

Bronx Community Health Network, Inc.

**Financial Statements,
Schedule of Expenditures of Federal Awards,
Internal Control and Compliance
and Independent Auditor's Report**

December 31, 2019 and 2018

Bronx Community Health Network, Inc.

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9
Schedule of Expenditures of Federal Awards	16
Notes to Schedule of Expenditures of Federal Awards	17
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>	18
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	20
Schedule of Findings and Questioned Costs	22

Independent Auditor's Report

To the Board of Directors
Bronx Community Health Network, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Bronx Community Health Network, Inc. ("BCHN"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 BCHN'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 BCHN's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BCHN as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 September 29, 2020, on our consideration of BCHN'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 solely 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 effectiveness of BCHN's 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 BCHN's internal control over financial reporting and compliance.



New York, New York
September 29, 2020

Bronx Community Health Network, Inc.

**Statements of Financial Position
December 31, 2019 and 2018**

	<u>Assets</u>	
	<u>2019</u>	<u>2018</u>
Current assets		
Cash	\$ 1,084,744	\$ 805,004
Grants receivable - DHHS	1,008,177	1,179,677
Other grants receivable	284,642	307,317
Prepaid expenses and other current assets	16,722	16,692
	<u>2,394,285</u>	<u>2,308,690</u>
Property and equipment, net	<u>132,070</u>	<u>-</u>
Total assets	<u>\$ 2,526,355</u>	<u>\$ 2,308,690</u>
	<u>Liabilities and Net Assets</u>	
Current liabilities		
Accounts payable and accrued expenses	\$ 1,655,541	\$ 1,820,896
Commitments and contingencies		
Net assets without donor restrictions	<u>870,814</u>	<u>487,794</u>
Total liabilities and net assets	<u>\$ 2,526,355</u>	<u>\$ 2,308,690</u>

See Notes to Financial Statements.

Bronx Community Health Network, Inc.

**Statements of Activities and Changes in Net Assets
Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Revenue without donor restrictions		
DHHS grants	\$ 8,660,126	\$ 9,682,505
Other grants	522,461	542,181
Donated space	106,828	106,828
Other	<u>129,425</u>	<u>43,286</u>
Total revenue without donor restrictions	<u>9,418,840</u>	<u>10,374,800</u>
Expenses		
Program services	6,654,707	7,984,270
General and administrative	<u>2,381,113</u>	<u>2,076,783</u>
Total expenses	<u>9,035,820</u>	<u>10,061,053</u>
Changes in net assets	383,020	313,747
Net assets, beginning	<u>487,794</u>	<u>174,047</u>
Net assets, end	<u>\$ 870,814</u>	<u>\$ 487,794</u>

See Notes to Financial Statements.

Bronx Community Health Network, Inc.

**Statement of Functional Expenses
Year Ended December 31, 2019**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries	\$ -	\$ 54,288	\$ 54,288
Fringe benefits and payroll taxes	-	23,192	23,192
Contractual services	6,550,687	1,846,932	8,397,619
Insurance	7,429	9,581	17,010
Dues and subscriptions	-	27,045	27,045
Occupancy	500	106,828	107,328
Professional fees	-	185,164	185,164
Travel and meetings	10,589	100,175	110,764
Other	70,828	27,908	98,736
Depreciation	14,674	-	14,674
	<u>\$ 6,654,707</u>	<u>\$ 2,381,113</u>	<u>\$ 9,035,820</u>

See Notes to Financial Statements.

Bronx Community Health Network, Inc.

**Statement of Functional Expenses
Year Ended December 31, 2018**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Contractual services	\$ 7,842,198	\$ 1,428,517	\$ 9,270,715
Insurance	-	11,856	11,856
Dues and subscriptions	-	24,955	24,955
Occupancy	3,500	106,828	110,328
Professional fees	16,724	355,023	371,747
Travel and meetings	15,331	117,563	132,894
Other	106,517	32,041	138,558
	<u> </u>	<u> </u>	<u> </u>
Total functional expenses	<u>\$ 7,984,270</u>	<u>\$ 2,076,783</u>	<u>\$ 10,061,053</u>

See Notes to Financial Statements.

