

TABLE OF CONTENTS

	PAGE
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 <i>GOVERNMENT AUDITING STANDARDS</i>.....	1
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133.....	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	6
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	9
SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS.....	10
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	12

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Access Community Health Network
Chicago, Illinois

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 Access Community Health Network (ACCESS) which comprise the statement of financial position as of June 30, 2014, and the related statements of operations and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ACCESS' 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 ACCESS' internal control. Accordingly, we do not express an opinion on the effectiveness of ACCESS' 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 ACCESS' 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 result 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Oak Brook, Illinois
September 22, 2014



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Access Community Health Network
Chicago, Illinois

Report on Compliance for Each Major Federal Program

We have audited Access Community Health Network's (ACCESS) compliance with the types of compliance requirements described in the *United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of ACCESS' major federal programs for the year ended June 30, 2014. ACCESS' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings, responses, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of ACCESS' 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 ACCESS' 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 ACCESS' compliance.

Opinion on Each Major Federal Program

In our opinion, ACCESS 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 ACCESS 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 ACCESS' 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 ACCESS' internal control over compliance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of ACCESS as of and for the year ended June 30, 2014, and have issued our report thereon dated September 22, 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 Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 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.

Board of Directors
Access Community Health Network

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 federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Oak Brook, Illinois
September 22, 2014

**ACCESS COMMUNITY HEALTH NETWORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor/Award Number	Total Expenditures
U.S. Department of Health and Human Services			
Community Health Centers Program:			
Community Health Centers grant	93.224	6 H80CS00834-12	5,681,615
Affordable Care Act (ACA) grants for new and expanded services under health center programs:			
Community Health Centers grant	93.527	6 H80CS00834-13	4,988,262
Community Health Centers grant	93.527	6 H80CS00834-12	478,729
Community Health Centers grant	93.527	6 H80CS00834-12	49,300
Passed-through Heartland Health Outreach			
Community Health Centers grant	93.224	H80CS00111	53,843
Community Health Centers grant	93.224	H80CS00111	<u>64,202</u>
Total Health Centers Cluster (CFDA #93.224 and 93.527)			<u>11,315,951</u> *
Substance Abuse and Mental Health Services Projects of Regional and National Significance Program (SAMHSA)			
West Side Women Connect grant	93.243	1U79SP016454-03R	69,763
West Side Women Connect grant	93.243	1U795SP016454-04	204,884
SAMHSA - SBIRT at ACCESS grant	93.243	5U79TI020284-05	42,606
SAMHSA - SBIRT at ACCESS grant	93.243	5U79T1020284-05 R	178,889
SAMHSA - Sista Connect grant	93.243	5U79SP015211-05	3,507
SAMHSA - Sista Connect grant	93.243	5U79SP015211-05 R	109,841
Passed through the State of Illinois Department of Human Services			
SBIRT II - Initiative	93.243	44CSC00004	<u>167,644</u>
Total CFDA #93.243			<u>777,134</u>
Grants to provide outpatient early intervention services with respect to HIV Disease:			
HIV/AIDS Early Intervention Services grant	93.918	5 H76HA00550-14	493,506
HIV/AIDS Early Intervention Services grant	93.918	5 H76HA00550-15	88,566
HIV/AIDS Early Intervention Services grant - ASI	93.918	5 H76HA00550-13	<u>50,954</u>
Total CFDA #93.918			<u>633,026</u>
Healthy Start Initiative Program:			
West Side Healthy Start (Eliminating Disparities in Prenatal Health) grant	93.926	6-H49MC00098-13	<u>1,546,255</u>
Maternal and Child Health Federal Consolidated Programs:			
Healthy Tomorrows Partnership for Children grant	93.110	5 H17MC11290-05	<u>36,207</u>
Coordinated Services and Access to Research for Women, Infants, Children, and Youth Program:			
Ryan White Part D grant	93.153	6-H12HA24789-01	35,783
Ryan White Part D grant	93.153	6-H12HA24789-02	<u>277,750</u>
Total CFDA #93.153			<u>313,533</u>
Passed through the State of Illinois Department of Human Services:			
Title X Family Planning grant	93.217	FCSRE01221	<u>250,459</u>

