Cincinnati Health Network, Inc.
Financial Statements and Supplemental Schedule
December 31, 2019
Together with Independent Auditor's Reports

Cincinnati Health Network, Inc.

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STEPHENSON
& WARNER, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors of
Cincinnati Health Network, Inc.
Cincinnati, Ohio

Report on Financial Statements

We have audited the accompanying financial statements of Cincinnati Health Network, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 of 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cincinnati Health Network, Inc. as of December 31, 2019, 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* 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 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 August 20, 2020, on our consideration of Cincinnati Health Network, Inc.'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 Cincinnati Health Network, Inc.'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 Cincinnati Health Network, Inc.'s internal control over financial reporting and compliance.

Stephenson and Warner, Inc.

Stephenson and Warner, Inc.
Hamilton, Ohio

August 20, 2020

Cincinnati Health Network, Inc.
Statement of Financial Position
December 31, 2019

Assets	
Current assets	
Cash and cash equivalents	$ 3,404,873
Accounts receivable	172,246
Grants receivable	264,555
Prepaid expenses	1,090
Total current assets	3,842,764
Certificates of deposit	1,573,102
Investments	201,146
Note receivable - related party	91,084
Property and equipment, net	594,699
Total assets	6,302,795
Liabilities and Net Assets	
Current liabilities	
Accounts payable	318,922
Accrued payroll and related	134,415
Total current liabilities	453,337
Total liabilities	453,337
Net assets	
Without donor restrictions	5,849,458
Total net assets	5,849,458
Total liabilities and net assets	$ 6,302,795

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

Cincinnati Health Network, Inc.
Statement of Activities
For the Year Ended December 31, 2019

	Without Donor Restrictions
Revenues, public support and other income	
Patient service fees, net	$ 901,765
Federal grants	4,947,108
Other public support	4,977
Investment income	60,439
Other income	2,520
Total revenues, public support and other income	5,916,809
Expenses	
Program	4,287,528
Supporting services	786,790
Total expenses	5,074,318
Change in net assets	842,491
Net assets, beginning of the year	5,006,967
Net assets, end of the year	$ 5,849,458

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

Cincinnati Health Network, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program	Supporting Services	Total
Compensation	$ 1,285,619	$ 488,817	$ 1,774,436
Employee benefits	226,180	83,271	309,451
Payroll taxes	100,294	36,713	137,007
	1,612,093	608,801	2,220,894
Subrecipient contracts	2,175,026	-	2,175,026
Professional services	99,946	27,656	127,602
Occupancy	81,408	43,503	124,911
Medical supplies	105,556	-	105,556
Office supplies and equipment	52,633	24,919	77,552
Information technology	59,082	15,390	74,472
Staff training	27,531	7,866	35,397
Depreciation	22,324	4,376	26,700
Travel	9,139	15,509	24,648
Dues and related	6,456	12,993	19,449
Telephone and communications	12,162	7,053	19,215
Physician contractors	14,850	-	14,850
Insurance	8,555	2,444	10,999
Conferences and meetings	404	9,730	10,134
Miscellaneous	100	4,239	4,339
Advertising and recruiting	263	2,311	2,574
	$ 4,287,528	$ 786,790	$ 5,074,318

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

Cincinnati Health Network, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2019

Cash flows from operating activities	
Change in net assets	$ 842,491
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	26,700
Unrealized gain and income from investments	(3,211)
Interest from certificates of deposit reinvested	(56,225)
Increase (decrease) in cash from changes in operating assets and liabilities	
Accounts receivable	(44,133)
Grants receivable	(41,804)
Prepaid expenses	39,942
Accounts payable	37,276
Accrued payroll and related	30,017
Cash provided by operating activities	831,053
Cash flows from investing activities	
Purchase of property and equipment	(330,355)
Purchase of certificates of deposit	(446,247)
Cash used by investing activities	(776,602)
Cash flows from financing activities	
Issuance of note receivable to related party	(85,290)
Cash used by investing activities	(85,290)
Net change in cash and cash equivalents	(30,839)
Cash and cash equivalents, beginning of the year	3,435,712
Cash and cash equivalents, end of the year	$ 3,404,873
Other cash activity:	
Purchase of certificates of deposit that is reported with cash	$ 353,753

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

Cincinnati Health Network, Inc.
Notes to the Financial Statements
December 31, 2019

Nature of Operations

Cincinnati Health Network, Inc. (the Organization) was incorporated in the State of Ohio in 1986. The primary objective of the Organization is to coordinate and plan for the provision of basic, quality health care services, particularly for the medically underserved and high-risk population in the Greater Cincinnati area. This objective includes acquiring funds from public or private sources which are restricted for the purpose of providing health care to the medically underserved including the homeless population and those infected and affected with HIV/AIDS. The Organization's revenue and other support are derived primarily from federal and state grants and program service fees.