Bronx Community Health Network, Inc.

**Statements of Cash Flows
Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Cash received from DHHS grants	\$ 8,831,626	\$ 10,060,198
Cash received from other grants	545,136	532,482
Cash received from other	129,425	43,286
Cash paid to employees	(54,288)	-
Cash paid to vendors	(2,220,027)	(1,970,584)
Cash paid to contractors	<u>(6,805,388)</u>	<u>(8,289,769)</u>
Net cash provided by operating activities	<u>426,484</u>	<u>375,613</u>
Cash flows from investing activities		
Purchase of mobile van	<u>(146,744)</u>	<u>-</u>
Net cash used in investing activities	<u>(146,744)</u>	<u>-</u>
Net increase in cash	279,740	375,613
Cash, beginning	<u>805,004</u>	<u>429,391</u>
Cash, end	<u><u>\$ 1,084,744</u></u>	<u><u>\$ 805,004</u></u>
Reconciliation of changes in net assets to net cash provided by operating activities		
Changes in net assets	\$ 383,020	\$ 313,747
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	14,674	-
Changes in operating assets and liabilities		
Grants receivable - DHHS	171,500	377,693
Other grants receivable	22,675	(9,699)
Prepaid expenses and other current assets	(30)	(629)
Accounts payable and accrued expenses	<u>(165,355)</u>	<u>(305,499)</u>
Net cash provided by operating activities	<u><u>\$ 426,484</u></u>	<u><u>\$ 375,613</u></u>

See Notes to Financial Statements.

Bronx Community Health Network, Inc.

Notes to Financial Statements December 31, 2019 and 2018

Note 1 - Organization

Bronx Community Health Network, Inc. ("BCHN") provides comprehensive primary healthcare services to the people of the City of New York through contracts entered into with two healthcare providers (see Note 5).

The U.S. Department of Health and Human Services (the "DHHS") provides substantial support to BCHN. BCHN is obligated under the terms of the DHHS grants to comply with specified conditions and program requirements set forth by the grantor.

Note 2 - Significant accounting policies

Basis of presentation

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Adoption of new accounting pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, that was amended by ASU 2020-05, *Revenue from Contracts with Customers (Topic 606)*, and *Leases (Topic 842): Effective Dates for Certain Entities*, which provided a one-year deferral of the effective date of ASU 2014-09 for certain entities that have not yet issued financial statements or made financial statements available for issuance as of June 3, 2020. As a result of ASU 2020-05, Topic 606 will be effective for periods beginning after December 15, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2020. BCHN has evaluated the impact of the new standard on the financial statements and has elected for adoption effective January 1, 2019 using the modified retrospective method of transition. This ASU provides new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenues. BCHN performed an analysis of revenue streams and transactions under ASU 2014-09. The adoption of ASU 2014-09 did not affect BCHN's statements of activities and changes in net assets.

BCHN adopted FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2019. The adoption of ASU 2018-08 did not affect BCHN's statements of activities and changes in net assets.

BCHN adopted FASB ASU 2016-18, *Statement of Cash Flows: Restricted Cash*. This ASU requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash and cash equivalents. The adoption of ASU 2016-18 did not affect BCHN's statements of cash flows.

Bronx Community Health Network, Inc.

Notes to Financial Statements December 31, 2019 and 2018

BCHN adopted FASB ASU 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments*. This ASU provides guidance on the classification of eight specific cash flow issues. The adoption of ASU 2016-15 did not affect BCHN's statements of cash flows.

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 the reported amounts and disclosures. Actual results could differ from those estimates.

Classification of net assets

The Organization reports information regarding its financial position and activities according to the following two categories:

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of BCHN. These net assets may be used at the discretion of BCHN's management and the board of directors.

