

The Hektoen Institute of Medicine, LLC

**Financial Report
with Additional Information
August 31, 2014**

The Hektoen Institute of Medicine, LLC

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Independent Auditor's Report

To the Board of Directors
The Hektoen Institute of Medicine, LLC

Report on the Financial Statements

We have audited the accompanying financial statements of The Hektoen Institute of Medicine, LLC (the "LLC"), which comprise the statement of financial position as of August 31, 2014 and 2013 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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.

To the Board of Directors
The Hektoen Institute of Medicine, LLC

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Hektoen Institute of Medicine, LLC as of August 31, 2014 and 2013 and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2015 on our consideration of The Hektoen Institute of Medicine, LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 The Hektoen Institute of Medicine, LLC's internal control over financial reporting and compliance.

Plante & Moran, PLLC

January 27, 2015

The Hektoen Institute of Medicine, LLC

Statement of Financial Position

	<u>August 31, 2014</u>	<u>August 31, 2013</u>
Assets		
Current Assets		
Cash	\$ 1,799,056	\$ 1,387,485
Receivables:		
Grants receivable	8,918,540	7,194,690
Affiliates	9,578,044	11,078,044
Inventory	99,149	144,065
Prepaid expenses and other current assets:		
Prepaid expenses	410,207	572,948
Expense advances	131,654	74,299
	<hr/>	<hr/>
Total current assets	20,936,650	20,451,531
Computer and Laboratory Equipment - Less accumulated depreciation of \$639,223 and \$621,460 in 2014 and 2013, respectively	54,121	52,146
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Total assets	<u>\$ 20,990,771</u>	<u>\$ 20,503,677</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 711,240	\$ 530,994
Deferred revenue	722,646	915,919
Amounts held on behalf of others	7,114,151	6,865,560
Accrued liabilities and other:		
Accrued vacation	789,530	765,296
Due to Cook County Health and Hospital Systems	6,089,327	5,171,651
	<hr/>	<hr/>
Total liabilities	15,426,894	14,249,420
Net Assets - Unrestricted		
Undesignated	563,877	1,254,257
Designated - Lab operations	5,000,000	5,000,000
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Total liabilities and net assets	<u>\$ 20,990,771</u>	<u>\$ 20,503,677</u>

The Hektoen Institute of Medicine, LLC

Statement of Activities and Changes in Net Assets

	Year Ended	
	<u>August 31, 2014</u>	<u>August 31, 2013</u>
Revenue and Support		
Foundation grants	\$ 2,605,133	\$ 3,030,795
Government grants	21,897,647	23,866,019
Pharmaceutical grants	16,659	36,880
Hospitals, universities, and medical organizations grants	2,779,353	3,146,003
Industry and federal pass-through income	2,432,066	1,964,443
Grant administration income	119,806	264,197
Miscellaneous income	19,676	159,041
Total revenue and support	<u>29,870,340</u>	<u>32,467,378</u>
Expenses		
Program services:		
Program delivery	15,135,429	15,523,034
Clinical research and program demonstration projects	10,319,884	11,337,665
Training and education	183,543	459,417
Total program services	<u>25,638,856</u>	<u>27,320,116</u>
Support services - Management and general	<u>4,921,864</u>	<u>4,678,683</u>
Total expenses	<u>30,560,720</u>	<u>31,998,799</u>
(Decrease) Increase in Net Assets	<u>(690,380)</u>	<u>468,579</u>
Net Assets - Beginning of year	<u>6,254,257</u>	<u>5,785,678</u>
Net Assets - End of year	<u>\$ 5,563,877</u>	<u>\$ 6,254,257</u>

The Hektoen Institute of Medicine, LLC

Statement of Functional Expenses Year Ended August 31, 2014

	Program Services				Support Services	
	Program Delivery	Clinical Research and Program Demonstration Projects	Training and Education	Total	Management and General	Total
Salaries and wages	\$ 8,680,899	\$ 4,687,454	\$ 44,475	\$ 13,412,828	\$ 1,845,838	\$ 15,258,666
Employee benefits	3,401,199	1,707,447	13,332	5,121,978	1,254,963	6,376,941
Total salaries and related expenses	12,082,098	6,394,901	57,807	18,534,806	3,100,801	21,635,607
Stipends	129,535	8,715	500	138,750	3,213	141,963
Participant fees and assistance	596,654	358,888	2,878	958,420	873	959,293
Subcontractors	667,122	1,102,077	500	1,769,699	183,711	1,953,410
Honorariums	800	17,800	700	19,300	-	19,300
Case management and consulting	776,557	1,241,641	101,235	2,119,433	443,654	2,563,087
Maintenance and repairs	66,884	143,313	255	210,452	81,999	292,451
Lab supplies	217,335	397,813	11,321	626,469	135,079	761,548
Legal and accounting	-	-	-	-	128,964	128,964
Office and computer supplies	337,262	266,683	2,953	606,898	139,033	745,931
Reproduction and books	15,757	31,001	859	47,617	6,736	54,353
Travel	66,644	245,729	2,930	315,303	23,261	338,564
Telephone	82,432	40,180	-	122,612	44,052	166,664
Insurance	372	6,896	-	7,268	316,518	323,786
Depreciation	-	-	-	-	17,763	17,763
Facility costs	77,837	39,082	-	116,919	119,857	236,776
Miscellaneous	18,140	25,165	1,605	44,910	176,350	221,260
Total functional expenses	\$ 15,135,429	\$ 10,319,884	\$ 183,543	\$ 25,638,856	\$ 4,921,864	\$ 30,560,720