Note 1 – Summary of Significant Accounting Policies

Basis of Accounting – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, as contained in the Accounting Standards Codification (ASC) issued by the Financial Accounting Standards Board (FASB).

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), 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.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).* This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The Organization has analyzed the provisions of ASU 2014-09 and concluded that no changes are necessary to conform with the new standard.

Use of Estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and related disclosures. The most significant estimates are related to the valuation of the allowance for doubtful accounts and the recoverability of encounters billed to third parties. Other significant estimates include the estimated depreciable lives of property and equipment, the allocation of common expenses of program and supporting services and the fair value of financial instruments. Actual results could differ, materially, from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents include deposits that can be redeemed on demand and highly liquid investments with original maturities of three months or less when purchased.

Note 1 – Summary of Significant Accounting Policies, continued

Accounts Receivable – Accounts receivable is recorded at the amount of expected reimbursement. An allowance for doubtful accounts is determined by management based on the Organization's historical losses and expected receipts, an allowance was not necessary at December 31, 2019. The Organization does not require collateral for accounts receivable. Interest and late fees are not charged on past due receivables.

Certificates of Deposit – Include deposits with original maturities greater than three months. At December 31, 2019, the deposits had original maturities between six months and forty-eight months with interest rates ranging between 1.55% and 2.65%. Unrealized gains and losses associated with the deposits were not recorded at December 31, 2019 and are believed to be immaterial.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at fair value in the statement of financial position. Investment income consists of interest and dividend income and realized and unrealized gains and losses reported net of investment expenses and is included in without donor restrictions revenue unless restricted by donor or law.

Property and Equipment – Property and equipment are recorded at cost or at fair value for donated assets. Expenditures for major additions and improvements, generally over $10,000 and a useful life greater than one year, are capitalized and minor replacements, maintenance and repairs are charged to expense as incurred. Renewals and betterments, which substantially increase the life of an asset, are capitalized. When property and equipment is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective periods. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (typically three to thirty-nine years).

Net Asset Classification – The financial statements report net assets separately by class of net asset.

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Patient Service Fees and Allowances – The Organization recognizes patient service revenue when the medical or behavioral health services are provided, usually a single point in time, the provider completes the encounter form and the patient and/or the third-party insurance providers may be billed based on established rates and is recorded at the amount of expected reimbursement. Self-pay patients are charged for services based on sliding-fee scale. Medicare and Medicaid services are reimbursed at estimated rates that are subject to retroactively calculated contractual adjustments based on annual cost reports that are subject to audit. Other third-party payer services are reimbursed in accordance to contractual agreements. Differences between estimated amounts accrued and actual settlement amounts are reported in operations in the year of settlement.

Note 1 – Summary of Significant Accounting Policies, continued

Federal Grants – Under ASU 2018-08 the Organization has determined that usually grants received from the federal government and other government agencies are conditional contributions. Most of the government grant agreements include a requirement that assets must be used for allowable and reasonable qualifying expenses (or costs) that are based on specific requirements of an agreement about the conduct of an activity. The Organization recognizes a contribution for a government grant when qualifying expenses have been incurred and the Organization may request reimbursement from the government agency. Usually the Organization does not receive government grant funds in advance of incurring qualifying expenses. Government grants that are not conditional will be reported as unconditional promises to give when the funds are received or unconditional promises to give are received.

Contributions – Contributions are recognized as revenue when the funds or assets are received, or unconditional promises to give are received. All contributions are considered to be available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future purposes or restricted by the donor are reported as restricted support and increase net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. Gifts of long-lived assets or other assets used to acquire, or construct property or equipment are released from restriction when the assets are placed in service unless donor-imposed restrictions extend beyond that date.

