

YOUR HEALTH CLINIC, INC.
dba CALLIE CLINIC

Financial Statements

December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Your Health Clinic, Inc.
Sherman, TX

We have audited the accompanying financial statements of Your Health Clinic, Inc., dba Callie Clinic (the Clinic) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Clinic'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 Clinic'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 Your Health Clinic, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 17, 2019, on our consideration of the Clinic's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Your Health Clinic, Inc.'s internal control over financial reporting and compliance.



K. Evans & Associates, CPA's
Frisco, Texas
May 20, 2020

FINANCIAL STATEMENTS

YOUR HEALTH CLINIC, INC.
Statement of Financial Position
December 31, 2019

ASSETS

Current Assets:

Cash & Cash Equivalents	\$ 934,143
Receivables, Net	272,442
Grants Receivable	117,473
Prepaid Expenses and Deposits	3,915
Inventory	<u>27,791</u>
Total Current Assets	<u>1,355,764</u>

Other Assets:

Financing Costs, Net	<u>7,923</u>
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Property & Equipment:

Land	253,715
Buildings & Improvements	745,378
Furniture & Equipment	171,642
Vehicles	64,048
Accumulated Depreciation	<u>(208,736)</u>
Total Property & Equipment	<u>1,026,047</u>

Total Assets	<u>\$ 2,389,734</u>
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LIABILITIES & NET ASSETS

Current Liabilities:

Accounts Payable	\$ 74,530
Accrued Wages	42,858
Accrued Expenses	942
Accrued Compensated Absences	49,594
Due to WHFPT	<u>5,447</u>
Total Current Liabilities	<u>173,371</u>

Without Donor Restrictions	2,169,886
With Donor Restrictions	<u>46,477</u>
Total Net Assets	<u>2,216,363</u>

Total Liabilities & Net Assets	<u>\$ 2,389,734</u>
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The accompanying notes are an integral part of this financial statement.

YOUR HEALTH CLINIC, INC.
Statement of Activities
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE & OTHER SUPPORT			
340B Prescription Drug Plan	\$ 3,032,295	\$ -	\$ 3,032,295
Federal Grants & Contracted Services	828,515	-	828,515
State Grants & Contracted Services	194,550	-	194,550
Contributions	15,000	57,100	72,100
Other Clinic Services	50,516	-	50,516
In-Kind Matching Donations	9,252	-	9,252
Other Revenue	13,682	-	13,682
Total Support	<u>4,143,810</u>	<u>57,100</u>	<u>4,200,910</u>
Net Assets Released from Restrictions	<u>58,496</u>	<u>(58,496)</u>	<u>-</u>
Total Revenue & Other Support	<u>4,202,306</u>	<u>(1,396)</u>	<u>4,200,910</u>
EXPENSES			
Program Services	3,755,116	-	3,755,116
Management & General	189,815	-	189,815
Total Expenses	<u>3,944,931</u>	<u>-</u>	<u>3,944,931</u>
Changes in Net Assets	257,375	(1,396)	255,979
Net Assets at Beginning of Year	<u>1,912,511</u>	<u>47,873</u>	<u>1,960,384</u>
Net Assets at End of Year	<u>\$ 2,169,886</u>	<u>\$ 46,477</u>	<u>\$ 2,216,363</u>

The accompanying notes are an integral part of this financial statement.

YOUR HEALTH CLINIC, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services	Management & General	Total
Client Assistance:			
Medications	\$ 1,887,526	\$ -	\$ 1,887,526
Counseling	9,490	-	9,490
Dental	78,781	-	78,781
Housing	148,206	-	148,206
Insurance Assistance	20,802	-	20,802
Lab Fees	49,394	-	49,394
Medical	5,440	-	5,440
Nutrition	33,445	-	33,445
Other Services	1,023	-	1,023
Salaries & Wages	763,916	95,479	859,395
Payroll Taxes	59,804	7,475	67,279
Retirement	16,402	2,050	18,452
Auto Expense	4,132	516	4,648
Computer & Technology	49,946	6,243	56,189
Equipment Rental	2,140	268	2,408
Insurance - Health	64,123	8,015	72,138
Insurance - Liability & Other	20,091	2,511	22,602
Office Expenses	22,239	2,779	25,018
Professional Fees	328,738	41,088	369,826
Program Supplies	30,675	3,834	34,509
Rent	1,069	134	1,203
Repairs & Maintenance	24,919	3,115	28,034
Telephone & Internet	16,492	2,061	18,553
Travel & Conferences	32,815	4,101	36,916
Utilities	10,782	1,348	12,130
Interest	3,494	437	3,931
In-Kind	8,224	1,028	9,252
Bad Debt	2,339	-	2,339
Miscellaneous Expense	1,025	128	1,153
Depreciation & Amortization	57,644	7,205	64,849
	<u>\$ 3,755,116</u>	<u>\$ 189,815</u>	<u>\$ 3,944,931</u>

The accompanying notes are an integral part of this financial statement.

