



**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED
JUNE 30, 2016**

CALIFORNIA HEALTH COLLABORATIVE
FRESNO, CALIFORNIA

JUNE 30, 2016

TABLE OF CONTENTS

| | <u>Page</u> |
|--|--------------------|
| Independent Auditor's Report | 1 |
| Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses..... | 5 |
| Statement of Cash Flows | 6 |
| Notes to the Financial Statements..... | 7 |
| Supplementary Information | |
| Schedule of Expenditures of Federal Awards | 14 |
| Notes to Schedule of Expenditures of Federal Awards..... | 15 |
| Other Independent Auditor's Reports | |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 19 |
| Independent Auditor's Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance | 21 |
| Schedule of Findings and Questioned Costs..... | 24 |
| Summary Schedule of Prior Audit Findings | 26 |



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
California Health Collaborative
Fresno, California

We have audited the accompanying financial statements of California Health Collaborative (the "Agency"), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency'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 Agency'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.

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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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes 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 January 10, 2017, on our consideration of the Agency'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 the Agency's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
January 10, 2017

CALIFORNIA HEALTH COLLABORATIVE
FRESNO, CALIFORNIA

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

Assets

| | | |
|--|----|------------------|
| Current assets: | | |
| Cash and cash equivalents (Notes 2, 3, and 5) | \$ | 306,691 |
| Grants receivable (Note 2) | | 1,185,706 |
| Prepaid expenses and other assets | | <u>84,257</u> |
| Total current assets | | 1,576,654 |
| | | |
| Property and equipment, net of accumulated depreciation (Notes 2 and 6) | | 82,998 |
| Investments (Notes 2 and 4) | | <u>1,322,631</u> |
| | | |
| Total assets | \$ | <u>2,982,283</u> |

Liabilities and Net Assets

| | | |
|--|----|------------------|
| Current liabilities: | | |
| Accounts payable | \$ | 686,318 |
| Accrued payroll and related expenses | | 398,168 |
| Unearned revenue | | 333,524 |
| Capital lease obligations, current portion | | <u>6,701</u> |
| | | |
| Total current liabilities | | 1,424,711 |
| | | |
| Long-term capital lease obligations | | <u>13,986</u> |
| | | |
| Total liabilities | | <u>1,438,697</u> |
| | | |
| Net assets: | | |
| Temporarily restricted | | 79,838 |
| Unrestricted | | <u>1,463,748</u> |
| | | |
| Total net assets | | <u>1,543,586</u> |
| | | |
| Total liabilities and net assets | \$ | <u>2,982,283</u> |

CALIFORNIA HEALTH COLLABORATIVE
FRESNO, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|---------------------|
| Revenues and support: | | | |
| Grant revenue | \$ 6,566,883 | \$ - | \$ 6,566,883 |
| Charges for services | 370,911 | - | 370,911 |
| Donations | 220,012 | 48,347 | 268,359 |
| Investment losses, net | (49,423) | - | (49,423) |
| Other income | <u>24,427</u> | <u>-</u> | <u>24,427</u> |
| Total revenues and support before net assets released from restrictions | 7,132,810 | 48,347 | 7,181,157 |
| Net assets released from restrictions | <u>38,343</u> | <u>(38,343)</u> | <u>-</u> |
| Total revenues and support | 7,171,153 | 10,004 | 7,181,157 |
| Expenses: | | | |
| Program services: | | | |
| Cancer programs | 2,242,800 | - | 2,242,800 |
| Tobacco programs | 535,310 | - | 535,310 |
| Maternal Child programs | 462,057 | - | 462,057 |
| PATH Marijuana Prevention | 281,461 | - | 281,461 |
| Lock It Up | 306,353 | - | 306,353 |
| Nutrition programs | 250,499 | - | 250,499 |
| Medical services | 1,126,246 | - | 1,126,246 |
| Other programs | <u>1,453,552</u> | <u>-</u> | <u>1,453,552</u> |
| Total program services | 6,658,278 | - | 6,658,278 |
| Support services: | | | |
| Management and general expenses | <u>1,062,884</u> | <u>-</u> | <u>1,062,884</u> |
| Total expenses | <u>7,721,162</u> | <u>-</u> | <u>7,721,162</u> |
| Change in net assets | (550,009) | 10,004 | (540,005) |
| Net assets, beginning of year | <u>2,013,757</u> | <u>69,834</u> | <u>2,083,591</u> |
| Net assets, end of year | <u>\$ 1,463,748</u> | <u>\$ 79,838</u> | <u>\$ 1,543,586</u> |