The Hektoen Institute of Medicine, LLC

Statement of Functional Expenses Year Ended August 31, 2013

	Program Services			Support Services		Total
	Program Delivery	Clinical Research and Program Demonstration Projects	Training and Education	Total	Management and General	
Salaries and wages	\$ 9,061,133	\$ 4,929,768	\$ 184,210	\$ 14,175,111	\$ 2,068,028	\$ 16,243,139
Employee benefits	3,384,227	1,498,644	65,474	4,948,345	1,373,389	6,321,734
Total salaries and related expenses	12,445,360	6,428,412	249,684	19,123,456	3,441,417	22,564,873
Stipends	170,062	28,329	400	198,791	7,625	206,416
Participant fees and assistance	663,114	365,686	1,379	1,030,179	75,140	1,105,319
Subcontractors	288,923	1,563,074	33,668	1,885,665	139,474	2,025,139
Honorariums	1,295	15,400	1,570	18,265	-	18,265
Case management and consulting	963,205	1,269,079	140,812	2,373,096	219,437	2,592,533
Maintenance and repairs	99,056	339,240	2,052	440,348	54,151	494,499
Lab supplies	301,638	546,749	13,812	862,199	107,577	969,776
Legal and accounting	-	-	-	-	140,295	140,295
Office and computer supplies	284,829	307,984	6,004	598,817	125,462	724,279
Reproduction and books	17,450	15,167	1,152	33,769	10,013	43,782
Travel	139,598	292,359	5,300	437,257	27,736	464,993
Telephone	81,574	49,250	1,288	132,112	58,647	190,759
Insurance	3,660	1,045	-	4,705	105,864	110,569
Depreciation	-	-	-	-	15,434	15,434
Facility costs	43,215	91,152	7	134,374	119,325	253,699
Miscellaneous	20,055	24,739	2,289	47,083	31,086	78,169
Total functional expenses	\$ 15,523,034	\$ 11,337,665	\$ 459,417	\$ 27,320,116	\$ 4,678,683	\$ 31,998,799

The Hektoen Institute of Medicine, LLC

Statement of Cash Flows

	Year Ended	
	August 31, 2014	August 31, 2013
Cash Flows from Operating Activities		
(Decrease) increase in net assets	\$ (690,380)	\$ 468,579
Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities:		
Depreciation	17,763	15,434
Changes in operating assets and liabilities which (used) provided cash:		
Accounts receivable	(1,723,850)	1,028,455
Due from related party	1,500,000	(3,196,901)
Expense advances	(57,355)	13,740
Prepaid expenses	162,741	(239,020)
Inventory	44,916	(17,407)
Due to Bureau of Health Services	917,676	(113,493)
Accrued vacation	24,234	56,184
Accounts payable	180,246	(194,257)
Amounts held on behalf of others	248,591	508,735
Deferred revenue	(193,273)	(125,194)
Net cash provided by (used in) operating activities	431,309	(1,795,145)
Cash Flows from Investing Activities - Purchase of computer equipment and software	(19,738)	(47,386)
Net Increase (Decrease) in Cash	411,571	(1,842,531)
Cash - Beginning of year	1,387,485	3,230,016
Cash - End of year	<u>\$ 1,799,056</u>	<u>\$ 1,387,485</u>

The Hektoen Institute of Medicine, LLC

Notes to Financial Statements August 31, 2014 and 2013

Note I - Nature of Activities and Significant Accounting Policies

Nature of Organization - The Hektoen Institute of Medicine, formerly The Hektoen Institute for Medical Research, was established in 1943 as a research affiliate of John H. Stroger Jr. Hospital of Cook County. The Hektoen Institute of Medicine acts as the administrative and fiscal agent for most of the research and clinical service awards to Cook County Health and Hospital Systems investigators at the hospitals and units comprising the Cook County system, either directly or indirectly through its wholly owned subsidiary, The Hektoen Institute of Medicine, LLC (the "LLC"). The awards administered include federal, state, city, private, and foundation grants, as well as contracts for clinical trials and multi-center awards. The LLC also conducts cancer and kidney research in its proprietary laboratories supported by research grants.

Description of Program and Support Services - The medical service programs administered by the LLC are on behalf of a wide variety of organizations, including the Cook County Health and Hospital Systems and its affiliated agencies and organizations, the University of Illinois at Chicago, the Chicago Department of Public Health, the Illinois Hospital Association, and other smaller community-based agencies. Virtually all of the LLC's programs and affiliations focus on improving health care and the health care delivery systems for underserved citizens of Cook County, especially those with historically poor access to high-quality health services. The following program and support services are included in the accompanying financial statements.

Program Delivery - The majority of the program delivery activities of the LLC are made on behalf of the Cook County Health and Hospital Systems, whose grants, contracts, and cooperative agreements are received by the LLC. The services administered are very wide ranging. The LLC's largest programs focus on health care for patients with HIV/AIDS. The LLC's other medical care delivery programs include many aspects of internal medicine, pediatrics, psychiatry, obstetrics and gynecology, geriatrics, surgery, and support services such as laboratory, radiology, and pharmacy.

Clinical Research and Program Demonstration Projects - The LLC manages many clinical research and program demonstration projects for affiliated agencies. The range of clinical research activities includes medical and behavioral interventions and clinical trials, as well as cohort, observational, and natural history studies. The LLC's program demonstration projects focus on novel, efficient, or efficacious methodologies of service delivery. These programs range from cost studies of substance abuse integration into the primary care model of an HIV clinic to a wide variety of new projects focusing on bioterrorism, among many others.

The Hektoen Institute of Medicine, LLC

Notes to Financial Statements August 31, 2014 and 2013

Note I - Nature of Activities and Significant Accounting Policies (Continued)

Training and Education - The LLC supports the training and educational mission of its affiliates. Most of the LLC's efforts in this category are made on behalf of the Cook County Health and Hospital Systems. The LLC's training grants focus on the education of faculty, fellows, and residents. The LLC participates in a variety of projects offering continuing medical education programs to the staff of the Cook County Health and Hospital Systems and to other medical providers in the community. The LLC has projects that focus on patient and community education for specific diseases or specific aspects of care.

Management and General - Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the LLC's program strategy through the office of the President; secure proper administrative functioning of the board of directors; maintain competent legal services for the program administration of the LLC; and manage the financial and budgetary responsibilities of the LLC. The LLC works with affiliates and other agencies to produce and manage large multi-institutional sponsored projects and programs and to create and manage large new projects for affiliated organizations. The LLC's grants administration operation is full service, providing support to the investigators, staff, and funding agencies while overseeing the fiscal and operational integrity of sponsored projects.

