

CALIFORNIA HEALTH COLLABORATIVE
Fresno, California

**REPORT ON AUDITED
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

June 30, 2009

with

INDEPENDENT AUDITOR'S REPORT

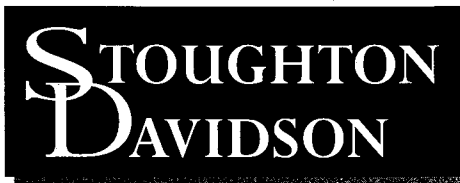
CALIFORNIA HEALTH COLLABORATIVE

Fresno, California

June 30, 2009

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ACCOUNTANCY CORPORATION

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INDEPENDENT AUDITOR'S 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, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Agency'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, 2009, 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 14, 2009, 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

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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 and non-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.

Stoughton Davidson Accountancy Corporation
Stoughton Davidson Accountancy Corporation

October 23, 2009

CALIFORNIA HEALTH COLLABORATIVE

Fresno, California

STATEMENT OF FINANCIAL POSITION

June 30, 2009

ASSETS

Cash and Cash Equivalents (Note 3)	\$	937,847
Investments (Note 4)		985,194
Grants Receivable		1,306,490
Accounts Receivable		63,476
Prepaid Expenses		89,028
Property and Equipment, Net of Accumulated Depreciation (Note 6)		<u>5,294</u>
Total Assets	\$	<u><u>3,387,329</u></u>

LIABILITIES AND NET ASSETS

Accounts Payable	\$	114,290
Accrued Payroll and Related Expenses		334,074
Deferred Revenue (Note 7)		<u>313,208</u>
Total Liabilities		<u>761,572</u>
Net Assets:		
Unrestricted		<u>2,625,757</u>
Total Net Assets		<u>2,625,757</u>
Total Liabilities and Net Assets	\$	<u><u>3,387,329</u></u>

See Independent Auditor's Report and Notes to the Financial Statements.
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CALIFORNIA HEALTH COLLABORATIVE

Fresno, California

STATEMENT OF ACTIVITIES For the Year Ended June 30, 2009

Changes in Unrestricted Net Assets:

Revenues and Support:

Grant Revenue	\$ 5,209,021
Charges for Services	841,841
Investment Income (Loss)	(132,388)
In-Kind Revenue	263,434
Other Income	1,410
	<hr/>
Total Revenues and Support	6,183,318

Expenses:

Program Services:

Breast Cancer Care Coordination and Navigation	921
Other Cancer Programs	2,956,248
Tobacco Programs	106,475
Maternal Child Programs	616,571
Teen Pregnancy Programs	710,347
Nutrition Programs	731,621
Other Programs	617,882
	<hr/>

Total Program Services 5,740,065

Support Services:

Management and General Expenses	871,076
	<hr/>

Total Expenses 6,611,141

Change in Net Assets (427,823)

Net Assets, Beginning of Year 3,053,580

Net Assets, End of Year \$ 2,625,757

See Independent Auditor's Report and Notes to the Financial Statements.

Stoughton Davidson Accountancy Corporation

			<u>Support Services</u>	
<u>Nutrition Programs</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Management and General Expenses</u>	<u>Total</u>
\$ 344,195	\$ 458,137	\$ 3,518,811	\$ 594,778	\$ 4,113,589
31,376	8,838	209,126	87,570	296,696
28,706	25,404	280,133	52,856	332,989
30,114	25,221	244,971	20,681	265,652
232,854	66,966	658,765	66,707	725,472
62,567	27,099	551,028	-	551,028
1,809	6,217	13,797	48,484	62,281
-	-	263,434	-	263,434
<u>\$ 731,621</u>	<u>\$ 617,882</u>	<u>\$ 5,740,065</u>	<u>\$ 871,076</u>	<u>\$ 6,611,141</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Stoughton Davidson Accountancy Corporation

CALIFORNIA HEALTH COLLABORATIVE

Fresno, California

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2009

Cash Flows from Operating Activities:

Change in Net Assets	\$	(427,823)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation		6,511
(Increase) Decrease in Assets:		
Grants Receivable		45,228
Accounts Receivable		63,414
Prepaid Expenses		(7,725)
Increase (Decrease) in Liabilities:		
Accounts Payable		(114,205)
Accrued Expenses		24,241
Deferred Revenue		(220,992)
Net Cash Used by Operating Activities		<u>(631,351)</u>

Cash Flow from Investing Activities:

Purchase of Property and Equipment		(3,498)
Redemption of Investments, Net of Purchases		611,482
Net Cash Provided by Investing Activities		<u>607,984</u>

Net Decrease in Cash		(23,367)
Cash, Beginning		961,214
Cash, Ending	\$	<u><u>937,847</u></u>

Supplementary Disclosure

Cash paid for assets using federal grant funds that have been expensed	\$	<u><u>29,656</u></u>
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See Independent Auditor's Report and Notes to the Financial Statements.

