

CENTRAL CAROLINA HEALTH NETWORK

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND COMPLIANCE REPORTS**

Years Ended June 30, 2014 and 2013



CENTRAL CAROLINA HEALTH NETWORK

June 30, 2014 and 2013

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	Exhibit A 4
Statements of Activities	Exhibit B 5
Statements of Functional Expenses	Exhibit C 6-7
Statements of Cash Flows	Exhibit D 8
Notes to Financial Statements	9-11
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	Schedule 1 13
COMPLIANCE REPORTS	
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>	15-16
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	17-18
Schedule of Findings and Questioned Costs	19-20
Summary Schedule of Prior Audit Findings	21



Personal attention. Verifiable results.

CERTIFIED PUBLIC ACCOUNTANTS | BUSINESS CONSULTANTS | WEALTH ADVISORS | HEALTHCARE PRACTICE CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Executive Committee
Central Carolina Health Network
Greensboro, North Carolina

Report on the Financial Statements

We have audited the accompanying statements of financial position of Central Carolina Health Network (the Network), as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 Network'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 Network'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 the Network as of June 30, 2014 and 2013, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

-1-



DMJ & Co., PLLC

703 Green Valley Road, Suite 201, Greensboro, NC 27408 • PO Box 9258, Greensboro, NC 27429-0258
T 336-275-9886 • F 336-275-1129 • W dmj.com

Member of CPAmerica International

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2014, on our consideration of the Network's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Network's internal control over financial reporting and compliance.

Other Matter

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the Network taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

DMJ & Co., PLLC

Certified Public Accountants
Greensboro, North Carolina

November 6, 2014

CENTRAL CAROLINA HEALTH NETWORK

FINANCIAL STATEMENTS

Years Ended June 30, 2014 and 2013

CENTRAL CAROLINA HEALTH NETWORK

STATEMENTS OF FINANCIAL POSITION

June 30, 2014 and 2013

ASSETS

	2014	2013
Current Assets		
Cash	\$ 3,662	\$ 21,892
Accounts receivable-government grants	249,189	198,273
Other receivables	1,145	183
Total Current Assets	<u>253,996</u>	<u>220,348</u>
Property, Plant and Equipment	21,180	21,180
Less: accumulated depreciation	<u>(15,679)</u>	<u>(13,767)</u>
Total Property, Plant and Equipment	<u>5,501</u>	<u>7,413</u>
Total Assets	<u><u>\$ 259,497</u></u>	<u><u>\$ 227,761</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 158,413	\$ 117,652
Advances	6,393	15,166
Total Liabilities	164,806	132,818
Net Assets - Unrestricted	<u>94,691</u>	<u>94,943</u>
Total Liabilities and Net Assets	<u><u>\$ 259,497</u></u>	<u><u>\$ 227,761</u></u>

See accompanying notes to financial statements.

CENTRAL CAROLINAL HEALTH NETWORK

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2014 and 2013

	2014	2013
Revenue and Support		
Government contracts	\$ 1,582,268	\$ 1,492,886
Grants	47,808	48,427
Contributions	6,425	7,595
Miscellaneous income	10,332	8,245
	<u>1,646,833</u>	<u>1,557,153</u>
Total Revenue and Support		
Expenses		
<i>Program Services:</i>		
Ryan White Part B	860,018	888,448
Housing Opportunities for Persons with AIDS	336,909	311,819
Central Carolina Family Resource Network - Ryan White Part D	370,674	292,619
Cone Health Foundation Dental Care	47,808	48,427
CAPUS Housing	14,668	-
<i>Supporting Services:</i>		
Management and General	17,008	7,472
	<u>1,647,085</u>	<u>1,548,785</u>
Total Expenses		
Increase (Decrease) in Net Assets	(252)	8,368
Net Assets, beginning	<u>94,943</u>	<u>86,575</u>
Net Assets, ending	<u>\$ 94,691</u>	<u>\$ 94,943</u>

See accompanying notes to financial statements.