CALIFORNIA HEALTH COLLABORATIVE
FRESNO, CALIFORNIA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

| | Program Services | | | | | | | | Support Services | Totals | |
|---------------------------|---------------------|-------------------|-------------------------|---------------------------|-------------------|--------------------|---------------------|---------------------|------------------------|---------------------|---------------------------------|
| | Cancer Programs | Tobacco Programs | Maternal Child Programs | PATH Marijuana Prevention | Lock It Up | Nutrition Programs | Medical Services | Other Programs | Total Program Services | | Management and General Expenses |
| Expenses: | | | | | | | | | | | |
| Salaries and benefits | \$ 1,886,743 | \$ 385,956 | \$ 353,693 | \$ 187,341 | \$ 202,874 | \$ 220,270 | \$ 645,484 | \$ 444,667 | \$ 4,327,028 | \$ 468,564 | \$ 4,795,592 |
| Facilities expense | 63,075 | 32,959 | 24,862 | 12,737 | 10,549 | 8,168 | 51,834 | 15,243 | 219,427 | 189,149 | 408,576 |
| Office expense | 93,998 | 31,879 | 23,990 | 28,938 | 26,174 | 14,324 | 409,837 | 107,987 | 737,127 | 82,753 | 819,880 |
| Travel and training | 69,583 | 30,985 | 5,616 | 15,787 | 19,087 | 5,831 | 15,518 | 13,779 | 176,186 | 37,671 | 213,857 |
| Purchased services / subs | 129,401 | 49,875 | 53,639 | 25,149 | 42,841 | 803 | 3,088 | 650,701 | 955,497 | 215,515 | 1,171,012 |
| Other expenses | - | 3,656 | 257 | 11,509 | 4,828 | 1,103 | 485 | 1,163 | 23,001 | 29,589 | 52,590 |
| In-kind services | - | - | - | - | - | - | - | 220,012 | 220,012 | - | 220,012 |
| Depreciation expense | - | - | - | - | - | - | - | - | - | 24,560 | 24,560 |
| Bad debt expense | - | - | - | - | - | - | - | - | - | 15,083 | 15,083 |
| Total expenses | \$ 2,242,800 | \$ 535,310 | \$ 462,057 | \$ 281,461 | \$ 306,353 | \$ 250,499 | \$ 1,126,246 | \$ 1,453,552 | \$ 6,658,278 | \$ 1,062,884 | \$ 7,721,162 |

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

CALIFORNIA HEALTH COLLABORATIVE
FRESNO, CALIFORNIA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

| | |
|---|-------------------|
| Cash flows from operating activities: | |
| Change in net assets | \$ (540,005) |
| Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities: | |
| Depreciation | 24,560 |
| Unrealized losses | 54,030 |
| Bad debt expense | 15,083 |
| Changes in operating assets and liabilities: | |
| Grants receivables | 376,230 |
| Prepaid expenses and other assets | (13,094) |
| Accounts payable | 292,890 |
| Accrued expenses | (177,206) |
| Unearned revenue | <u>(38,190)</u> |
| Net cash provided by (used in) operating activities | <u>(5,702)</u> |
| Cash flows from investing activities: | |
| Purchase of property and equipment | (25,349) |
| Purchase of investments | (27,246) |
| Proceeds from sale of investments | <u>38,718</u> |
| Net cash provided by (used in) investing activities | <u>(13,877)</u> |
| Cash flows from financing activities: | |
| Principal payments on lease | <u>(6,041)</u> |
| Net cash provided by (used in) financing activities | <u>(6,041)</u> |
| Net increase (decrease) in cash and cash equivalents | (25,620) |
| Cash and cash equivalents, beginning of year | <u>332,311</u> |
| Cash and cash equivalents, end of year | \$ <u>306,691</u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | |
| Interest paid | \$ <u>2,483</u> |