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of BCHN or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

Cash

BCHN maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. BCHN monitors its financial institutions and the concentration of credit risk on a regular basis and does not anticipate nonperformance by the financial institutions. BCHN has not experienced any losses in such accounts. All highly-liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

Grants and contracts receivable

Grants and contracts receivable consist of costs under the grant and contract agreements that were incurred prior to year-end for which payment has not been received. Grants and contracts receivable credit risk is limited due to the nature of the grants and contracts. BCHN regularly monitors its grants and contracts receivable by investigating delayed payments and differences when payments received do not conform to the amount billed. BCHN considers all grants and contracts as collectible.

Property and equipment

The mobile van is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of the mobile van of 5 years.

Expenditures over \$5,000 are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation and amortization are removed from the accounts and any resulting gains or losses are included in changes in net assets.

Bronx Community Health Network, Inc.

Notes to Financial Statements December 31, 2019 and 2018

According to federal regulations, any property and equipment obtained through federal funds are subject to a lien by the federal government. Provided that BCHN maintains its tax-exempt status and the property and equipment are used for their intended purpose, BCHN is not required to reimburse the federal government. If the stated requirements are not met, the Center would be obligated to the federal government in an amount equal to the fair value of the property and equipment.

Impairment of long-lived assets

BCHN reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing a review for impairment, BCHN compares the carrying value of the assets with their estimated future undiscounted cash flows. If it is determined that impairment has occurred, the loss would be recognized during that period. The impairment loss is calculated as the difference between the asset's carrying value and the present value of estimated net cash flows or comparable market values, giving consideration to recent operating performance and pricing trends. BCHN does not believe that any material impairment currently exists related to its long-lived asset.

Contributions

Transactions where the resource provider often receives value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where BCHN has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if BCHN fails to overcome the barrier. BCHN recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Conditional and unconditional contributions are recorded as either with donor restrictions or without donor restrictions. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contribution without donor restrictions.

At December 31, 2019, BCHN has received grants and contracts from governmental entities, accounted for as conditional contributions in the aggregate amount of approximately \$4,000,000, that have not been recorded in the accompanying financial statements. These grants and contracts require BCHN to complete certain performance obligations during specified periods. If such performance obligations are not provided during the specified periods, the governmental entities are not obligated to expend the funds allotted under the contracts.

Grants and contracts revenue

Revenue from grants and contracts with resource providers such as the government and its agencies, other organizations and private foundations are accounted for either as exchange transactions or as contributions. When the resource provider receives commensurate value in

Bronx Community Health Network, Inc.

Notes to Financial Statements December 31, 2019 and 2018

return for the resources transferred to BCHN, the revenue from the grant or contract is accounted for as an exchange transaction in accordance with ASU 2014-09. For purposes of determining whether a transfer of asset is a contribution or an exchange, BCHN deems that the resource provider is not synonymous with the general public, i.e., indirect benefit received by the public as a result of the assets transferred is not deemed equivalent to commensurate value received by the resource provider. The execution of a resource provider's mission or the positive sentiment from acting as a donor is not deemed to constitute commensurate value received by a resource provider.

Revenue from grants and contracts that are accounted for as exchange transactions is recognized when performance obligations have been satisfied. Grants and contracts awarded for the acquisition of long-lived assets are reported as nonoperating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as refundable advances.

Grants and contract transactions where the resource provider does not receive commensurate value are accounted for as a contribution.

Donated space

BCHN occupies, without charge, premises owned by a certain donor. For the years ended December 31, 2019 and 2018, the fair rental and related expense value of \$106,828 is recognized as donated space on the statements of activities and changes in net assets and as occupancy expense on the statements of functional expenses.

Interest earned on federal funds

Interest earned on federal funds is recorded as a payable to the United States Public Health Services ("PHS") in compliance with the regulations of the United States Office of Management and Budget, if applicable.

Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services and general and administrative. Such allocations are determined by management on an equitable basis. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied using a variety of cost allocation techniques such as time and effort, square footage and full time equivalent.