YOUR HEALTH CLINIC, INC.
Statement of Cash Flows
For the Year Ended December 31, 2019

Cash Flows from Operating Activities:	
Cash Received from Prescription Drug Plan	\$ 2,959,802
Cash Received from Grants & Contributions	1,107,248
Cash Earned from Other Income	73,450
Cash Paid to Suppliers for Goods & Services	(2,988,024)
Cash Paid to Employees for Services	(833,099)
Net Cash Provided by Operating Activities	<u>319,377</u>
Cash Flows from Financing Activities:	
Note Principal Payments	<u>(156,394)</u>
Net Cash Used in Financing Activities	(156,394)
Net Increase/(Decrease) in Cash	162,983
Cash at Beginning of Year	<u>771,160</u>
Cash at End of Year	<u>\$ 934,143</u>

**RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Change in Net Assets	\$ 255,979
Adjustments to Reconcile Change in Net Assets to Net Cash Provided/(Used) by Operating Activities	
Depreciation	64,849
(Increase)/Decrease in Operating Assets:	
Receivables, Net	(72,493)
Grants Receivable	12,083
Prepaid Expenses	10,605
Inventory	(2,770)
Increase/(Decrease) in Operating Liabilities:	
Accounts Payable	19,694
Accrued Wages	9,783
Accrued Expenses	(313)
Accrued Compensated Absences	16,513
Due to WHFPT	5,447
Net Adjustments	<u>63,398</u>
Net Cash Provided by Operating Activities	<u>\$ 319,377</u>

The accompanying notes are an integral part of this financial statement.

YOUR HEALTH CLINIC, INC.
Notes to Financial Statements
For the Year Ended December 31, 2019

NATURE OF ACTIVITIES & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization & Nature of Activities

Your Health Clinic, Inc., dba Callie Clinic (the Clinic) was formed as a Texas non-profit organization on July 19, 1991, to support and maintain the best possible quality of life for persons in the Texoma area with AIDS and AIDS-related illness by providing and promoting public and privately funded vital human services. The Clinic's major source of program funding is through the federal 340b Prescription Drug Plan. The Clinic also participates in state and federal grants and contract service agreements.

Basis of Accounting

The financial statements of the Clinic have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Cash & Cash Equivalents

The Clinic considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of 340b drug plan receivables and federal and state grant contract receivables that are stated at the amount billed but not received for expenses that relate to the fiscal year. The Clinic uses the direct write-off method for any uncollectible amounts, therefore, no allowance for uncollectible accounts has been estimated.

Inventory

Inventory consists of HIV / STD testing supplies, pharmaceuticals, and other supplies and is stated at cost, on a first-in-first-out basis.

Capital Assets

Capital assets are carried at cost or, if donated, at the approximate fair value at the date of donation. Capital assets with an original cost of at least \$5,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings & Improvements	15-40 years
Furniture & Equipment	3-15 years
Vehicles	5 years

Accrued Compensated Absences

All full time and part-time regular employees begin earning paid time off (PTO) from the date of hire. PTO cannot be used until completion of a 90-day probation period. PTO includes vacation and sick time, with no distinction. Full-time employees earn 120 hours per year and part-time employees earn various days based on scheduled hours per pay period. All PTO becomes available on January 1st of each year; unused PTO may be carried over up to 120 hours.

YOUR HEALTH CLINIC, INC.
Notes to Financial Statements
For the Year Ended December 31, 2019

NATURE OF ACTIVITIES & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Contributions received are recorded as increases in net assets with donor restrictions, or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the statement of activities as net assets released from restrictions.

Donated Goods & Services

Donated goods and services that can be measured and meet certain other requirements are recorded in the financial statements as in-kind contributions and expenses of a like amount.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Clinic is exempt from income taxes under Internal Revenue Code Section 501(c)(3). The Clinic is required to file an annual Return of Organization Exempt from Income Tax (Form 990) with the IRS.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

YOUR HEALTH CLINIC, INC.
Notes to Financial Statements
For the Year Ended December 31, 2019

LIQUIDITY & AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash & Cash Equivalents	<u>\$ 887,666</u>
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With donor restrictions donation income is restricted for specific purposes, with the exception of the amounts available for general use. Funds with donor restrictions are not available for general expenditure.

As part of the liquidity management plan, the Clinic invests cash in excess of daily requirements in cash and bank certificates of deposit.