Basis of Presentation - The accompanying financial statements of the LLC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Classification of Net Assets - Net assets of the LLC are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting the LLC's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

The LLC currently has no temporarily or permanently restricted net assets.

Cash - The LLC maintains its cash in bank deposit accounts, primarily at JPMorgan Chase Bank, N.A., which at times may exceed federally insured limits. The LLC has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash.

The Hektoen Institute of Medicine, LLC

Notes to Financial Statements August 31, 2014 and 2013

Note I - Nature of Activities and Significant Accounting Policies (Continued)

Computer and Laboratory Equipment - The LLC's computer and laboratory equipment is depreciated on the straight-line method over their estimated useful lives of five years.

Purchased equipment in excess of \$5,000 is capitalized at cost. All other purchased equipment, repairs, and maintenance are expensed as incurred.

Revenue Recognition - Grant revenue received for grants determined to be exchange transactions is recognized as services are provided. Grant money received in excess of that earned is recorded as deferred revenue.

Contributions of cash and other assets, including unconditional promises to give in the future and certain grants, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets.

Grants Receivable - The LLC's grants receivable represent actual grant expenses incurred but not reimbursed as of August 31, 2014 and 2013. Management determines the allowance for uncollectible accounts by reviewing and identifying specific troubled accounts on an annual basis by using historical experience with the grants. No allowance for uncollectible accounts was recorded as of August 31, 2014 and 2013. Receivables are written off when deemed uncollectible.

Inventory - Inventory, which consists of incentives for patients to participate in various studies, is stated at the lower of cost or market, by use of the first-in, first-out (FIFO) method of valuation.

Amounts Held on Behalf of Others - The LLC adopted the accounting treatment prescribed by generally accepted accounting principles in Financial Accounting Standards Board Statement No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, and, accordingly, records the funds received on behalf of others as a liability related to amounts held on behalf of others.

Functional Allocation of Expenses - The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

The Hektoen Institute of Medicine, LLC

Notes to Financial Statements August 31, 2014 and 2013

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Federal Income Taxes - The LLC is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). In addition, the LLC 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 under Section 509(a)(2).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the LLC and recognize a tax liability if the LLC has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the LLC and has concluded that as of August 31, 2014 and 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The LLC is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2011.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including January 27, 2015, which is the date the financial statements were available to be issued.

Note 2 - Amounts Held on Behalf of Others

Amounts held on behalf of others as of August 31, 2014 and 2013 are comprised of unexpended grant funds in the following categories:

	2014	2013
Pharmaceutical studies	\$ 1,053,717	\$ 1,837,318
Medical research and educational funds	2,005,984	1,872,733
Medical equipment purchases	1,168,943	1,168,943
Other grants and accounts	2,885,507	1,986,566
Total	<u>\$ 7,114,151</u>	<u>\$ 6,865,560</u>

The Hektoen Institute of Medicine, LLC

Notes to Financial Statements August 31, 2014 and 2013

Note 3 - Line of Credit

Under a line of credit agreement with JPMorgan Chase Bank, N.A., the LLC has available borrowings of \$2,000,000 to help fund short-term operating cash flow needs. Interest is payable monthly at the lesser of LIBOR plus 2.25 percent or the prime rate. The effective interest rate as of August 31, 2014 and 2013 was 2.40 percent and 2.44 percent, respectively. These borrowings are secured by all the investments the LLC holds with JPMorgan Chase Bank, N.A. The agreement expires September 30, 2015. As of August 31, 2014 and 2013, there were no outstanding borrowings on the line of credit.

Note 4 - Operating Leases

The LLC leases office and storage space under operating lease agreements that expire through 2022. The following is a schedule of future minimum rental payments for the years ending August 31:

2015	\$	178,149
2016		180,038
2017		181,965
2018		150,070
2019		83,676
2020 and thereafter		<u>202,257</u>
Total	\$	<u>976,155</u>

Total rent expense on these leases for 2014 and 2013 was \$178,511 and \$94,835, respectively.

Note 5 - Retirement Plan

The LLC maintains a 403(b) contributory retirement plan. Eligible employees may elect coverage after one year of service. The LLC makes a matching contribution up to 6 percent. Retirement contributions on behalf of employees for the years ended August 31, 2014 and 2013 were \$502,670 and \$463,684, respectively.

The Hektoen Institute of Medicine, LLC

Notes to Financial Statements August 31, 2014 and 2013

Note 6 - Related Party Transactions

The LLC is a wholly owned subsidiary of The Hektoen Institute of Medicine (Hektoen). When the LLC's fiscal year results in a positive change in net assets, the change in net assets is allocated to Hektoen. Hektoen recognizes investment income equal to the LLC's change in net assets. When the LLC's fiscal year results in a negative change in net assets, the change in net assets is also allocated to Hektoen.

The LLC has recorded \$9,578,044 and \$11,078,044 due from Hektoen on its statement of financial position as of August 31, 2014 and 2013, respectively. The majority of this receivable represents the amounts held on behalf of others, amounts due to the Bureau of Health Services, and the related cash held by Hektoen.

The LLC has incurred legal fees of \$1,433 and \$8,195 for the years ended August 31, 2014 and 2013, respectively, from the firm of an attorney who serves on the board of directors. These services were provided at rates consistent with the market rates for not-for-profit organizations.

Note 7 - Contingencies

The LLC has received financial assistance, in the form of grants and awards, which require periodic audits. As a result of these audits, certain costs might be questioned as not being appropriate expenditures under the assistance agreements. Such audits might require the refund of monies to the grantor. The LLC does not believe that any provision for refunds should be accrued in the financial statements.

Note 8 - Concentrations

The LLC receives a significant portion of its revenue, other support, and grants receivable from several governmental agencies, predominantly the Department of Health and Human Services. If these governmental agencies terminated their support of the LLC, the LLC's ability to provide the services described in Note 1 could be significantly reduced.

Substantially all of the LLC's nonmanagement and nonprofessional employees are members of the Service Employees International Union (SEIU or the "Union") Local 73HC. The Union represents approximately 25 percent of the LLC's workforce. The contract expires on September 1, 2017.