Performance indicator

The statements of activities and changes in net assets includes changes in net assets as its performance indicator.

Tax status

BCHN was incorporated as a not-for-profit corporation under the laws of the State of New York and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, there is no provision for income taxes. BCHN has no unrecognized tax benefits at December 31, 2019. BCHN's federal and state income tax returns prior to fiscal year 2016 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

Bronx Community Health Network, Inc.

**Notes to Financial Statements
December 31, 2019 and 2018**

BCHN recognizes interest and penalties associated with tax matters as operating expenses and includes accrued interest and penalties with accrued expenses in the statement of financial position.

Subsequent events

BCHN has evaluated subsequent events through September 29, 2020, which is the date the financial statements were available to be issued.

Note 3 - Availability and liquidity

The following represents BCHN's financial assets at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year-end		
Cash	\$ 1,084,744	\$ 805,004
Grants receivable - DHHS	1,008,177	1,179,677
Other grants receivable	<u>284,642</u>	<u>307,317</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 2,377,563</u>	<u>\$ 2,291,998</u>

On a regular basis, BCHN monitors the availability of resources required to meet its operating needs and other contractual commitments. For the purposes of analyzing resources available to meet general expenditures over a 12-month period, BCHN considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support these activities to be general expenditures. In addition to the aforementioned assets available to meet general expenditures over the next 12 months, BCHN operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Note 4 - Property and equipment, net

Property and equipment, net consists of the following:

	<u>2019</u>
Mobile van	\$ 146,744
Less accumulated depreciation	<u>(14,674)</u>
Total	<u>\$ 132,070</u>

Depreciation expense amounted to \$14,674 and \$0 in 2019 and 2018, respectively.

Bronx Community Health Network, Inc.

**Notes to Financial Statements
December 31, 2019 and 2018**

Note 5 - DHHS grants

BCHN recognized the following grants from the DHHS for the years ended December 31, 2019 and 2018:

<u>Grant Number</u>	<u>Grant period</u>	<u>Total grant</u>	<u>Revenue recognized</u>
H80CS00626-17-10	02/1/18 - 01/31/19	9,439,159	\$ 1,467,824
H80CS00626-18-00	02/1/19 - 01/31/20	10,031,055	6,233,248
H76HA00521-22-00	05/1/18 - 4/30/19	919,979	253,891
H76HA00521-23-00	05/1/19 - 4/30/20	919,979	589,186
P06HA21241-01-00	09/1/18 - 8/31/19	147,117	106,042
P06HA31408-01-01	09/1/17 - 8/31/19	143,250	9,935
Total DHHS revenue 2019			<u>\$ 8,660,126</u>

<u>Grant Number</u>	<u>Grant period</u>	<u>Total grant</u>	<u>Revenue recognized</u>
H80CS00626-16-08	02/1/17 - 01/31/18	\$ 9,259,124	\$ 5,151,700
H80CS00626-17-10	02/1/18 - 01/31/19	9,439,159	3,314,483
H76HA00521-21-00	05/1/17 - 04/30/18	777,874	284,239
H76HA00521-22-00	05/1/18 - 04/30/19	919,979	666,088
P06HA31408-01-01	09/1/17 - 08/31/19	143,250	122,895
NU58DP005773-03-06	09/30/16 - 09/29/18	554,598	143,100
Total DHHS revenue 2018			<u>\$ 9,682,505</u>

Note 6 - Commitments and contingencies

BCHN has two signed agreements with Montefiore Medical Center ("Montefiore"). The first is an administrative service agreement wherein Montefiore provides BCHN with human resource support services. Fees under the agreement are for actual costs incurred and are adjusted annually. Costs incurred by BCHN under this agreement totaled \$1,990,547 and \$1,373,854 for the years ended December 31, 2019 and 2018, respectively.