**ACCESS COMMUNITY HEALTH NETWORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor/Award Number	Total Expenditures
U.S. Department of Health and Human Services (continued)			
Centers for Medicare & Medicaid Services:			
Strong Start for Mothers and Newborns	93.611	1D1CMS331155-01-00	<u>341,165</u>
Passed through University of Chicago:			
Network Supported Engagement in HIV Care for Younger Black Men grant	93.242	R34MH097622	14,305
Passed through the Illinois Department of Health:			
Breast and Cervical Cancer Outreach grant	93.283	4046180001B	<u>128,219</u>
Passed through University of Illinois-Chicago:			
EHR-Based Health Literacy Strategy to Improve Medication Therapy management	93.361	R01NR012745-03	<u>185,974</u>
Passed through the National Cancer Institute:			
Cameron (Low-Literacy Physician-Patient Intervention Promotion Colorectal Cancer Screening) grant	93.393	R01 CA140177-04	<u>3,235</u>
Passed through Illinois Department of Public Health	93.525	1HVEIE130158-01	<u>237,000</u>
Passed through Illinois Department of Human Services:			
Refugee and Entrant Assistance - State CMA grant	93.566	4FCSSK01331	187,706
Passed through Illinois Department of Public Health for Minority Health Services:			
Refugee and Entrant Assistance - State Administrative grant	93.566	20180045	<u>32,832</u>
Total CFDA #93.566			<u>220,538</u>
Passed through Illinois Department of Human Services:			
Social Services Block Grant (Title XX)	93.667	4046080053B	<u>114,845</u>
Passed through the National Institute of Health:			
National Center for Research Resources, Recovery Act Construction Support Research - NIH grant - ARRA	93.702	1C06RR0305097-01	<u>1,228,188</u> *
Passed through the National Institute of Health:			
Diabetes, Digestive, and Kidney Diseases Extramural Research program			
Chicago Center for Diabetes Transition Research	93.847	P30DK092949-02	5,295
Chicago Center for Diabetes Transition Research	93.847	P30DK092949-03	<u>27,933</u>
Total CFDA #93.93.847			<u>33,228</u>
Passed through the National Institute of Health:			
Lit Cog II: Health Literacy and Cognitive Function Among Older Adults	93.866	2R01AG030611	<u>19,616</u>
Passed through the Chicago Department of Public Health:			
Ryan White Part A-Primary Care grant	93.914	23796	109,057
Ryan White Part A-Supportive Services grant	93.914	23796	50,483
Ryan White Part A-Administration grant	93.914	23796	17,863
Passed through the AIDS Foundation of Chicago:			
Ryan White Part A grant - 2013	93.914	N/A	69,572
Ryan White Part A grant - 2014	93.914	N/A	<u>21,211</u>
Total CFDA #93.914			<u>268,186</u>

**ACCESS COMMUNITY HEALTH NETWORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor/Award Number	Total Expenditures
U.S. Department of Health and Human Services (continued)			
CDC Sista II grant	93.943	5U65PS002238-03	1,164
CDC Sista II grant	93.943	5U65PS002238-04	<u>334,024</u>
Total CFDA #93.718			<u>335,188</u>
Passed through the Chicago Department of Public Health:			
HIV Prevention MSM	93.940	25885	48,927
HIV Prevention High Risk Heterosexual Female grant	93.940	25885	35,961
HIV Prevention with Positive grant	93.940	25885	41,428
HIV Prevention Individuals Involved in Sex Trade grant	93.940	25885	<u>45,423</u>
Total CFDA #93.940			<u>171,739</u>
Passed through the Chicago Department of Public Health:			
University of Chicago HIV Testing Grant	93.943	24346 (Chicago FP47509)	<u>58,042</u>
Health Resources and Services Administration			
Health Care and Other Facilities (HCOF) grant	93.887	4C76HF16372-01-09	<u>35,933</u>
Passed through Illinois Department of Human Services			
Maternal and Child Health Services Block Grant	93.994	4046080053B	<u>19,169</u>
Total U.S. Department of Health and Human Services			<u>18,287,135</u>
U.S. Department of Housing and Urban Development			
Passed through the City of Chicago Department of Health:			
Community Development Block Grants/Entitlement Grants Program: Prevention HIV Prevention grant (2014)	14.218	27627	32,609
Passed through Pillars:			
Project Wellness Initiative Network (WIN)	14.235	IL01-B0111002	<u>35,431</u>
Total U.S. Department of Housing and Urban Development			<u>68,040</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 18,355,175</u>

* Program was tested as a major program.

This schedule should be read only in connection with the accompanying
note to schedule of expenditures of federal awards.

**ACCESS COMMUNITY HEALTH NETWORK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying schedule of expenditures of federal awards (SEFA) summarizes the amount of federal awards expended by Access Community Health Network (ACCESS) from the federal government for the year ended June 30, 2014. The SEFA includes the federal grant and pass-through grants' activities of ACCESS and is presented on the accrual basis of accounting. The information in this SEFA is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this SEFA may differ from the amounts presented in, or used in, the preparation of the basic financial statements.

Amounts Provided to Subrecipients

None.

Amounts of Noncash Assistance, Insurance or Loan Guarantees Outstanding

None.

This information is an integral part of the accompanying schedule.

**ACCESS COMMUNITY HEALTH NETWORK
SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
Year Ended June 30, 2014**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified opinion

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditors' report issued on compliance for major programs:

Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>93.224 & 93.527</u>	<u>Health Centers Cluster</u>
<u>93.702</u>	<u>National Center for Research Resources, Recovery Act</u>
_____	<u>Construction Support</u>

Dollar threshold used to distinguish between type A and type B programs: \$550,655

Auditee qualified as low-risk auditee? X yes _____ no

**ACCESS COMMUNITY HEALTH NETWORK
SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
Year Ended June 30, 2014**

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

**ACCESS COMMUNITY HEALTH NETWORK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2014**

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.