

CALIFORNIA HEALTH COLLABORATIVE

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REPORT ON AUDITED  
FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION

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YEAR ENDED JUNE 30, 2008

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
California Health Collaborative  
Fresno, California

We have audited the accompanying statement of financial position of California Health Collaborative (a nonprofit corporation) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Health Collaborative as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 29, 2008, on our consideration of California Health Collaborative'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of California Health Collaborative 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.

*Sampson & Sampson*

October 29, 2008

CALIFORNIA HEALTH COLLABORATIVE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2008

ASSETS

ASSETS:

Cash	\$ 961,214
Investments	1,596,676
Grants receivable	1,351,718
Accounts receivable	126,890
Prepaid expenses	81,303
Property and equipment, net of accumulated depreciation	<u>8,307</u>
TOTAL ASSETS	<u>\$4,126,108</u>

LIABILITIES:

Accounts payable	\$ 228,495
Accrued payroll and related expenses	309,833
Deferred revenue	<u>534,200</u>
TOTAL LIABILITIES	<u>1,072,528</u>

NET ASSETS:

Unrestricted	<u>3,053,580</u>
TOTAL NET ASSETS	<u>3,053,580</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$4,126,108</u>

CALIFORNIA HEALTH COLLABORATIVE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

CHANGES IN UNRESTRICTED NET ASSETS:

REVENUES AND SUPPORT:

Grant revenue	\$ 6,836,683
Charges for services	934,090
Investment income (loss)	(118,774)
In-kind revenue	239,233
Other income	<u>29,752</u>
TOTAL REVENUES AND SUPPORT	7,920,984

EXPENSES:

Program services:

Breast cancer care coordination and navigation	\$ 926,707
Other cancer programs	2,674,594
Tobacco programs	212,152
Maternal child programs	1,619,799
Teen pregnancy programs	770,769
Nutrition programs	506,861
Other programs	<u>565,864</u>
Total program services	<u>7,276,746</u>

Support services:

Management and general expenses	<u>807,155</u>
TOTAL EXPENSES	<u>8,083,901</u>

CHANGE IN NET ASSETS (162,917)

NET ASSETS, BEGINNING OF YEAR 3,216,497

NET ASSETS, END OF YEAR \$ 3,053,580

CALIFORNIA HEALTH COLLABORATIVE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2008

	Program Services							Total Program Services	Support Services	Management and General	Total
	Care Coordination and Navigation	Other Cancer Programs	Tobacco Program	Maternal Child Programs	Teen Pregnancy Programs	Nutrition	Other Programs				
Salaries and benefits	\$ 461,923	\$ 1,807,427	\$ 108,824	\$ 353,573	\$ 406,841	\$ 223,604	\$ 400,313	\$ 3,762,505	\$ 554,396	\$ 4,316,901	
Facilities expense	47,840	115,289	11,200	42,516	23,251	16,376	2,118	258,590	66,110	324,700	
Office expense	51,497	142,696	14,175	58,643	37,134	19,242	26,690	350,077	67,414	417,491	
Travel and training	6,787	110,634	12,822	17,768	40,506	17,193	27,333	233,043	24,661	257,704	
Purchased services	237,785	111,243	39,579	1,050,408	56,651	191,135	87,428	1,774,229	59,566	1,833,795	
Indirect expense	120,875	352,129	25,552	46,537	42,837	38,412	16,073	642,415	35,008	642,415	
Other expense				7,057	6,321	899	2,377	16,654		51,662	
In-kind expense		35,176		43,297	157,228	3,532		239,233		239,233	
	\$ 926,707	\$ 2,674,594	\$ 212,152	\$ 1,619,799	\$ 770,769	\$ 506,861	\$ 565,864	\$ 7,276,746	\$ 807,155	\$ 8,083,901	

EXPENSES:

See independent auditors' report and notes to financial statements.

CALIFORNIA HEALTH COLLABORATIVE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (162,917)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	11,128
(Increase) decrease in assets:	
Grants receivable	(420,933)
Accounts receivable	(12,299)
Prepaid expenses	(7,802)
Increase (decrease) in liabilities:	
Accounts payable	(125,797)
Accrued expenses	32,692
Deferred revenue	<u>(1,110,541)</u>
Net cash used by operating activities	(1,796,469)
CASH FLOW FROM INVESTING ACTIVITIES:	
Purchase of investments, net of redemptions	<u>98,118</u>
Net cash used by investing activities	<u>98,118</u>
CASH AND CASH EQUIVALENTS:	
Net decrease	(1,698,351)
Beginning balance	<u>2,659,565</u>
Ending balance	<u>\$ 961,214</u>

CALIFORNIA HEALTH COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

NOTE 1 - NATURE OF ACTIVITIES:

California Health Collaborative (the “Agency”) is a nonprofit corporation incorporated in the State of California. The Agency primarily conducts activities funded by governmental contracts and private foundation grants, which are intended to promote the development and accessibility of needed health services, and improve the planning and coordination of services among providers and consumers of health services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements of the Agency have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. Under SFAS No. 117, the Agency 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. At June 30, 2008, the Agency did not have any temporarily or permanently restricted net assets.

