

BIENVENIDOS COMMUNITY HEALTH CENTER

**FINANCIAL STATEMENTS,
SUPPLEMENTAL SCHEDULE,
and
ADDITIONAL INFORMATION**

JUNE 30, 2014

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Certified Public Accountants, LLP

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bienvenidos Community Health Center

Report on the Financial Statements

We have audited the accompanying financial statements of Bienvenidos Community Health Center, which comprise the Statement of Financial Position as of June 30, 2014, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bienvenidos Community Health Center as of June 30, 2014, 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.

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INDEPENDENT AUDITORS' REPORT

continued

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, "*Audit of States, Local Government, and Nonprofit Organizations*" is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014 on our consideration of Bienvenidos Community Health Center'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 Bienvenidos Community Health Center's internal control over financial reporting and compliance.

Harrington Group

Pasadena, California
December 5, 2014

BIENVENIDOS COMMUNITY HEALTH CENTER

STATEMENT OF FINANCIAL POSITION

June 30, 2014

Assets	
Cash	\$ 207,522
Accounts receivable	532,851
Property and equipment (Note 3)	<u>9,373</u>
Total assets	<u><u>\$ 749,746</u></u>
Liabilities and net assets	
Liabilities	
Accounts payable	\$ 45,941
Amount due to affiliate (Note 4)	<u>775,210</u>
Total liabilities	<u>821,151</u>
Net assets	
Unrestricted	(292,121)
Temporarily restricted (Note 6)	<u>220,716</u>
Total net assets	<u>(71,405)</u>
Total liabilities and net assets	<u><u>\$ 749,746</u></u>

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

BIENVENIDOS COMMUNITY HEALTH CENTER

STATEMENT OF ACTIVITIES

For the year ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support			
Medical services	\$ 1,474,970	\$ -	\$ 1,474,970
Contributions	220,024	285,000	505,024
Special events, net of expenses of \$37,322	36,884		36,884
Other income	12,226		12,226
Net assets released from restrictions	64,284	(64,284)	-
Total revenue and support	<u>1,808,388</u>	<u>220,716</u>	<u>2,029,104</u>
Expenses			
Program services	1,791,777		1,791,777
Management and general	230,429		230,429
Fundraising	78,303		78,303
Total expenses	<u>2,100,509</u>	<u>-</u>	<u>2,100,509</u>
Change in net assets	(292,121)	220,716	(71,405)
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ (292,121)</u>	<u>\$ 220,716</u>	<u>\$ (71,405)</u>

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

BIENVENIDOS COMMUNITY HEALTH CENTER

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2014

	<u>Program Services</u>	<u>Support Services</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and wages	\$ 716,598	\$ 110,484	\$ 57,863	\$ 884,945
Payroll taxes and employee benefits	122,467	27,317	6,811	156,595
Total personnel costs	<u>839,065</u>	<u>137,801</u>	<u>64,674</u>	<u>1,041,540</u>
Program supplies	401,113	1,167	13,186	415,466
Contract services	272,946	12,445		285,391
Rent	93,395	17,206		110,601
Utilities	66,300		1	66,301
Communications	36,324	7,378	78	43,780
Insurance	24,397	6,458	37	30,892
Legal and accounting	3,775	23,107		26,882
Depreciation and amortization	11,899	5,867	1	17,767
Miscellaneous	7,975	9,283		17,258
Travel	5,726	4,481	5	10,212
Office supplies	5,955	510	3	6,468
Meetings and conferences	3,775	2,646	1	6,422
Dues and subscriptions	5,591	249	2	5,842
Staff training	3,994	617	25	4,636
Recruiting and advertising	3,350	185	290	3,825
Taxes and licenses	3,390	87		3,477
Printing	2,247	401		2,648
Postage	560	541		1,101
				-
Total functional expenses	<u><u>\$ 1,791,777</u></u>	<u><u>\$ 230,429</u></u>	<u><u>\$ 78,303</u></u>	<u><u>\$ 2,100,509</u></u>