CENTRAL CAROLINA HEALTH NETWORK

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2014

	Ryan White Part B	Housing Opportunities For Persons With AIDS	Ryan White Part D	Cone Health Foundation	CAPUS Housing	Management and General	Total
Client services	\$ 611,434	\$ 315,185	\$ 270,027	\$ 31,150	\$ -	\$ 1,507	\$ 1,229,303
Salaries	171,460	13,031	65,096	10,220	10,166	-	269,973
Fringe benefits	42,130	3,276	15,836	942	2,504	-	64,688
Bank charges	-	-	-	-	-	629	629
Depreciation	-	-	-	-	-	1,911	1,911
Professional and consulting	1,570	2,405	3,120	-	-	5,700	12,795
Office supplies	3,717	138	1,297	-	299	630	6,081
Telephone	4,238	163	1,428	-	164	-	5,993
Postage	563	35	174	-	-	-	772
Rent expense	14,437	551	4,212	-	-	40	19,240
Insurance	414	1,362	1,766	-	-	3,700	7,242
Computer maintenance	2,096	641	700	-	-	350	3,787
Travel	7,959	122	6,868	-	691	750	16,390
Training and meetings	-	-	150	-	-	1,626	1,776
Miscellaneous	-	-	-	5,496	844	165	6,505
	<u>\$ 860,018</u>	<u>\$ 336,909</u>	<u>\$ 370,674</u>	<u>\$ 47,808</u>	<u>\$ 14,668</u>	<u>\$ 17,008</u>	<u>\$ 1,647,085</u>

See accompanying notes to financial statements.

CENTRAL CAROLINA HEALTH NETWORK

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2013

	Ryan White Part B	Housing Opportunities For Persons With AIDS	Ryan White Part D	Cone Health Foundation	Management and General	Total
Client services	\$ 639,844	\$ 290,609	\$ 212,710	\$ 27,505	\$ 1,504	\$ 1,172,172
Salaries	170,393	12,817	50,842	13,173	-	247,225
Fringe benefits	38,599	2,856	12,236	2,995	-	56,686
Bank charges	-	-	-	-	369	369
Depreciation	-	-	-	-	2,344	2,344
Professional and consulting	6,720	2,569	2,241	-	-	11,530
Office supplies	1,146	43	303	-	1,460	2,952
Telephone	3,815	108	1,602	309	-	5,834
Postage	503	21	206	-	15	745
Rent expense	14,437	552	4,212	-	30	19,231
Insurance	4,190	1,476	1,617	-	-	7,283
Computer maintenance	1,524	292	456	-	-	2,272
Travel	6,625	476	5,808	773	65	13,747
Training and meetings	652	-	386	-	917	1,955
Miscellaneous	-	-	-	3,672	768	4,440
	<u>\$ 888,448</u>	<u>\$ 311,819</u>	<u>\$ 292,619</u>	<u>\$ 48,427</u>	<u>\$ 7,472</u>	<u>\$ 1,548,785</u>

See accompanying notes to financial statements.

CENTRAL CAROLINA HEALTH NETWORK

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ (252)	\$ 8,368
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	1,911	2,344
Changes in assets and liabilities:		
(Increase) decrease in receivables	(51,877)	90,423
Increase (decrease) in accounts payable	40,761	(91,790)
Decrease in advances	(8,773)	(67,925)
Net Cash Used in Operating Activities	<u>(18,230)</u>	<u>(58,580)</u>
Net Decrease in Cash	(18,230)	(58,580)
Cash, beginning	<u>21,892</u>	<u>80,472</u>
Cash, ending	<u><u>\$ 3,662</u></u>	<u><u>\$ 21,892</u></u>

See accompanying notes to financial statements.

CENTRAL CAROLINA HEALTH NETWORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Central Carolina Health Network (the Network) is one of 10 regional networks formed in North Carolina for the purpose of providing essential health and support services to persons in North Carolina living with HIV disease. The Network serves eight county areas consisting of Alamance, Caswell, Davidson, Guilford, Montgomery, Randolph, Rockingham, and Stanley.

Basis of Accounting

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

Basis of Presentation

The Network is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of June 30, 2014 and 2013, the Network had no temporarily restricted or permanently restricted net assets.