Additional Information

Independent Auditor's Report on Additional Information

To the Board of Directors
The Hektoen Institute of Medicine, LLC

We have audited the financial statements of The Hektoen Institute of Medicine, LLC (the "LLC") as of and for the year ended August 31, 2014. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of employee benefits is presented for the purpose of additional analysis rather than to present the financial position, results of operations, and cash flows of the LLC 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 and certain additional procedures, including comparing and reconciling such information directly 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.

Plante & Moran, PLLC

January 27, 2015

The Hektoen Institute of Medicine, LLC

Statement of Employee Benefits Year Ended August 31, 2014

Employer payroll taxes	\$ 1,138,627
Unemployment insurance	226,000
Workers' compensation insurance	116,241
Medical and dental insurance	4,150,298
Life and disability insurance	187,574
403(b) retirement plan	501,543
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Total employee fringe benefits	\$ 6,320,283
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Total salaries	\$ 14,884,008
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Employee Fringe Benefit Rate

Fringe benefits	\$ 6,320,283
Allocation base	\$ 14,884,008
Fringe rate	42.46%

Note: The Institute's Fringe Rate for full-time employees cannot exceed 42 percent of direct salaries and wages, including vacation, holiday, and sick time off and other paid absences.

The Hektoen Institute of Medicine, LLC

**Federal Awards
Supplemental Information
August 31, 2014**

The Hektoen Institute of Medicine, LLC

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

Independent Auditor's Report

To the Board of Directors
The Hektoen Institute of Medicine, LLC

We have audited the financial statements of The Hektoen Institute of Medicine, LLC (the "Institute") as of and for the year ended August 31, 2014 and have issued our report thereon dated January 27, 2015, 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. We have not performed any procedures with respect to the audited financial statements subsequent to January 27, 2015.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

January 27, 2015

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*

Independent Auditor's Report

To Management and the Board of Directors
The Hektoen Institute of Medicine, LLC

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 The Hektoen Institute of Medicine, LLC (the "Institute"), which comprise the statement of financial position as of August 31, 2014 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 27, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Hektoen Institute of Medicine, LLC'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 Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Institute'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.

To Management and the Board of Directors
The Hektoen Institute of Medicine, LLC

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute'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 Institute's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

January 27, 2015

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance
Independent Auditor's Report

To the Board of Directors
The Hektoen Institute of Medicine, LLC

Report on Compliance for Each Major Federal Program

We have audited The Hektoen Institute of Medicine, LLC's (the "Institute") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2014. The Hektoen Institute of Medicine, LLC'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 each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Hektoen Institute of Medicine, LLC'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 Hektoen Institute of Medicine, LLC'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 Hektoen Institute of Medicine, LLC's compliance.

To the Board of Directors
The Hektoen Institute of Medicine, LLC

Opinion on Each Major Federal Program

In our opinion, The Hektoen Institute of Medicine, LLC 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 August 31, 2014.

Report on Internal Control Over Compliance

Management of The Hektoen Institute of Medicine, LLC 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 Hektoen Institute of Medicine, LLC'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 Institute's internal control over compliance.

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

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

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

Plante & Moran, PLLC

January 27, 2015

The Hektoen Institute of Medicine, LLC

Schedule of Expenditures of Federal Awards Year Ended August 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	CFDA #	Grant ID	Grantor's Number	Federal Expenditures
U.S. Department of Housing and Urban Development: Pass-Through AIDS Foundation of Chicago - Stroger - HIV Prevention - Trans Youth	14.218	69603	29595	\$ 33,904
Pass-Through AIDS Foundation of Chicago - HUD Samaritan Bonus Project	14.235	80020	None	30,551
U.S. Department of Justice Office on Violence Against Women Substance Abuse (TA)	16.526	1066	90EV0349/01	202,449
Environmental Protection Agency - Great Lakes Program - Fish-Net - Curriculum for Healthcare Providers	66.469	4466	GL-00E00536-0	33,142
U.S. Department of Education: Pass-Through Illinois Department of Human Services - Early Intervention and Family Connections	84.181	2207	FCSO00893	528,521
Pass-Through Illinois Department of Human Services: School Health Center for Children Health Programs	93.667	2377	46080100B	30,600
Family Planning Service	93.667	2415	46080065B	163,488
Total 93.667				194,088
Pass-Through City of Chicago Department of Public Health - TB Control	93.116	2558	26908-7	31,079
Health Resources and Services Administration: Ryan White Title IV Program	93.153	50211	I H12HA24803	1,190,566
Ryan White Title IV Program	93.153	50212	I H12HA24803	97,604
Total 93.153				1,288,170
Pass-Through Illinois Department of Human Services - Family Planning Service	93.217	2415	46080065B	356,542
Substance Abuse and Mental Health Service Administration - H-STAR Program	93.243	1985	5H79TI019858-05	158,723
Pass-Through (NIH) Westat, Inc.	93.279	82108	2 U01 HD040474-13	279,767
Pass-Through (NIH) Westat, Inc.	93.279	82109	5 U01 HD 040474-14	199,953
Pass-Through (NIH) Westat, Inc.	93.279	82128	2 U01 HD040474-13	4,475
Pass-Through (NIH) Westat, Inc.	93.279	82129	2 U01 HD040474-14	6,300
Pass-Through (NIH) Westat, Inc.	93.279	82137	5U01 HD 040474-13	272,052
Pass-Through (NIH) Westat, Inc.	93.279	82138	5U01 HD 040474-14	128,194
Pass-Through (NIH) Westat, Inc.	93.279	82147	5U01 HD 040474-13	13,596
Pass-Through (NIH) Westat, Inc.	93.279	82148	5 U01 HD 040474-14	14,609