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

BIENVENIDOS COMMUNITY HEALTH CENTER

STATEMENT OF CASH FLOWS

For the year ended June 30, 2014

Cash flows from operating activities:	
Change in net assets	\$ (71,405)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	17,767
Assets transferred from affiliate	(27,140)
Changes in operating assets and liabilities:	
(Increase) in accounts receivable	(532,851)
Increase in accounts payable	45,941
Increase in due to affiliate	775,210
	<hr/>
Net cash provided by operating activities	207,522
	<hr/>
Net increase in cash	207,522
Cash, beginning of year	<hr/> -
Cash, end of year	<hr/> \$ 207,522 <hr/>

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

BIENVENIDOS COMMUNITY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS

1. **Organization**

Bienvenidos Community Health Center (“Bienvenidos”) is a non-profit Federally Qualified Health Center formed to provide exceptional health care to patients in our service area throughout their lives. As a community-based organization, Bienvenidos fulfills its mission by delivering quality health care services throughout the entire life cycle, in a manner that is respectful and conscious of the cultural and linguistic needs of our patients.

Bienvenidos builds on a foundation of empowering patients to take control of their health and lives, offering extensive family planning, health screening, and health education in addition to primary and acute care. Behavioral health services additionally provide confidential, accessible counseling and support that mitigates the stigma usually associated with seeking mental health treatment. Collaborative relationships with local hospitals ensure that patients will receive coherent care in all situations. Partnership with our founding organization, Bienvenidos Children’s Center, further deepens the array of service provision, opening up support for preventing and ending family violence.

Headquartered in East Los Angeles, Bienvenidos operates two sites: a primary-care clinic and a school-based wellness center at Garfield High school; and a mobile medical unit that takes health to the community, breaking down barriers to effective care. Bienvenidos focuses on creating a patient-centered medical home, which eases families out of crisis mode and into the routine maintenance of good health throughout their lives.

2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of Bienvenidos are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

BIENVENIDOS COMMUNITY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Unrestricted. These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Temporarily Restricted. Bienvenidos reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions.

Permanently Restricted. These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit Bienvenidos to expend all of the income (or other economic benefits) derived from the donated assets. Bienvenidos has no permanently restricted net assets at June 30, 2014.

Accounts Receivable

Accounts receivable are primarily receivables from governmental agencies. Therefore, no allowance for doubtful accounts has been provided.

Concentration of Credit Risks

Bienvenidos places most of its temporary cash investments with a high-credit, quality financial institution. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Bienvenidos has not incurred losses related to these investments.

The primary receivable balance outstanding at June 30, 2014 consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of Bienvenidos' receivables consist of earned fees from contract programs granted by governmental agencies.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than one year.

BIENVENIDOS COMMUNITY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

Income Taxes

Bienvenidos is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by Bienvenidos in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Bienvenidos' returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

Costs of providing Bienvenidos' programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. Bienvenidos uses a square footage, time studies, number of patient visits, census records, number of full-time equivalent employees, or percentage of use estimates to allocate indirect costs.

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 reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through December 5, 2014, the date the financial statements were available to be issued.

BIENVENIDOS COMMUNITY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS

3. Property and Equipment

Property and equipment at June 30, 2014 consist of the following:

Leasehold improvements	\$ 20,856
Less: accumulated depreciation	<u>(11,483)</u>
	<u>\$ 9,373</u>

Depreciation expense for the years ended June 30, 2014 was \$17,767.

4. Transactions with Affiliate

Bienvenidos received support from Bienvenidos Children's Center, Inc., ("BCC") a related entity. Such amounts are included in support and revenue. BCC assisted Bienvenidos with payments for operational expenses. The amount due to BCC at June 30, 2014 was \$775,210.

5. Commitments and Contingencies

Obligations Under Operating Leases

Bienvenidos leases certain facilities and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

<u>Year ended June 30,</u>	
2015	\$ 95,498
2016	98,363
2017	101,314
2018	<u>52,177</u>
	<u>\$347,352</u>

Rent expense under operating leases for the year ended June 30, 2014 was \$77,908.

BIENVENIDOS COMMUNITY HEALTH CENTER

NOTES TO FINANCIAL STATEMENTS

5. Commitments and Contingencies, continued

Bienvenidos' grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously-funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated. Bienvenidos has no provisions for the possible disallowance of program costs on its financial statements.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2014 consist of the following:

	<u>2014</u>
Patient care services	\$131,250
Clinic operations	66,664
School-based health and dental clinics	<u>22,802</u>
	<u>\$220,716</u>

For the year ended June 30, 2014 net assets released from program restrictions were \$164,284.