Restricted and Unrestricted Revenue

Revenues received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. Temporarily restricted revenue is classified as unrestricted if restriction is met in the same period the funds are received.

Income Tax Status

The Network is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Network accounts for uncertain income tax positions by prescribing a minimum probability threshold a tax position must meet before a financial statement income tax benefit is recognized. The minimum threshold is defined as a tax position, based solely on its technical merits, that would more likely than not be sustained upon examination by the relevant tax authority with knowledge of the same facts. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate resolution. Based on all known facts and circumstances and current tax law, the Network believes the total amount of uncertain income tax position liabilities and related accrued interest are not material to its financial position.

As of June 30, 2014 and including the previous three years considering extensions, the Network's income tax returns are open and subject to examination by tax authorities with relevant jurisdiction. Should such an examination take place, management does not anticipate any significant issues related to the open years.

CENTRAL CAROLINAL HEALTH NETWORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *[cont'd]*

Property and Equipment

Property and equipment, if purchased, is recorded at historical cost. Donated property and equipment is recorded at its fair market value. Depreciation is recorded using the straight-line method over its estimated useful life.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of management's estimates.

Revenue Recognition

Funds are provided to the Network pursuant to a contract; therefore, revenue is recognized as soon as the conditions of the contract are met. Expenditure is the primary factor in this determination. As soon as funds are expended, the funding agency is obligated to reimburse the Network and revenue is recognized even though the funds may not have actually been received. Of the \$1,582,268 recognized as revenue from government contracts, \$249,189 is revenue that has not yet been received by the Network as of June 30, 2014. Of the \$1,492,886 recognized as revenue from government contracts, \$198,273 is revenue that had not been received by the Network as of June 30, 2013.

2. PROGRAMS

Ryan White Part B

The Network receives and administers funds made available by Part B of the Ryan White HIV/AIDS Treatment Extension Act of 2009. This program provides outpatient and support services to individuals infected with HIV/AIDS.

Ryan White Part D

Program funded by Part D of the Ryan White HIV/AIDS Treatment Extension Act of 2009 to serve women, youth, adolescents, and families infected with and affected by HIV through coordination of family-centered, community-based comprehensive systems of care.

Housing Opportunities for Persons with Aids

Program funded by the U.S. Department of Housing and Urban Development through a state contract to provide housing assistance for individuals infected with HIV/AIDS.

3. LINE OF CREDIT

The Network has an unsecured line of credit with a financial institution with maximum credit not to exceed \$50,000. Interest is determined daily at the lending institution's prime lending rate plus 1.00% and payable monthly. At June 30, 2014 and 2013, the lending institution's prime lending rate was 3.25% and the outstanding principal balance was \$0.

CENTRAL CAROLINA HEALTH NETWORK

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

4. LEASE COMMITMENTS

The Network leases its office facilities, vehicles and certain equipment under noncancelable operating leases which expire at various dates through 2019. Rent expense under these leases was \$22,257 and \$20,439 for the years ended June 30, 2014 and 2013, respectively. Future minimum lease payments under noncancelable operating leases as of June 30, 2014, are as follows:

For the Years Ending June 30:

2015	\$ 28,480
2016	23,382
2017	8,086
2018	8,086
2019	<u>6,065</u>
	<u>\$ 74,099</u>

5. RETIREMENT PLAN

The Network provides a simple IRA retirement plan to all full-time employees. The Network matches employee contributions up to a maximum of 3% of eligible wages. Total employer contributions were \$5,266 and \$5,355 for the years ended June 30, 2014 and 2013, respectively.