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CALIFORNIA HEALTH COLLABORATIVE

Fresno, California

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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 (FASB) 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, 2009, the Agency did not have any temporarily or permanently restricted net assets.

Contributions and Grants

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, 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.

(Continued)

CALIFORNIA HEALTH COLLABORATIVE

Fresno, California

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

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 estimated useful lives of the assets using the straight-line method.

In the event of contract termination, certain funding sources require title of property and equipment previously purchased with grant funds to 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 \$263,434 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.

(Continued)

CALIFORNIA HEALTH COLLABORATIVE

Fresno, California

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

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 Breast Cancer 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.

New Accounting Pronouncements

On July 1, 2008, the Agency adopted SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 clarifies the definition of fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This Statement does not require any new fair value measurements. The adoption of SFAS No. 157 for financial assets and liabilities did not have a significant impact on the Agency's financial statements.

(Continued)

CALIFORNIA HEALTH COLLABORATIVE

Fresno, California

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements (Continued)

Additionally, in February 2008, the FASB issued FASB Staff Position (FSP) No. FAS 157-2, *Effective Date of FASB Statement No. 157*, to partially defer SFAS No. 157, *Fair Value Measurements*. FSP No. FAS 157-2 defers the effective date of SFAS No. 157 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), to fiscal years and interim periods within those fiscal years, beginning after November 15, 2008. The Agency does not expect the adoption of FSP No. 157-2 to have a material impact on the Agency's financial statements.

Note 3 – Cash and Cash Equivalents

Cash and cash equivalents consists of the following at June 30, 2009:

Business checking and petty cash	\$ 75,593
Money market funds	<u>862,254</u>
	<u>\$ 937,847</u>

Note 4 – Investments

SFAS No. 157 prioritizes the inputs used in measuring fair value into the following hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;

Level 3 - Unobservable inputs which are supported by little or no market activity.

(Continued)

CALIFORNIA HEALTH COLLABORATIVE
Fresno, California

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

Note 4 – Investments (Continued)

Investments held at June 30, 2009 are presented at their fair value and are classified as Level 1 because these securities are valued using quoted market prices and other relevant information generated by market transactions. Investments measured at fair value on a recurring basis consist of the following at June 30, 2009:

Investments at Fair Value as Determined by Quoted Market Prices (Level 1):

	<u>Fair Value at June 30, 2009</u>
Corporate fixed income	\$ 271,197
Government securities	405,848
Stocks	<u>308,149</u>
	<u>\$ 985,194</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, 2009 was \$(132,388).

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 United States Federal Deposit Insurance Corporation (FDIC) insured \$250,000 limit. The amount in excess of federally insured limits at June 30, 2009 is approximately \$966,000.

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.

CALIFORNIA HEALTH COLLABORATIVE
Fresno, California

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

Note 6 – Property and Equipment, Net of Accumulated Depreciation

Property and equipment at June 30, 2009 consists of the following:

Furniture and equipment	\$ 125,253
Computer hardware	<u>517,481</u>
	642,734
Less: accumulated depreciation	<u>(637,440)</u>
	<u>\$ 5,294</u>

As mentioned in Note 2, property and equipment purchased with government funds are not depreciated. Depreciation expense for the year ended June 30, 2009 was \$6,511 and is reflected in the statement of activities.

Note 7 – Deferred Revenue

Deferred revenue consists of funds received from grants in advance of grant expenditures. Deferred revenue as of June 30, 2009, consists of the following:

Komen Sacramento	\$ 23,317
Rumsey Indian Rancheria	10,650
Other programs	<u>279,241</u>
	<u>\$ 313,208</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 floating interest rate of 2% above the prime rate and is subject to an interest rate floor of 5%. The Agency did not draw on the line of credit during the year ended June 30, 2009.

CALIFORNIA HEALTH COLLABORATIVE

Fresno, California

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

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's contribution for the year ending June 30, 2009 was \$206,322.

Note 10 – Lease Commitments

The Agency leases office facilities and equipment under various noncancelable operating leases expiring in various years through 2012.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2009, are as follows:

Year Ended June 30,	
2010	\$ 295,998
2011	238,351
2012	<u>35,751</u>
	<u>\$ 570,100</u>

Total rent expense for all leases for the year ended June 30, 2009 was \$296,697.

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 Agency. 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.