The second agreement is for comprehensive primary care health services. Under the agreement, Montefiore delivers the required services in accordance with the Health Center Cluster, Ryan White Part C, Ryan White Title III HIV Capacity Development and Planning Grants, Healthy Start Initiative, and School-Based Health Centers programs. BCHN reimburses Montefiore for properly documented and allowable costs, which are within the line item categories of the approved contract budget. Costs incurred by BCHN under this agreement totaled \$6,020,419 and \$7,332,730 for the years ended December 31, 2019 and 2018, respectively.

BCHN also has signed an agreement with Acacia Network, Inc. ("Acacia") (formerly Promesa, Inc.) to provide primary care health services. BCHN reimburses Acacia for properly documented and allowable costs that are within the approved budget. Costs incurred by BCHN under this agreement totaled \$448,704 and \$568,761 for the years ended December 31, 2019 and 2018.

All of the above agreements are automatically renewed on an annual basis.

Bronx Community Health Network, Inc.

**Notes to Financial Statements
December 31, 2019 and 2018**

Note 7 - Subsequent events

In December 2019 and early 2020, the coronavirus that causes ("COVID-19") was reported to have surfaced in China. The spread of this virus globally including in early 2020 has caused business disruption domestically in the United States, the area in which BCHN operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this uncertainty. To date, BCHN has noted no significant impact to liquidity, obligations due, or cash flow, and has not to date implemented significant changes in its operations to address COVID-19 specific challenges. Management continues to monitor the outbreak and the impact of such on the business.

Bronx Community Health Network, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA number	Pass-through Grantor's number	Passed through to subrecipients	Total Federal expenditures
Federal Awards				
U.S. Department of Health and Human Services				
Direct Programs				
Health Centers Cluster				
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	N/A	\$ -	\$ 2,394,177
Affordable Care Act Grants for New and Expanded Services under the Health Center Program	93.527	N/A	-	5,306,895
Total Health Centers Cluster			-	7,701,072
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	-	959,054
Passed through Albert Einstein College of Medicine, Inc. Healthy Start Initiative	93.926	311434 / 311513	-	286,613
Total Expenditures of Federal Awards			\$ -	\$ 8,946,739

See Notes to Schedule of Expenditures of Federal Awards.

Bronx Community Health Network, Inc.

**Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019**

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Bronx Community Health Network, Inc. ("BCHN") under programs of the federal government for the year ended December 31, 2019. The information in this Schedule 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of BCHN, it is not intended to and does not present the financial position, changes in net assets, or cash flows of BCHN.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. BCHN has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance because it is not applicable.

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
Bronx Community Health Network, Inc.

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 Bronx Community Health Network, Inc. ("BCHN"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered BCHN'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 BCHN's internal control. Accordingly, we do not express an opinion on the effectiveness of BCHN'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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BCHN'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 BCHN's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BCHN's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

New York, New York
September 29, 2020

Independent Auditor's Report on Compliance for Each Major Federal Program
and Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Bronx Community Health Network, Inc.

Report on Compliance for Each Major Federal Program

We have audited Bronx Community Health Network, Inc.'s ("BCHN") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of BCHN's major federal programs for the year ended December 31, 2019. BCHN's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of BCHN'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* (the "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 BCHN'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 BCHN's compliance.

Opinion on Each Major Federal Program

In our opinion, BCHN complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of BCHN 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 BCHN'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 BCHN's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of BCHN'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.



New York, New York
September 29, 2020

Bronx Community Health Network, Inc.

Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Section I - Summary of Auditor's Results:

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
Significant deficiency(ies) identified?

yes no
yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards:

Internal control over major federal programs:

- Material weakness(es) identified?
Significant deficiency(ies) identified?

yes no
yes none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of major programs:

CFDA Number(s)

Name of Federal Program

93.224

U.S. Department of Health and Human Services: Health Centers Cluster:

Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program

93.527

Dollar threshold used to distinguish between type A and B programs

\$750,000

Auditee qualified as low-risk auditee?

yes no

Bronx Community Health Network, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Section II - Financial Statement Findings:

None

Section III - Federal Award Findings and Questioned Costs:

None



Independent Member of Nexia International

cohnreznick.com