The Hektoen Institute of Medicine, LLC

Schedule of Expenditures of Federal Awards (Continued) Year Ended August 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	CFDA #	Grant ID	Grantor's Number	Federal Expenditures
Pass-Through (NIH) Westat, Inc.	93.279	82156	5U01 HD 040474-13	\$ 64,021
Pass-Through (NIH) Westat, Inc.	93.279	82157	5U01 HD 040474-14	53,345
Pass-Through (NIH) Rush University	93.279	90025	2R01DA012829-2	29,761
Pass-Through (NIH) Rush University	93.279	90027	2R01DA012829-3	1,042
Pass-Through (NIH) University Cincinnati - CHOICES	93.279	4926	5U10DA013732-14	201,097
Pass-Through (NIH) University Cincinnati	93.279	90073	3U10DA013732-13S1	656
Pass-Through (NIH) University Cincinnati	93.279	90074	3U10DA013732-14S2	396,373
Total 93.279				1,665,241
Centers for Disease Control:				
Chicago Prevention and Intervention Epicenter	93.283	1050	5U54CK000161-03	268,488
Chicago Prevention and Intervention Epicenter	93.283	1074	5U54CK000161S-03	94,452
Chicago Prevention and Intervention Epicenter S1Yr2	93.283	1075	3U54CK000161-04S1	3,580
Chicago Prevention and Intervention Epicenter Yr4	93.283	1115	5U54CK000161-04	175,106
Pass-Through (CDC) Harvard Pilgrim Health Care - Public Health Prevention Fund (PHPF)	93.283	3888	U54CK000172	49,505
Pass-Through (CDC) Illinois Department of Public Health: Surveillance Diseases Among Newly Arrived Refugees	93.283	2097	30180035A-1	6,920
Surveillance Diseases Among Newly Arrived Refugees	93.283	2098	30180035A-2	77,440
Total 93.283				675,491
Health Resources and Services Administration - ARRA - Training in Primary Care Medicine and Dentistry	93.403	1036	1 D5FHP20671-01-00	119,035
Pass-Through (CDC) Illinois Department of Public Health: Healthcare Associated Infections Prevention Infrastructure (HAI)	93.521	2028	42680161B	86,883
Prevention of Healthcare-Associated Infections Across the Spectrum of Healthcare	93.521	2057	32680169A	128,150
Prevention of Healthcare-Associated Infections Across the Spectrum of Healthcare	93.521	2058	42680161B	185,738
Building Epidemiology, Laboratory HISID	93.521	2106	22680063	406
Improving Hospital Base Antimicrobial ELC - Epidemiology & Laboratory Capacity for Infectious Disease	93.521	2115	22680119	145,154
Capacity for Infectious Disease	93.521	2216		20,914
Improving Antimicrobial Use	93.521	2434	42680162B	133,007
Total 93.521				700,252
Department of Health and Human Services:				
Pass-Through (CDC) Illinois Department of Public Health: A Category B Community Transformation Implementation	93.531	2053	22680237	44,703
A Category B Community Transformation Implementation	93.531	2054	42680162B	285,464
A Category B Community Transformation Implementation	93.531	2055	42680162B	50,969
Total 93.531				381,136
Pass-Through Illinois Department of Children and Family Svcs.: Children and Family Services - Project First Love	93.551	60111	1530459024	202,724
Children and Family Services - Project First Love	93.551	60112	1530459025	36,906
Total 93.551				239,630

The Hektoen Institute of Medicine, LLC

Schedule of Expenditures of Federal Awards (Continued) Year Ended August 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	CFDA #	Grant ID	Grantor's Number	Federal Expenditures
Administration of Children and Families:				
Family Violence Prevention and Service Program	93.592	1056	90EV0417/02	\$ 216,238
Family Violence Prevention and Service Program	93.592	1057	90EV0417/03	818,071
Total 93.592				1,034,309
Pass-Through Chicago Department of Public Health - Immunization Registration System	93.733	2538	30787-1	195,603
Health Resources and Services Administration:				
Family Development in Primary Care	93.884	1028	D55HP20647-04-00	214,061
Family Development in Primary Care	93.884	1029	D55HP20647-04-01	13,841
Total 93.884				227,902
Pass-Through (HRSA/CDPH)				
Metropolitan Chicago Health Council				
ASPR Emergency Medicine Department	93.889	3928	25088	42,076
Pass-Through (HRSA) City of Chicago				
Department of Public Health:				
Part A RWTMA Core Ambulatory Medical Care	93.914	67101	23784-3	656,976
Part A RWTMA Core Dental	93.914	67102	23784-3	145,139
Part A RWTMA Core Mental Health	93.914	67103	23784-3	108,051
Part A RWTMA Core Substance Abuse	93.914	67104	23784-3	161,519
Part A RWTMA Core Psychosocial	93.914	67105	23784-3	51,238
Part A RWTMA Core Outreach Services	93.914	67106	23784-3	40,048
Part A RWTMA Core Early Intervention Services	93.914	67107	23784-3	65,800
Part A RWTMA Core Administrative Cost	93.914	67109	23784-3	151,651
Part A RWTMA Core Ambulatory Medical Care	93.914	67111	29962-1	570,038
Part A RWTMA Core Dental	93.914	67112	29962-1	110,482
Part A RWTMA Core Mental Health	93.914	67113	29962-1	158,831
Part A RWTMA Core Substance Abuse	93.914	67114	29962-1	145,252
Part A RWTMA Core Psychosocial	93.914	67115	29962-1	50,432
Part A RWTMA Core Outreach Services	93.914	67116	29962-1	64,248
Part A RWTMA Core Early Intervention Services	93.914	67117	29962-1	111,213
Part A RWTMA Core Administrative Cost	93.914	67119	29962-1	100,687
MAI Austin Ambulatory Medical Care	93.914	67501	23800-3	291,150
MAI Austin Clinic Mental Health	93.914	67502	23800-3	82,206
MAI Austin Clinic Psychosocial	93.914	67503	23800-3	34,104
MAI Austin Administrative	93.914	67509	23800-3	75,086
MAI Austin Ambulatory Medical Care	93.914	67511	29983-1	220,261
MAI Austin Clinic Mental Health	93.914	67512	29983-1	63,961
MAI Austin Clinic Psychosocial	93.914	67513	29983-1	25,667
MAI Austin Administrative	93.914	67519	29983-1	24,768