FINANCIAL INSTRUMENTS

Cash in Banks & On Hand consists of certain bank checking and savings accounts. The balances in the banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. At December 31, 2019, the carrying balances were \$934,143 and the bank balances were \$940,720. At December 31, 2019, \$187,339 of the bank balances exceeded the FDIC coverage.

RECEIVABLES

At December 31, 2019, accounts receivable and grants receivable consisted of the following:

<u>Receivables, Net</u>	
340B Prescription Drug Plan	\$ 270,163
Other Billings	1,151
Employees	1,128
Total Receivables, Net	<u>\$ 272,442</u>

<u>Grants Receivable</u>	
Ryan White	\$ 40,435
HOPWA	24,200
HRSA	20,147
State Services	32,691
Total Grants Receivable	<u>\$ 117,473</u>

CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2019, is presented as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 253,715	\$ -	\$ -	\$ 253,715
Buildings & Improvements	745,378	-	-	745,378
Furniture & Equipment	171,642	-	-	171,642
Vehicles	64,048	-	-	64,048
Total	<u>1,234,783</u>	<u>-</u>	<u>-</u>	<u>1,234,783</u>
Less: Accumulated Depreciation	<u>(146,528)</u>	<u>(62,208)</u>	<u>-</u>	<u>(208,736)</u>
Total Property and Equipment Net of Accumulated Depreciation	<u>\$ 1,088,255</u>	<u>\$ (62,208)</u>	<u>\$ -</u>	<u>\$ 1,026,047</u>

Depreciation expense for the year ended December 31, 2019 totaled \$62,208.

YOUR HEALTH CLINIC, INC.
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTES PAYABLE

On April 12, 2017, the Clinic modified a pre-existing construction loan with Independent Bank. The note balance of \$245,000 is collateralized by Clinic property and bears a variable interest rate. The note is payable in 59 monthly principal and interest payments in the amount of \$2,575, with interest calculated on the unpaid principal balance using an interest rate of 4.75% per annum. The payments began May 12, 2017 and continue through April 12, 2022, after which, the interest will adjust to the Wall Street Journal Prime Rate plus 0.75%, until the final maturity date of April 12, 2027. The Clinic has fully paid off the note on July 29, 2019. As of December 31, 2019, the outstanding balance on this loan was \$0. Interest expense for 2019 was \$3,895.

Changes in notes payable for the year ended December 31, 2019 are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Independent Bank Note	\$ 156,394	\$ -	\$ (156,394)	\$ -
Total Notes Payable	<u>\$ 156,394</u>	<u>\$ -</u>	<u>\$ (156,394)</u>	<u>\$ -</u>

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

Subject to Expenditure for Specified Purpose:

Dental & Mental Health Services	\$ 39,138
Mental Health Services	5,239
Mens with HIVAIDS	2,100
Total	<u>\$ 46,477</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donors as follows for the year ended December 31, 2019:

Satisfaction of Purpose Restrictions:

Dental & Mental Health Services	\$ 25,000
Mental Health Services	24,761
Housing Assistance	8,735
Total	<u>\$ 58,496</u>

FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy (rent & utilities), depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, interest, insurance, and repairs and maintenance, which are allocated on the basis of estimates of time and effort.

YOUR HEALTH CLINIC, INC.
Notes to Financial Statements
For the Year Ended December 31, 2019

RELATED PARTY TRANSACTIONS

The President of the Clinic's Board of Directors is also an employee of Independent Bank, at which the Clinic maintains a note payable. The Director of Finance for the Clinic is also the President of the Board at Alcoholic Services of Texoma Inc. (ASTI), at which the Clinic had previously maintained a note. The Clinic also receives rental income from ASTI, for the use of an office. The Clinic continued to lease the space through March 31, 2020, at which time the lease terminated by mutual agreement of the parties. Office space was leased for \$500 a month and the related rental income for the year ended December 31, 2019 was \$6,000.

CONTINGENCIES & CREDIT RISK

The Clinic receives a significant amount of its revenues from federal grants, state grants, and the federal 340B Prescription Drug Plan. These grants are remitted through federal agencies, Dallas County Health and Human Services (DCHHS), and the Texas Department of Health (TDH). Funding of such grants is determined by federal government, DCHHS, and/or TDH, which on an annual basis, can be reduced or not renewed. There is a contingency that a significant reduction in county, state or federal funding could affect the Clinic's ability to operate due to the concentration of revenues from the grant or 340B Prescription Drug Plan.