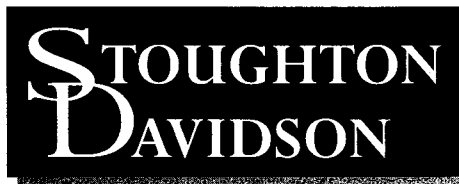
CALIFORNIA HEALTH COLLABORATIVE
Fresno, California

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

Note 12 – Revenue

As described in Note 1, the Agency primarily conducts activities funded by governmental contracts and private foundation grants. The Agency also receives revenue for other services performed, such as abstracting. As of June 30, 2009, the Agency's grant revenues were broken out between federal and non-federal sourcing as follows:


Federal revenue	\$ 1,751,688
Non-federal revenue	<u>3,457,333</u>
	<u>\$ 5,209,021</u>



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**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

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RONALD A. RUETHER
(RETIRED)

We have audited the financial statements of California Health Collaborative (a nonprofit corporation) as of and for the year ended June 30, 2009, and have issued our report thereon dated October 14, 2009. 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.

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 California Health Collaborative'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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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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 entity'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 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*.

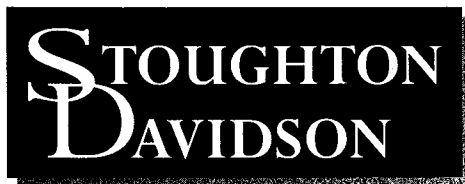
We noted certain matters that we reported to management of California Health Collaborative in a separate letter dated October 23, 2009.

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

Stoughton Davidson Accountancy Corporation

Stoughton Davidson Accountancy Corporation

October 23, 2009



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**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 (a nonprofit corporation) with the types of compliance requirements described in the United States 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, 2009. 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

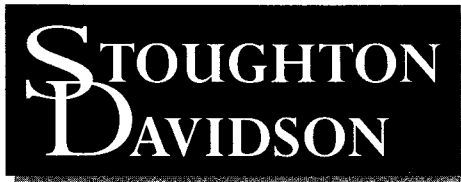
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determination on California Health Collaborative's compliance with those requirements.

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, 2009.

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.

STOUGHTON DAVIDSON

ACCOUNTANCY CORPORATION

A MEMBER OF THE MOSS ADAMS CONNECTION

♦ SERVING THE SAN JOAQUIN VALLEY OVER 75 YEARS

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, 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.

Stoughton Davidson Accountancy Corporation
Stoughton Davidson Accountancy Corporation

October 23, 2009

CALIFORNIA HEALTH COLLABORATIVE
Fresno, California

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

SECTION I – SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unqualified opinion on the financial statements of the governmental activities, each major fund and the aggregate remaining fund information ("financial statements") of California Health Collaborative.
2. No significant deficiencies were noted during the audit of the financial statements that are required to be reported in the 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*.
3. No instances of noncompliance material to the financial statements of California Health Collaborative, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions in internal control over major programs were disclosed during the audit.
5. The auditor’s report on compliance for the major federal award programs for California Health Collaborative expresses an unqualified opinion on all major federal programs.
6. Audit findings relative to the major federal award programs for California Health Collaborative are reported in Section III of this Schedule.
7. The programs tested as major programs included:
 - U.S. Department of Health and Human Services, Family Planning Services, CFDA No. 93.217
 - U.S. Department of Health and Human Services, Maternal and Child Health Services Block Grant, CFDA No. 93.994
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. California Health Collaborative was determined to be a high-risk auditee.

CALIFORNIA HEALTH COLLABORATIVE
Fresno, California

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009 (Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no reportable findings.

CALIFORNIA HEALTH COLLABORATIVE
Fresno, California

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009 (Continued)

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No current year findings were noted.

CALIFORNIA HEALTH COLLABORATIVE
Fresno, California

**STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

No prior year findings were reported.

CALIFORNIA HEALTH COLLABORATIVE
Fresno, California

**SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

<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.S. Department of Health and Human Services			
Passed-through the California Department of Health Services:			
Family Planning Services	93.217	05-45238	\$ 710,347 *
Maternal and Child Health Services Block Grant	93.994	05-45356	<u>309,720</u> *
Total U.S. Department of Health and Human Services			1,020,067
U.S. Department of Agriculture			
Passed-through the California Department of Health Services:			
Food Stamp Program	10.551	04-35891	<u>731,621</u>
Total U.S. Department of Agriculture			731,621
Total Expenditures of Federal Awards			<u>\$1,751,688</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>\$ 201,200</u>
Total Expenditures of Non - Federal Awards			<u>\$ 201,200</u>

* Denotes major program tested.

CALIFORNIA HEALTH COLLABORATIVE
Fresno, California

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
For the Year Ended June 30, 2009

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 and non-federal awards has been prepared accordingly.

Schedule of Expenditures of Federal and Non-Federal Awards

The schedule of expenditures of federal and non-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.