The Hektoen Institute of Medicine, LLC

Schedule of Expenditures of Federal Awards (Continued) Year Ended August 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	CFDA #	Grant ID	Grantor's Number	Federal Expenditures
Pass-Through (HRSA) City of Chicago				
Department of Public Health (cont.):				
Part A RWTMA Provident Hospital Ambulatory Medical Care	93.914	67701	23801-3	\$ 420,652
Part A RWTMA Provident Hospital Oral Care	93.914	67702	23801-3	72,712
Part A RWTMA Provident Hospital Mental	93.914	67703	23801-3	42,194
Part A RWTMA Provident Hospital Substance Abuse	93.914	67704	23801-3	73,962
Provident - Part A RWTMA Ambulatory Medical Care - Carryover	93.914	67705	23801-4	15,333
Provident - Part A RWTMA Dental - Carryover	93.914	67706	23801-5	51,011
Provident - Part A RWTMA Mental Health - Carryover	93.914	67707	23801-6	29,713
Part A RWTMA Provident Hospital Administrative Cost	93.914	67709	23801-3	73,004
Part A RWTMA Provident Hospital Ambulatory Medical Care	93.914	67711	29984-1	323,930
Part A RWTMA Provident Hospital Oral Care	93.914	67712	29984-1	163,513
Part A RWTMA Provident Hospital Mental	93.914	67713	29984-1	54,501
Part A RWTMA Provident Hospital Substance Abuse	93.914	67714	29984-1	76,573
Part A RWTMA Provident Hospital Administrative Cost	93.914	67719	29984-1	50,513
MAI South Suburban Ambulatory Medical Care	93.914	68501	23750-3	307,784
Part A South Suburban Mental Health	93.914	68502	23751-3	36,821
Part A South Suburban Substance Abuse	93.914	68503	23751-3	15,380
Part A South Suburban Psychosocial	93.914	68504	23751-3	17,040
MAI South Suburban Outreach Services	93.914	68505	23750-3	36,779
MAI South Suburban Early Intervention	93.914	68506	23750-3	35,877
Part A South Suburban Oral Health	93.914	68507	23751-3	23,774
MAI South Suburban Administrative	93.914	68508	23750-3	69,931
Part A South Suburban Administrative	93.914	68509	23751-3	14,888
Part A South Suburban Oral Health - Carryover	93.914	68510	23751-3	4,424
MAI South Suburban Ambulatory Medical Care	93.914	68511	29978-1	267,730
Part A South Suburban Mental Health	93.914	68512	29980-1	5,447
Part A South Suburban Substance Abuse	93.914	68513	29980-1	13,820
Part A South Suburban Psychosocial	93.914	68514	29980-1	8,665
MAI South Suburban Outreach Services	93.914	68515	29978-1	22,821
MAI South Suburban Early Intervention	93.914	68516	29978-1	27,888
Part A South Suburban Oral Health	93.914	68517	29980-1	22,674
MAI South Suburban Administrative	93.914	68518	29978-1	23,866
Part A South Suburban Administrative	93.914	68519	29980-1	4,379
Part A RWTMA Project VIDA - Psychosocial	93.914	67431	24320-3	27,014
MAI RWTMA Project VIDA - Administrative Cost	93.914	67432	23808-3	3,725
MAI RWTMA Project VIDA - Mental Health	93.914	67433	24320-3	18,971
MAI RWTMA Project VIDA - Administrative Cost	93.914	67434	23808-3	2,797
Part A RWTMA Project VIDA - Psychosocial Carryover	93.914	67435	23808-3	16,473
MAI RWTMA Project VIDA - Mental Health Carryover	93.914	67436	23808-3	14,496
Part A RWTMA Project VIDA - Psychosocial	93.914	67441	29985-1	28,527
MAI RWTMA Project VIDA - Administrative Cost	93.914	67442	29985-1	2,358
MAI RWTMA Project VIDA - Mental Health	93.914	67443	29985-1	11,396
MAI RWTMA Project VIDA - Administrative Cost	93.914	67444	29985-1	929
Pass-Through AIDS Foundation of Chicago:				
AFC Part A - Core Medical Case Management	93.914	70417	None	129,306
AFC Part A - Core Medical Case Management	93.914	70419	None	126,094
AFC MAI - Core Medical Case Management	93.914	70420	None	1,830
AFC Part A - Provident Medical Case Management	93.914	70617	None	115,403
AFC Part A - Provident Medical Case Management	93.914	70619	None	100,389
South Suburban Emergency Client Assistance	93.914	70812	None	943

The Hektoen Institute of Medicine, LLC

Schedule of Expenditures of Federal Awards (Continued) Year Ended August 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	CFDA #	Grant ID	Grantor's Number	Federal Expenditures
Pass-Through AIDS Foundation of Chicago (cont.):				
AFC Title A Provident - Emergency Client Assistance	93.914	70911	None	\$ 2,550
AFC Part A Core - Emergency Client Assistance	93.914	72211	None	1,500
AFC Part A - Austin Medical Case Management	93.914	73409	None	38,546
AFC Part A - Austin Medical Case Management	93.914	73410	None	36,480
AFC Part A - South Sub. Medical Case Management	93.914	73717	None	69,802
AFC Part A - South Sub. Medical Case Management	93.914	73719	None	60,554
AFC Part A Austin - Case Management - Emergency Client Assistance	93.914	73511	None	1,346
Project VIDA - Part A AFC Medical Case Management Services	93.914	74017	None	63,052
Project VIDA - Part A AFC Medical Case Management Services	93.914	74019	None	57,119
Total 93.914				6,848,007
Pass-Through AIDS Foundation of Chicago:				
CORE Part B - Outpatient/Ambulatory Health Services	93.917	70011	None	211,773
CORE Part B - Outpatient/Ambulatory Health Services	93.917	70012	None	11,858
AFC - Title II CORE Mental Health	93.917	70054	None	3,734
AFC - Title II CORE Mental Health	93.917	70055	None	13,822
AFC/ CORE - Part B Medical Case Management	93.917	70455	None	283,100
AFC/ CORE - Part B Medical Case Management	93.917	70456	None	214,067
AFC Part B - Provident Oral Health	93.917	75164	None	40,176
AFC Part B - Provident Oral Health	93.917	75165	None	24,733
CAPUS Project - Peer Navigation & Early Intervention Services	93.917	80002	None	22,047
Total 93.917				825,310
Pass-Through Health Resources and Services Administration:				
Ryan White Part C Outpatient EIS Program	93.918	51111	5 H76HA00107-23-00	198,610
Ryan White Part C Outpatient EIS Program	93.918	51112	6 H76HA00107-24-00	363,795
Ryan White Part C Outpatient EIS Program	93.918	53311	5 H76HA00107-23-00	70,753
Ryan White Part C Outpatient EIS Program	93.918	53312	6 H76HA00107-24-00	136,909
Total 93.918				770,067
HRSA (Health Resources and Services Administration):				
Special Projects Of National Significance	93.928	50016	H97HA24993	37,504
Special Projects Of National Significance - ProMover	93.928	50070	H97HA26503	216,341
Total 93.928				253,845