Contributions and Grants

In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions.

Grants that are determined to be exchange transactions are classified as deferred revenue until expended for the purposes of the grants.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CALIFORNIA HEALTH COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont):

Property and Equipment

Contributed property and equipment are recorded at fair value on the date of donation. Contributions of property and equipment are recorded as unrestricted support, unless the donor stipulates how long the assets must be used. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Property and equipment purchased with government funds are recorded as expenses in the year of acquisition in accordance with grant requirements. The cost of property and equipment are recorded as an asset with a corresponding off-set in accumulated depreciation. Property and equipment purchased with government funds are not depreciated. Property and equipment purchased with Agency funds are capitalized at cost and depreciated over the useful estimated lives of the asset using the straight-line method.

In the event of contract termination, certain funding sources require title to property and equipment previously purchased with grant funds revert to the funding source. Certain funding sources also limit the use of property and equipment from the funding source.

In-Kind Contributions

Several grant programs require the Agency to report in-kind contributions as required by their contracts. In-kind contributions consist primarily of donated materials, facilities and services. Materials and facilities are recorded based upon current fair market value. Contributed services are recognized as revenue if the services create or enhance non-financial assets or require specialized skills. In-kind contributions totaling \$239,233 have been included in revenue and program expenses.

In addition, several individuals volunteer their time and perform a variety of tasks in conjunction with the Agency's programs. No amounts have been reflected in the financial statements for these donated services since the volunteers' time does not meet the criteria for recognition under SFAS No. 116.

Income Tax Status

The Agency is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and Section 23701(d) of the State of California Revenue and Tax Code.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Agency considers deposits in banks, money market accounts and other investments purchased with a maturity of three months or less to be cash equivalents.

CALIFORNIA HEALTH COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont):

Grants and Accounts Receivable

Grants and accounts receivable are primarily contracts from funding sources for services performed under cost reimbursement or exchange contracts. These receivables are considered fully collectible, and therefore, no allowance for doubtful accounts has been recorded in the accompanying financial statements.

Investments

The Agency carries investments in marketable securities with readily determinable fair values and investments in debt securities at the fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income from the Care Coordination and Navigation program funds are recorded as deferred revenue until the funds are expended.

Accrued Compensated Absences

Employees are entitled to paid vacation, paid sick days, and personal days off, depending on length of service and other factors. The Agency records a liability for amounts due for accrued vacation at pay rates currently in effect for the employee. The liability is recorded in accrued payroll and related expenses.

Expense Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Expenses are charged to programs and supporting services on the basis of program costs. General and administrative costs include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Agency.

NOTE 3 - CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consists of the following at June 30, 2008:

	<u>Amount</u>
Business checking and petty cash	\$ 23,183
Money market funds	<u>938,031</u>
	<u>\$ 961,214</u>

CALIFORNIA HEALTH COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

(Continued)

NOTE 4 - INVESTMENTS:

Investments are presented at their fair value as determined by quoted market prices and consist of the following at June 30, 2008:

	<u>Amount</u>
Corporate fixed income	\$ 341,862
Government securities	622,613
Stocks	<u>632,201</u>
	<u>\$ 1,596,676</u>

Unrealized and realized gains and losses from investments purchased, sold and held during the year are recorded in investment income along with interest and dividends in the statement of activities. Investment income (loss) for the year ended June 30, 2008 was \$(118,774).

NOTE 5 - CONCENTRATION OF CREDIT RISK:

Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of cash balances in excess of the U.S. Federal Deposit Insurance Corporation (FDIC) insured \$100,000 limit and all money market funds. The amount in excess of federally insured limits at June 30, 2008 is approximately \$935,000.

The Agency has not experienced any losses in such accounts and management believes the Agency is not exposed to any significant credit risk related to cash.

NOTE 6 - PROPERTY AND EQUIPMENT:

Property and equipment at June 30, 2008 consists of furniture, equipment, and computers with an original cost of \$627,301. As mentioned in Note 2, property and equipment purchased with government funds are not depreciated. As of June 30, 2008, property and equipment net of accumulated depreciation is \$8,307.

Depreciation expense for the year ended June 30, 2008 was \$11,128 and is reflected in the statement of activities.

CALIFORNIA HEALTH COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

(Continued)

NOTE 7 - DEFERRED REVENUE:

Deferred revenue consists of funds received from grants in advance of grant expenditures. Deferred revenue as of June 30, 2008, consists of the following:

	<u>Amount</u>
Care Coordination and Navigation program	\$ 59,229
Children's Health Initiative	165,890
Other programs	<u>309,081</u>
	<u>\$ 534,200</u>

NOTE 8 - LINE OF CREDIT:

The Agency has an unsecured operating line of credit of \$500,000 with a financial institution. The line bears interest at .5% below the bank's reference rate. The Agency did not draw on the line of credit during the year ended June 30, 2008.