CALIFORNIA HEALTH COLLABORATIVE
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – ORGANIZATION AND OPERATIONS

California Health Collaborative (the “Agency”) is a nonprofit organization incorporated in the State of California in 1982. 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. The Agency is also funded by fee-for-service programs and investment activities.

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

The accompanying financial statements are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets. At June 30, 2016, the Agency had no permanently restricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents consist of various demand and interest bearing accounts on deposit with insured financial institutions. The Agency considers all investments with an original maturity of three months or less to be cash equivalents.

Investment Securities

Investment securities are stated at their estimated fair value based on quoted closing prices. Investment income, including unrealized gains and losses, interest, dividends and related items are recognized in the Statement of Activities as they are incurred.

Fair Value of Financial Instruments

The Agency considers its cash and cash equivalents, accounts and grants receivable, prepaid and other assets, accounts payable and accrued expenses to be short-term in nature, and therefore their fair values approximate their carrying values.

Grants Receivable and Allowance for Doubtful Accounts

Grants are stated at unpaid balances, and are primarily contracts from funding sources for services performed under cost reimbursement or exchange contracts.

The Agency considers an allowance for doubtful accounts based upon management’s review and analysis of specific receivables and considers the age of past due accounts. Grants receivables are written-off when deemed uncollectible. Recoveries of grants receivable previously written-off or changes in allowance estimates are recognized as income when received or recorded. At June 30, 2016, the Agency believes that all receivables are collectable and did not have an allowance for doubtful accounts. The Agency incurred \$15,083 of bad debt expense during the year ended June 30, 2016.

CALIFORNIA HEALTH COLLABORATIVE
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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. Routine repair and maintenance, including planned major maintenance activities are expensed when incurred.

The Agency has set the capitalization threshold for reporting property and equipment at \$5,000.

Property and equipment are capitalized at cost and depreciated using the straight-line method over the estimated useful lives of the assets as follows:

| | |
|--------------------------|--------------|
| Furniture and equipment | 1 to 4 Years |
| Computer hardware | 1 to 3 Years |
| Transportation equipment | 5 Years |
| Leasehold improvements | 10 Years |

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.

Contributions and Grants

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.

In-Kind Contributions

Certain 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. The Agency received in-kind contributions of \$220,012 of donated professional services for the Physical Education Program during the year ended June 30, 2016.

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 current accounting standards.

Accrued Compensated Absences

The Agency provides its employees with vacation, sick and other leave benefits in accordance with its policies. The Agency's costs for these benefits are expensed as they are vested in the employee. Sick leave is not vested and, therefore, not paid or accrued.

CALIFORNIA HEALTH COLLABORATIVE
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marketing and Advertising

The Agency expenses all marketing and advertising costs as incurred. Total marketing and advertising costs for the year ended June 30, 2016 was \$131,219.

Functional Allocation of Expenses

The cost of providing the Agency's various charitable and general services have been summarized on a functional basis in the accompanying Statement of Activities. Accordingly, direct and indirect expenses have been allocated to program services based on their specific identification or the personnel resources utilized in such activities. Management and general include those expenses that are not directly identifiable with any specific program but provide for the overall support and direction of the Agency.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

The Agency has qualified as a non-profit organization and has been granted tax-exempt status pursuant to Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d) and is exempt from Federal and State of California income taxes.