The Hektoen Institute of Medicine, LLC

Schedule of Expenditures of Federal Awards (Continued) Year Ended August 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	CFDA #	Grant ID	Grantor's Number	Federal Expenditures
Pass-Through City of Chicago Department of Public Health:				
Cermak Health Center/Adult Prevention w/Positives	93.940	69428	25925-2	\$ 42,206
Cermak Health Center/Adult Black HRH Females	93.940	69429	25925-2	37,832
Cermak Health Center/Adult Prevention w/Positives	93.940	69430	25925-3	68,453
Cermak Health Center/Adult Black HRH Females	93.940	69431	25925-3	53,457
Total 93.940				201,948
Pass-Through City of Chicago Department of Family and Support Services - Early Head Start	93.600	20025	26931-1	3,296
Pass-Through (CDC) Metropolitan Public Health Institute:				
South Suburban HIV/AIDS - Risk Education	93.944	2578	None	29,044
South Suburban HIV/AIDS - Risk Education	93.944	2579	None	33,608
Total 93.944				62,652
Pass-Through Illinois Department of Public Health:				
Regional Perinatal Core System Program	93.994	2340	None	349,078
Regional Perinatal Core System Program	93.994	2481	None	46,254
Pass-Through Illinois Department of Human Services:				
School Health Center for Children Health Programs	93.994	2377	46080100B	24,200
Family Planning Service Stroger	93.994	2415	46080065B	27,288
Total 93.994				446,820
(CDC) Center for Disease Control - Randomized Controlled Trial of Routine Screening for Intimate Partner Violence	93.Unknown	1062	200-2012-53432	93,934
<u>Research and Development Cluster</u>				
Pass-Through (AHRQ) Northwestern University Pediatric Measurement Center of Excellence	93.226	4167	IU18HS020498-2	30,228
CDC - HIV Risk Reduction Intervention for Back Men	93.941	50004	IUR6PS001095-04	26,187
Pass-through Public Health Institute of Metropolitan Chicago:				
Illinois Public Health Corrections & Community Initiative	93.941	80030	None	126,766
Illinois Public Health Corrections & Community Initiative	93.941	80036	None	23,896
Total 93.941				176,849
An HIV Intervention Tailored for Black YMSM	93.242	50027	5R34MH092197-03	5,508
Pass-Through Northwestern University - Reducing HIV Stigma to Improve Health Outcomes AAW	93.242	8007	IU18HS020498	4,912
Pass-Through University of Illinois at Chicago:				
R21 - "Sex Differences in Cognitive Response"	93.242	50662	1R21MH099978-01	16,264
R21 - "Sex Differences in Cognitive Response"	93.242	50663	5R21MH099978-02	2,154
Pass-Through Regents of University of Michigan - HIV Prevention for Black Gay/Bi/MSM	93.242	90032	5-R34-MH095571-04	3,917
Pass-Through Regents of University of California	93.242	90141	R01MH095683	775
Total 93.242				28,022

The Hektoen Institute of Medicine, LLC

Schedule of Expenditures of Federal Awards (Continued) Year Ended August 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	CFDA #	Grant ID	Grantor's Number	Expenditures
Pass-Through (CDC) CDPH/University of Chicago - Expanded HIV Testing for Disproportionately Affected Populations	93.943	90084	None	\$ 35,162
Pass-Through (NIH) Westat, Inc.	93.273	82116	I R01 AA022891	12,192
Pass-Through (NIH) Rush University Medical Center	93.273	90108	SU01AA020800	48,783
Total 93.273				60,975
Pass-Through (NIH) University of Illinois - Minority Health and Health Disparities	93.307	4204	5P60MD003426	8,578
Pass-Through (NIH) Rush University: Excellence on Disparities in HIV and Aging (CEDHA)	93.307	90007	5P20MD006886-2	128,453
Excellence on Disparities in HIV and Aging (CEDHA)	93.307	90008	5P20MD006886-3	73,922
Total 93.307				210,953
Pass-Through (NIH) University of Pennsylvania: Communicating Genetic Test Results Randomized Trial	93.393	1096	559616-2	32,254
Communicating Genetic Test Results Randomized Trial	93.393	1097	559616-3	7,894
Total 93.393				40,148
Pass-Through NIH/NCI-Minority Based-CCOP	93.395	1346	IUG1CA190000-01	68,528
Pass-Through (NIH) Easter Cooperative Oncology Group	93.395	3954	None	6,828
Pass-Through (NIH) ECON_ACRIN Cancer Research Study	93.395	7996	CA37403-CCOP	1,095
Total 93.395				76,451
Pass-Through (NIH) Northwestern University: Improving Quality of Life among Hispanic/Latino Breast, Colorectal & Prostate Cancer Survivors	93.397	4068	U54CA153511	19,476
NIH/NCI-Minority Based-CCOP	93.399	1344	SU10CA095867-11	551,810
NIH/NCI-Minority Based-CCOP	93.399	1345	SU10CA095867-12	127,090
Pass-Through (NIH) National Surgical Adjuvant - Breast and Bowel Foundation	93.399	3230	None	61,470
Total 93.399				740,370
Agency for Healthcare Research & Quality: Pass-Through (NIH) Northwestern University: Chicago Metropolitan AsthmaNet Consortium	93.837	4077	U10HL098096	12,722
Chicago Metropolitan AsthmaNet Consortium	93.837	4078	U10HL098097	1,682
Pass-Through (NIH) Rush University - Reduction in Hospitalizations in Low-Income	93.837	4225	IP50HL105189 -1	945
Total 93.837				15,349