SUPPLEMENTAL SCHEDULE

BIENVENIDOS COMMUNITY HEALTH CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2014

<u>Program Name</u>	<u>Contract Number</u>	<u>Federal CFDA Number</u>	<u>Contract Term</u>	<u>Program Award</u>	<u>Program Expenditures</u>
Federal Awards					
U.S. Department of Health and Human Services ("DHHS"):					
Pass-through, Bienvenidos Children's Center, Inc.:					
Family Planning Services (a)	5 FPHPA096022-03-00	93.217	12/31/11-12/30/14	\$ 1,205,000	\$ 319,730
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) (a)	6 H80CS26617-01-03	93.244	11/1/13-12/31/15	733,333	333,434
Total DHHS				<u>1,938,333</u>	<u>653,164</u>
Total federal awards				<u>\$ 1,938,333</u>	<u>\$ 653,164</u>

(a) Audited as a major program.

Summary of Significant Accounting Policies

- 1) Basis of Accounting - The Schedule of Expenditures of Federal Awards has been reported on the accrual basis of accounting.
- 2) Bienvenidos is exempt from income taxation under Internal Revenue Code Section 501(c)(3) and California Revenue Taxation Code Section 23701d.

See independent auditors' report.

ADDITIONAL INFORMATION

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

To the Board of Directors
Bienvenidos Community Health Center

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 Bienvenidos Community Health Center ("Bienvenidos"), which comprise the Statement of Financial Position as of June 30, 2014, and the related Statements 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 December 5, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2014-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bienvenidos 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*.

Bienvenidos Community Health Center's Response to Finding

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

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***
continued

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 Bienvenidos' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bienvenidos' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harrington Group

Pasadena, California
December 5, 2014



Certified Public Accountants, LLP

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

To the Board of Directors
Bienvenidos Community Health Center

Report on Compliance for Each Major Federal Program

We have audited Bienvenidos Community Health Center's ("Bienvenidos") 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 Bienvenidos' major federal program for the year ended June 30, 2014. Bienvenidos' major federal program is identified in the summary of auditors' 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.

Auditors' Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Bienvenidos complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Bienvenidos 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 Bienvenidos' 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 Bienvenidos' internal control over compliance.

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**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by OMB Circular A-133**

continued

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.

Harrington Group

Pasadena, California
December 5, 2014

BIENVENIDOS COMMUNITY HEALTH CENTER
Schedule of Findings and Questioned Costs
For the year ended June 30, 2014

Section I – Summary of Auditors’ Results

Financial Statements:

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Type of auditors’ 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?	No
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Identification of Major Programs:

U.S. Department of Health and Human Services:	
Family Planning Services	93.217
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.244

BIENVENIDOS COMMUNITY HEALTH CENTER

Schedule of Findings and Questioned Costs

For the year ended June 30, 2014

continued

Section II – Financial Statements Findings

2014-001. Lack of trial balance. We noted that throughout the year Bienvenidos Community Health Center did not have its own general ledger. Instead, all transactions were recorded in the books of an affiliated company. Separating the year's transactions between the two entities was an arduous process that was not accomplished until September 2014.

We recommend that both entities continue to maintain separate general ledgers of each entity.

Plan of correction:

Management has carefully reviewed each of the transactions for the fiscal year ended June 30, 2014 to determine whether they were for Bienvenidos Children's Center (BCC) or Bienvenidos Community Health Center (BCHC). During the fiscal year, a separate "Medical" division cost center was used to clearly report BCHC revenue, expenses, and capital assets. Separate bank accounts were opened for BCHC during the year. A separate section of the Balance Sheet tracked BCHC receivables. At the end of the year, vendor payables were split between BCC and BCHC as appropriate.

Section III – Federal Award Findings and Questioned Costs

There are neither findings nor questioned costs for Federal awards as defined in OMB Circular A-133.

Section IV – Summary Schedule of Prior Year Findings

None.