Donated Goods and Services – Donated goods and services are recorded at the estimated fair value of the donated goods and service at the time the good or service is received or unconditional promise to give is made.

Functional Allocation of Expenses – 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. Compensation and related expenses are charged to program services or supporting services based on the estimated time spent by personnel on the various programs or supporting services. Expenses are charged directly to a program or supporting services when the expenses are specifically identifiable with the program. Other expenses are allocated to the various programs based on budgeted amounts allowed by the funding source as well as upon estimates of time spent by the Organization personnel.

Advertising Costs – The Organization expenses advertising costs as incurred.

Fair Value of Financial Instruments – Accounting principles generally accepted in the United States of America define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. The hierarchy requires organizations to maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 1 – Summary of Significant Accounting Policies, continued

The three levels of input are:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices included in Level 1. These inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value measurement.

These standards apply to all financial assets and liabilities, as well as nonfinancial assets and liabilities that are recognized or disclosed at fair value in our financial statements on a recurring basis (at least annually).

The Organization's financial instruments include investments (Level 1), which are recognized at fair value as determined by quoted market prices on a traded market. The tabular presentation of the fair value of investments is presented in Note 4.

Income Taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and does not currently conduct any activities, which would result in the imposition of the unrelated business income tax. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (VI). The Organization's information returns for the years 2016 through 2019 are subject to examination by the Internal Revenue Service, although that agency has not indicated any intent to do so. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Note 2 – Date of Management's Review

In preparing the financial statements, management has evaluated events and transactions subsequent to December 31, 2019 for potential recognition or disclosure through August 20, 2020, which represents the date the financial statements were available to be issued.

Note 3 – Accounts Receivable, net

The balances were:

Patient services	$ 172,246
	$ 172,246

Note 4 – Investments

The balances were:

	Level 1	Level 2	Level 3	Total
Fixed income funds	$ 90,351	$ -	$ -	$ 90,351
Money market fund	110,795	-	-	110,795
	$ 201,146	$ -	$ -	$ 201,146

The investment income for the year ended December 31, 2019 consists of:

Interest and dividends	$ 2,408
Unrealized gain	803
Fees	-
Net investment income	$ 3,211

The certificates of deposits earned interest income of $56,224 in 2019.

Note 5 – Property and Equipment, net

Property and equipment consisted of the following at December 31, 2019:

Building improvements	$ 628,349
Furniture, equipment and software	438,976
	1,067,325
Accumulated depreciation	(472,626)
Property and equipment, net	$ 594,699
Depreciation	$ 26,700

In 2017 the Organization built a clinic at a facility owned by Caracole (a nonprofit organization) for $38,340. The Organization is not required to pay Caracole rent, but the Organization recorded an in-kind contribution and in-kind rent of $3,281 in 2019. The Organization provides medical services at two facilities operated by the Shelterhouse Volunteer Group, which the Organization is not required to pay rent. The Organization has not recorded in-kind rent for the Shelterhouse Volunteer Group space because the Organization does not have a dedicated space at the Shelterhouse Volunteer Group facilities.

Note 6 – Patient Service Fees, net

	Gross Revenue	Adjustments & Allowances	Net Revenue
Medicaid	$ 787,524	$ -	$ 787,524
Patient self pay	425,603	(381,354)	44,249
Medicare	57,950	-	57,950
Insurance	12,042	-	12,042
	$ 1,283,119	$ (381,354)	$ 901,765

Note 7 – Federal Grants

The federal grants consisted of the following:

Health Care for the Homeless	$4,112,388
Ryan White HIV/AIDS Program	834,720
	$4,947,108

Note 8 – Sub-Recipient Contracts

Under the terms of the grants from the U.S. Department of Health and Human Services (HHS), the Organization contracts for health care services with agencies providing health care to the medically underserved including the homeless population and those infected and affected with HIV/AIDS. The amounts disbursed under these sub-recipient contracts are as follows:

Center for Respite Care	$ 67,650
Cincinnati Health Department	326,274
Shelterhouse Volunteer Group	253,277
Freestore Foodbank	281,200
Greater Cincinnati Behavioral Health	208,005
UC Dept of Family & Community Medicine	240,581
NKY Health District	38,510
University Hospital IDC	675,137
University Hospital ER	84,392
	$2,175,026