The Hektoen Institute of Medicine, LLC

Schedule of Expenditures of Federal Awards (Continued) Year Ended August 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	CFDA #	Grant ID	Grantor's Number	Federal Expenditures
Pass-Through (NIH) The Regents of the University of Michigan:				
O'Brien Renal and Kidney Diseases	93.847	4055	P30DK081943-2	\$ 30,333
O'Brien Renal and Kidney Diseases	93.847	4059	P30DK081943-3	1,292
Nephrotic Syndrome Study Network Protocol (NEPTUNE)	93.847	4152	U54DK083912	6,255
Pass-Through (NIH) Rush University:				
The LIFE Program	93.847	4257	1R01DK092271-03	53,697
The LIFE Program	93.847	8287	1R01DK092271-03	41,690
Total 93.847				133,267
Pass-Through (NIH) Yale University -				
Insulin Resistance Intervention/Stroke Trial	93.853	4088	5U01NS044876-10	44,838
Pass-Through (NIH) Northwestern -				
Insulin Resistance Intervention/Stroke Trial	93.853	4176	60035576 HI	2,227
Total 93.853				47,065
Pass-Through (NIH) John Hopkins University	93.855	4376	2 UMI AI068632-08	11,742
Pass-Through (NIH) Rush University Medical Center:				
Chicago D-CFAR	93.855	8995	None	148,088
Chicago D-CFAR	93.855	8996	None	7,891
Chicago D-CFAR	93.855	90086	5P30AI087714-03	10,953
Chicago D-CFAR	93.855	90088	5P30AI087714-05	119,528
National Institute of Allergy and Infectious Diseases:				
Chicago WIHS Consortium	93.855	50612	2U01AI034993-20	976,117
Chicago WIHS Consortium	93.855	50613	2U01AI034993-21	1,233,118
Chicago WIHS Consortium - WIHS UNC 2014 Lab	93.855	50631	2U01AI034993-21	11,002
Chicago WIHS Consortium - Diversity Supplement (S1)	93.855	50667	3U01AI034993-20S1	18,139
Chicago WIHS Consortium - VCWC - Diversity Supplement (S1)	93.855	50668	5U01AI034993-21	2,066
Dr. Desai Subcontract	93.855	50511	2U01AI034993-20	51,705
Pass-Through (NIH) Rush University Medical Center:				
Female Genital Tract in HIV Pathogenesis	93.855	69914	5P01AI082971-04	280
Female Genital Tract in HIV Pathogenesis	93.855	69915	5P01AI082971-05	158,559
Pass-Through NIH - Columbia University HIV and Menopausal	93.855	90066	1R01 AI095089-01	15,117
Project Red: Racial and Ethnic Disparities HIV Care	93.855	90096	5P30AI082151-03	3,246
Pass-Through NIH - Northwestern University (MACS)	93.855	90193	U01AI035039-3	215,586
Pass-Through NIH - Northwestern University (MACS)	93.855	90194	U01AI035039-4	120,181
Pass-Through NIH - Rush University Medical Center	93.855	90211	5P30AI082151	834
Total 93.855				3,104,152
National Institute of Child Health and Human Development:				
Chicago Adolescent Trials Network	93.865	52531	5U01HD040515-13	346,172
Chicago Adolescent Trials Network	93.865	52532	5U01HD040515-14	294,836
Improving Adherence Among HIV+ Rwandan Youth -				
A TI-CBTe Indigenous Leader Model	93.865	50675	1R01HD074977-01	131,190
Improving Adherence Among HIV+ Rwandan Youth -				
A TI-CBTe Indigenous Leader Model	93.865	50676	1R01HD074977-02	275,373
Pass-Through (NICHD) University of Alabama at Birmingham:				
Preexposure Prophylaxis	93.865	90058	2UD1HD040533-13	1,663
Leadership Group for Adolescent Trial Network	93.865	90122	2U01HD040533-13	94,292
Leadership Group for Adolescent Trial Network	93.865	90123	2U01HD040533-14	59,622
Pass-Through The Board of Trustees of the University of Alabama:				
ATN 073 Protocol - PCS 073 Empowerment - ATN110:113 Project Prepare II	93.865	90128	5U01HD040533-13	88,779
ATN 073 Protocol - PCS 073 Empowerment - ATN110:113 Project Prepare II	93.865	90129	5U01HD040533-14	69,308
Total 93.865				1,361,235
NIH -Trust in Health Care and Racial Disparities in an				
Aging Population	93.866	1215	1R01AG033172-01A1	133,260
Total Research and Development Cluster				6,165,897
Total Federal Expenditures				<u>\$ 23,856,685</u>

The Hektoen Institute of Medicine, LLC

Notes to Schedule of Expenditures of Federal Awards Year Ended August 31, 2014

Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of The Hektoen Institute of Medicine, LLC (the "Institute") under programs of the federal government for the year ended August 31, 2014. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-122, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of The Hektoen Institute of Medicine, LLC, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of The Hektoen Institute of Medicine, LLC. Pass-through entity identifying numbers are presented where available.

Note 2 - Subrecipients

The Institute provided no awards to subrecipients during the year ended August 31, 2014.

Note 3 - Noncash Assistance, Federal Insurance, Loans, or Loan Guarantees

There were no other amounts of noncash assistance, federal insurance, loans, or loan guarantees outstanding as of and for the year ended June 30, 2014.

The Hektoen Institute of Medicine, LLC

Schedule of Findings and Questioned Costs Year Ended August 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.403	ARRA Grants for Training in Primary Care Medicine and Dentistry Training and Enhancement
93.914	HIV Emergency Relief Project Grants
93.917	HIV Care Formula Grants
93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease

Dollar threshold used to distinguish between type A and type B programs: \$715,701

Auditee qualified as low-risk auditee? Yes No

The Hektoen Institute of Medicine, LLC

Schedule of Findings and Questioned Costs (Continued) Year Ended August 31, 2014

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None