6. SUBSEQUENT EVENTS

The Network evaluated events occurring subsequent to the statement of financial position date through November 6, 2014, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CENTRAL CAROLINA HEALTH NETWORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2014

	Federal CFDA Number	Federal Awards	Federal Expenditures
U.S. Dept. of Health and Human Services			
Ryan White Part D	93.153	\$ 370,674	\$ 370,674
Division of Epidemiology-HIV/STD Prevention and Care Branch			
Pass thru from State - NC			
Dept. of Health and Human Services:			
HIV Prevention Activities-Health Dept. Based (CAPUS)	93.940	14,668	14,668
Ryan White Part B	93.917	860,018	860,018
Department of Housing and Urban Development			
HOPWA - Pass thru from State of North Carolina	14.241	19,251	19,251
HOPWA - Pass thru from City of Greensboro	14.241	<u>317,657</u>	<u>317,657</u>
Total Federal Awards		<u>\$ 1,582,268</u>	
Total Expenditures of Federal Awards			<u>\$ 1,582,268</u>

The above schedule is prepared on the accrual basis of accounting.

See accompanying notes to financial statements.

COMPLIANCE REPORTS



Personal attention. Verifiable results.

CERTIFIED PUBLIC ACCOUNTANTS | BUSINESS CONSULTANTS | WEALTH ADVISORS | HEALTHCARE PRACTICE CONSULTANTS

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

To the Executive Committee
Central Carolina Health Network
Greensboro, North Carolina

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 Central Carolina Health Network [a nonprofit organization] (the Network) which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 6, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Network's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Network's internal control. Accordingly, we do not express an opinion on the effectiveness of the Network'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Network'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 the Network'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 Network'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 Network's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DMJ & Co., PLLC

Certified Public Accountants
Greensboro, North Carolina

November 6, 2014



Personal attention. Verifiable results.

CERTIFIED PUBLIC ACCOUNTANTS | BUSINESS CONSULTANTS | WEALTH ADVISORS | HEALTHCARE PRACTICE CONSULTANTS

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

To the Executive Committee
Central Carolina Health Network
Greensboro, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Central Carolina Health Network's (the Network) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Network's major federal programs for the year ended June 30, 2014. The Network's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Network'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 Network'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 Network's compliance.

Opinion on Each Major Federal Program

In our opinion, the Network complied, in all material aspects, 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 the Network 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 Network's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 Network's internal control over compliance.

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

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

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

DMJ & Co., PLLC

Certified Public Accountants
Greensboro, North Carolina

November 6, 2014

CENTRAL CAROLINA HEALTH NETWORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:		Unqualified
Internal control over financial reporting:		
Material weakness identified	___ Yes	___ <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	___ Yes	___ <u>X</u> No
Noncompliance material to financial statements	___ Yes	___ <u>X</u> No

Federal Awards

Internal control over major programs:		
Material weakness identified?	___ Yes	___ <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	___ Yes	___ <u>X</u> No
Type of auditor’s report issued on compliance for major programs:		Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133	___ Yes	___ <u>X</u> No

Identification of Major Programs

<u>CFDA Number</u>	<u>Description</u>
93.917	Ryan White Part B
93.153	Ryan White Part D
14.241	HOPWA

Dollar threshold used to distinguish between Type A and Type B programs:		\$300,000
Auditee qualified as low-risk auditee?	___ <u>X</u> Yes	___ No

CENTRAL CAROLINA HEALTH NETWORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

No current year findings or questioned costs.

CENTRAL CAROLINA HEALTH NETWORK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2014

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ryan V. White Part B (CFDA 93.917)

13-1 Intake form for one client receiving services was not updated for the applicable six month period.

Condition: In our testing of client files, we identified one intake form that had not been updated for the applicable six month period.

Criteria: The Network must perform an update of each client's intake form that receives services every six months.

Cause: This condition was caused by management oversight of one sub-recipient entity.

Effect: By not updating the intake forms, the client was not properly reassessed for the program.

Auditor's Recommendation: We recommend that Network personnel perform regular audits of pass-through organizations to ensure that all requirements are met.

Grantee Response: All subcontracted agencies are expected to comply with HRSA biannual eligibility determination for the Ryan White programs. CCHN has provided training, in conjunction with the AIDS Care Program, for subcontracted agency staff to ensure staff understanding of these requirements. Additionally, files are reviewed by CCHN and the AIDS Care Program to ensure programmatic compliance. We continue to work with all of our subcontracted agencies to assure that patient eligibility is verified and clearly documented before billing is submitted.