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

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following at June 30, 2016:

| | |
|----------------------------------|-------------------|
| Business checking and petty cash | \$ 234,391 |
| Money market funds | <u>72,300</u> |
| | <u>\$ 306,691</u> |

The Agency occasionally obtains grants that require all funding be held in a bank account separate from the Agency's other cash and equivalents. There were no grants that required cash to be maintained separately at June 30, 2016.

CALIFORNIA HEALTH COLLABORATIVE
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – INVESTMENTS

Current accounting standards prioritize 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. |

Investments held at June 30, 2016 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, 2016:

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

| | |
|---------------|---------------------|
| Stocks | \$ 560,478 |
| ETFs and CEFs | 561,248 |
| Mutual funds | <u>200,905</u> |
| | <u>\$ 1,322,631</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 losses for the year ended June 30, 2016 consists of the following:

| | |
|------------------|--------------------|
| Portfolio income | \$ 27,246 |
| Unrealized loss | (54,030) |
| Investment fees | <u>(22,639)</u> |
| | <u>\$ (49,423)</u> |

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. At June 30, 2016, the Agency did not have any cash balances in excess of federally insured limits.

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, 2016

NOTE 6 – PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION

Property and equipment at June 30, 2016 consists of the following:

| | |
|-------------------------------|-------------------------|
| Furniture and equipment | \$ 133,228 |
| Computer and related | 663,620 |
| Transportation equipment | 16,949 |
| Leasehold improvements | <u>5,488</u> |
| | 819,285 |
| Less accumulated depreciation | <u>(736,287)</u> |
| Property and equipment, net | <u><u>\$ 82,998</u></u> |

Depreciation expense on property and equipment purchased with Agency funds for the year ended June 30, 2016 was \$24,560.

NOTE 7 – UNEARNED REVENUE

Unearned revenue consists of funds received from grants in advance of grant expenditures. Unearned revenue as of June 30, 2016 consists of the following:

| | |
|-----------------------------|--------------------------|
| PEP | \$ 96,571 |
| Kaiser Diabetes | 6,373 |
| Komen Fresno | 31,046 |
| San Bernardino Tobacco | 95,327 |
| Merced County Tobacco | 40,657 |
| MSSP | 58,295 |
| Komen Sac | 613 |
| Komen Chico | 3,459 |
| Tulare County Youth Program | <u>1,183</u> |
| | <u><u>\$ 333,524</u></u> |

NOTE 8 – LINE OF CREDIT

The Agency has a revolving line of credit under a portfolio loan account agreement with Morgan Stanley Bank, N.A. with a limit of \$950,435. The line is secured by the Agency's investment accounts and bears interest at a variable interest rate (3.70% as of June 30, 2016). There were no amounts drawn on the line during the year ended June 30, 2016.

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 ended June 30, 2016 was \$144,251 and is included in "salaries and benefits" in the Statement of Functional Expenses.

CALIFORNIA HEALTH COLLABORATIVE
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 – LEASE COMMITMENTS

The Agency leases office facilities and equipment under various non-cancelable operating leases expiring in various years through 2022.

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

| | <u>Capital</u> | <u>Operating</u> |
|------------------------------------|------------------|---------------------|
| 2017 | \$ 6,701 | \$ 387,657 |
| 2018 | 7,559 | 368,887 |
| 2019 | 6,427 | 293,569 |
| 2020 | - | 298,598 |
| 2021 | - | 282,725 |
| Thereafter | - | <u>244,530</u> |
| Total minimum lease payments | 20,687 | <u>\$ 1,875,966</u> |
| Amounts due within one year | <u>(6,701)</u> | |
| Long-term capital lease obligation | <u>\$ 13,986</u> | |

Total rent expense for all leases for the year ended June 30, 2016 was \$408,451.

NOTE 11 – CONTINGENCIES

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.