The Clinic's revenues from the government grants and contracts are based upon allowable costs reported to and audited by the respective grantor agencies. As a result, refunds may result in any costs deemed unallowable by the grantor. The amount, if any, of costs, which may be disallowed by the granting agencies, cannot be determined at this time. Revenues from the federal 340B Drug Program are also subject to agency audits. No provision has been made in the financial statements for such contingencies.

HEALTH CARE COVERAGE

The Clinic offers a choice of two HCA compliant Health Insurance plans to all full-time employees. The Clinic pays 80% of the monthly premium. The Clinic recovers the employee's 20% share through payroll deduction. Employee dependent coverage is available, without Clinic subsidy. For the year ended December 31, 2019, the Clinic contributed \$72,138 for these benefits.

EMPLOYEE BENEFITS

The Clinic has adopted a Simple IRA defined contribution plan for the benefit of all full-time employees who choose to contribute. Each eligible employee may contribute up to \$12,500, in 2019, through a salary reduction agreement, which is deposited into their individual Fidelity Investment account. During 2019, employees age fifty or over, had the option to make catch-up contributions of an additional \$3,000. The Clinic matches each employee's salary reduction contribution on a dollar-to-dollar basis up to 3% of the employee's compensation. For the year ended December 31, 2019, the Clinic contributed \$18,452 for the benefit of all employees who can reasonably expect to receive at least \$5,000 in compensation from the Clinic for the current calendar year.

SUBSEQUENT EVENTS

The Clinic has evaluated subsequent events through May 20, 2020, the date which the financial statements were available to be issued. Nothing significant has been noted.

COMPLIANCE & INTERNAL CONTROL SECTION



**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***

Board of Directors
Your Health Clinic, Inc.
Sherman, TX

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 Your Health Clinic, Inc., dba Callie Clinic (the Clinic) (a nonprofit organization), which comprise the statement of financial position as of and for the year ended December 31, 2019, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clinic'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 Clinic's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clinic'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 Clinic'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 & Other Matters

As part of obtaining reasonable assurance about whether the Clinic'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 Clinic'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 Clinic's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



K. Evans & Associates, CPA's
Frisco, TX
May 20, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Your Health Clinic, Inc.
Sherman, TX

Report on Compliance for Each Major Federal Program

We have audited Your Health Clinic, Inc., dba Callie Clinic (the Clinic) (a nonprofit organization), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Clinic's major federal programs for the year ended December 31, 2019. Clinic'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Clinic'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Clinic'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 Clinic's compliance.

Opinion on Each Major Federal Program

In our opinion, Clinic 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 December 31, 2019.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of Clinic 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 Clinic 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 the Uniform Guidance, 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 Clinic 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



K. Evans & Associates, CPA's
Frisco, TX
May 20, 2020

YOUR HEALTH CLINIC, INC.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

I. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies were disclosed during the audit of the financial statements. No material weaknesses are reported.
3. No issues of noncompliance material to the financial statements which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies in internal controls over major federal award programs were disclosed during the audit. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with Title 2 U.S. CFR Part 200, of the Uniform Guidance.
7. The programs tested as major programs were:
Ryan White Part D (CFDA 93.917)
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. Auditee was determined to be a low - risk auditee.

YOUR HEALTH CLINIC, INC.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

<u>Program</u>	Status of Prior Year's Finding	<u>Noncompliance</u>
	- NONE -	

YOUR HEALTH CLINIC, INC.
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2019

Grantor/Program Title	Federal CFDA Number	Pass Through Entity ID Number	Federal Expenditures
<u>Unites States Department of Health and Human Services</u>			
<u>Passed Through U.S. Department of Health and Human Services:</u>			
Ryan White Part D	93.153		\$ 218,457
Title X Project	93.217		<u>151,982</u>
Total Passed Through U.S. Department of Health and Human Services			<u>370,439</u>
<u>Passed Through Dallas County:</u>			
Ryan White Part B	93.917		212,909
HOPWA	93.153		<u>187,614</u>
Total Passed Through Dallas County			<u>400,523</u>
<u>Passed Through Women's Health and Family Planning Association of Texas (WHFPT):</u>			
WHFPT Title X Project	93.217		<u>57,553</u>
Total Passed Through WHFPT			<u>57,553</u>
Total United States Department of Health and Human Services			<u>828,515</u>
Total Expenditures of Federal Awards			<u><u>\$ 828,515</u></u>

YOUR HEALTH CLINIC, INC.
Notes to Schedule of Expenditures of Federal Awards
For Year Ended December 31, 2019

1. Basis of Presentation:

The schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Clinic under programs of federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements Title 2 *U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Clinic, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Clinic.

2. Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Not-Profit Organizations, or the cost principles contained in Title 2 *U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditure are not allowed or are limited as to reimbursement.