NOTE 9 - RETIREMENT PLAN:

The Agency has a defined contribution plan covering all employees who have completed the minimum eligibility service requirements. Vesting occurs at 20% for the first year of eligibility and at 20% increments each year thereafter. The Agency contributes 5% of the participant's compensation and an additional matching contribution up to 3% of a participant's compensation. Each participant may elect to have compensation reduced up to 15%. The Agency contribution for the year ending June 30, 2008 was \$211,439.

NOTE 10 - LEASE COMMITMENTS:

The Agency leases office facilities and equipment under various noncancelable operating leases expiring throughout years 2009 through 2011.

CALIFORNIA HEALTH COLLABORATIVE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

(Continued)

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2008, are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2009	\$ 205,317
2010	181,823
2011	<u>181,400</u>
	<u>\$ 568,540</u>

Total rent expense for all leases for the year ended June 30, 2008 was \$324,700.

NOTE 11 - CONTINGENT LIABILITIES:

Amounts received from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the California Health Collaborative. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Agency expects such amounts, if any, to be immaterial.

NOTE 12 - SUBSEQUENT EVENTS:

As mentioned in Note 7, the Agency reports grant funds received in advance of grant expenditures as a liability in the statement of net assets. Subsequent to June 30, 2008, the Agency returned unspent grant funds for the Care Coordination and Navigation program and Children's Health Initiative. The amount returned was approximately \$150,000.



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  
California Health Collaborative  
Fresno, California

We have audited the financial statements of California Health Collaborative as of and for the year ended June 30, 2008, and have issued our report thereon dated October 15, 2008. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered California Health Collaborative's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of California Health Collaborative's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control.

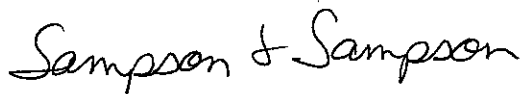
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether California Health Collaborative's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management and awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



October 29, 2008



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors  
California Health Collaborative  
Fresno, California

Compliance

We have audited the compliance of California Health Collaborative with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. California Health Collaborative's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of California Health Collaborative's management. Our responsibility is to express an opinion on California Health Collaborative's compliance based on our audit.

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 California Health Collaborative'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. Our audit does not provide a legal determination on California Health Collaborative's compliance with those requirements.

In our opinion, California Health Collaborative complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control over Compliance

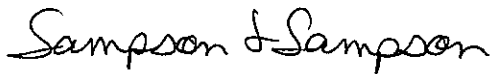
The management of California Health Collaborative is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered California Health Collaborative's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 California Health Collaborative's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of management, the audit committee, Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



October 29, 2008

CALIFORNIA HEALTH COLLABORATIVE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2008

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through the California Department of Health Services:			
Family Planning Services	93.217	05-45238	\$ 613,540
Maternal and Child Health Services Block Grant	93.994	05-45356	<u>295,520</u>
Total U.S. Department of Health and Human Services			<u>909,060</u>
<u>U.S. Department of Agriculture</u>			
Passed-through the California Department of Health Services:			
Food Stamp Program	10.551	04-35891	<u>504,348</u>
Total U.S. Department of Agriculture			<u>504,348</u>
Total Expenditures of Federal Awards			<u>\$ 1,413,408</u>
<u>Non-Federal Grantor/Pass-Through Grantor/Program Title</u>			
State of California:			
Passed through County of Fresno, Children and Families Commission			
Proposition 10 Funds – Children’s Health Initiative	N/A	PA6024	<u>\$ 576,010</u>
Total Expenditures of Non - Federal Awards			<u>\$ 576,010</u>

CALIFORNIA HEALTH COLLABORATIVE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The Agency utilizes the accrual basis of accounting for these funds and the accompanying schedule of expenditures of federal awards has been prepared accordingly.

Schedule of Expenditures of Federal Awards

The schedule of expenditures of federal awards presented is prepared from only the accounts of the grant programs and; therefore, does not present the financial position or results of operations of California Health Collaborative.

CALIFORNIA HEALTH COLLABORATIVE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

**Part I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:		Unqualified
Internal control over financial reporting:		
Material weakness (es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified not considered to be material weakness (es)?	_____ Yes	_____ <u>X</u> No
Noncompliance material to financial statements notes?	_____ Yes	_____ <u>X</u> No

**Federal Awards**

Internal control over major programs:		
Material weakness (es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified not considered to be material weakness (es)?	_____ Yes	_____ <u>X</u> No
Type of auditors' report issued on compliance for major programs:		Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510 (a))?	_____ Yes	_____ <u>X</u> No

**Programs Subjected to Audit Procedures as Major Programs**

	Name of Federal Program or Cluster
93.217	Family Planning Services
10.551	Food Stamp Program
Dollar threshold used to distinguish between Type A and Type B programs:	_____ <u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes _____ No

CALIFORNIA HEALTH COLLABORATIVE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008

(Continued)

**Part II - Financial Statement Finding Section**

Significant Deficiencies, Material Weaknesses, and Instances of Noncompliance Related to the Financial Statements:

None

**Part III - Federal Award Findings and Questioned Costs Section**

Significant Deficiencies, Material Weaknesses, and Instances of Noncompliance Related to the Audit of Major Federal Programs:

None