NOTE 12 – GRANT REVENUE

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, 2016, the Agency's grant revenues were broken out between federal and non-federal sourcing as follows:

| | |
|---------------------|---------------------|
| Federal revenue | \$ 2,481,695 |
| Non-federal revenue | <u>4,085,188</u> |
| | <u>\$ 6,566,883</u> |

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there are no subsequent events that have occurred from June 30, 2016 through the date the financial statements were available to be issued at January 10, 2017 that would require additional disclosure or adjustment.

SUPPLEMENTARY INFORMATION

CALIFORNIA HEALTH COLLABORATIVE
FRESNO, CALIFORNIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

| Federal Grantor/Program Title Grantor/Program or Cluster Title | Federal CFDA Number | Pass- Through Grantor's Number | Balance at June 30, 2016 |
|---|---------------------------|---|-----------------------------|
| <u>U.S. Department of Health and Human Services</u> | | | |
| Pass through the California Department of Health Services: | | | |
| Maternal and Child Health Services Block Grant | 93.994 | 05-45356 | 129,881 |
| Pass through the California Department of Aging: | | | |
| Medical Assistance Program: | | | |
| Information & Education Program | 93.778 | * 11-10279 | 72,002 |
| Multipurpose Senior Services Program | 93.778 | * MS-1516-53 | <u>1,159,608</u> |
| Total Medical Assistance Program | | | <u>1,231,610</u> |
| Total U.S. Department of Health and Human Services | | | <u>1,361,491</u> |
| <u>U.S. Department of Agriculture</u> | | | |
| Pass through the California Department of Health Services: | | | |
| Supplemental Nutrition Assistance Program | 10.551 | 04-35891 | <u>278,186</u> |
| Total U.S. Department of Agriculture | | | <u>278,186</u> |
| <u>U.S. Department of Education</u> | | | |
| Healthy Energetic Lifestyles Program: | | | |
| Physical Education Program | 84.215F | * S215F140383 | <u>842,018</u> |
| Total U.S. Department of Education | | | <u>842,018</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 2,481,695</u> |

*Denotes a major program per Uniform Guidance.

CALIFORNIA HEALTH COLLABORATIVE
FRESNO, CALIFORNIA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the California Health Collaborative (the Agency). Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included in the schedule. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

BASIS OF ACCOUNTING

The accompanying SEFA is presented using the accrual basis of accounting, which is described in Note 1 of the Agency's financial statements.

RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal award expenditures agree or can be reconciled with the amounts reported in the Agency's financial statements.

INDIRECT COST RATE

For specific contracts, the Agency may negotiate an alternative indirect cost rate of up to 15 percent.

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OTHER INDEPENDENT AUDITOR'S REPORTS

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

To the Board of Directors
California Health Collaborative
Fresno, California

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 California Health Collaborative (the "Agency"), which comprise the statement of financial position as of June 30, 2016, 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 January 10, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Pange & Company

Clovis, California
January 10, 2017



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

To the Board of Directors
California Health Collaborative
Fresno, California

Report on Compliance for Each Major Federal Program

We have audited California Health Collaborative's (the "Agency") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2016. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, California Health Collaborative 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, 2016.

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Report on Internal Control over Compliance

Management of California Health Collaborative is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

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

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

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

Price Pange & Company

Clovis, California
January 10, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CALIFORNIA HEALTH COLLABORATIVE
FRESNO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:
Material weaknesses identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a) _____ Yes X No

Identification of Major Programs

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 84.215F | Physical Education Program |
| 93.778 | Medical Assistance Program |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? X Yes _____ No

CALIFORNIA HEALTH COLLABORATIVE
FRESNO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

SECTION II – FINANCIAL STATEMENT FINDINGS

None reportable.

SECTION III – FEDERAL AWARD FINDINGS

None reportable.

CALIFORNIA HEALTH COLLABORATIVE
FRESNO, CALIFORNIA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

SECTION II – FINANCIAL STATEMENT FINDINGS

None reportable.

SECTION III – FEDERAL AWARD FINDINGS

None reportable.