Note 9 – Operating Leases

The Organization rents medical and office space and office equipment under operating lease agreements. The office space lease requires monthly payments of $3,212 and the lease expires after June 2021. The lease includes an option to renew the lease with monthly payments of $3,331. The medical space lease requires monthly payments of $7,010 and Organization leases the space from a related party (see Note 14) under a month to month arrangement. Medical and office space rent payments were $99,133 in 2019. The office equipment lease requires monthly payments of $134 and the lease expires after July 2024. The office equipment lease payments were $2,686 in 2019. Future minimum payments for the years ending December 31 are:

2020	$ 40,152
2021	20,880
2022	1,608
2023	1,608
2024	938
	$ 65,186

Note 10 – Retirement Plan

The Organization sponsors a defined contribution pension plan that covers all eligible employees. The Organization's contributions to the plan are in the form of a match up to three percent of the participant's annual salary, as well as a four percent profit-sharing contribution at the Organization's discretion. In 2019, the Organization contributed $112,834 in the form of a three percent match and a four percent profit sharing contribution.

Note 11 – Program Expenses

Expenses for the Organization's major program activities are as follows:

Health Care for the Homeless	$ 3,489,489
Ryan White HIV/AIDS Program	798,039
	$ 4,287,528

Note 12 – Malpractice Claims

The U.S. Department of Health and Human Services has deemed the Organization and its participating providers are covered under the Federal Torts Claims Act (FTCA) for damage, for personal injury, including death, resulting from the performance of medical, surgical, dental and related functions. FTCA coverage is comparable to an occurrence policy without a monetary cap. The ASC require a healthcare provider to accrue the expense of its share of its malpractice claim costs, if any for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based on the Organization's claims experience, no such accrual has been made. It is reasonably possible that this estimate could materially change in the future.

Note 13 – Economic Concentrations and Uncertainties

Concentrations of risk for the Organization include providing health services primarily to the underserved and high-risk population of Greater Cincinnati, Ohio, and receiving significant support from government grants. In 2019, the Organization received 84% of its operating revenue from a grant from the United States Department of Health and Human Services. The Organization's 2019 patient service revenue accounts for approximately 15% of its operating revenue. No other support services provided more than 10% of revenue in 2019.

The Organization's government grants, Medicare and Medicaid revenues are subject to program compliance audits by various governmental agencies or their representatives. The grantor agencies may perform economy or efficiency audits, program audits or conduct monitoring visits. Such audits could lead to refunds to the grantor agencies. Management believes any refunds or repayments, if any, would not be material to the financial position of the Organization.

Cash and cash equivalents, certificates of deposit and investments subject the Organization to concentrations of credit risk.

Note 13 – Economic Concentrations and Uncertainties, continued

Significant cash balances are maintained in commercial banks. These balances are insured by the Federal Deposit Insurance Corporation (FDIC). The Organization may, during the course of the year, maintain cash balances in excess of the FDIC insurance coverage. Management believes the Organization is not exposed to any significant credit or concentration risk on its cash balances that is not considered normal. The Organization's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. The investments are not insured. The Organization extends unsecured credit to the patients and their insurance providers. The carrying amount of the accounts receivable, net of allowances, was $172,246 at December 31, 2019.

Note 14 – McMicken Health Collaborative

The Organization leases medical space from McMicken Health Collaborative (MHC) (see Note 9). The Organization has determined that the Organization has an economic interest in MHC, but it does not have control. Therefore, its operation is not consolidated in the financial statements of the Organization. MHC was created in 2007, which the Organization was a founding member, for the purpose of owning a building that its members and nonmembers could occupy space in the building. The Organization appoints two of the MHC's six trustees.

The balances between the Organization and MHC at December 31, 2019 are:

MHC note receivable	$ 91,084
	$ 91,084

The significant transactions between the Organization and MHC at December 31, 2019 are:

CHN rent to MHC	$ 60,591
Note receivable issued to MHC	85,290
	$ 145,881

The Organization loaned MHC $85,290 in 2019 to assist MHC in paying operating expenses, facility repairs and improvements and paying off a note payable. The repayment terms of the note receivable have not been determined and the note receivable is not incurring interest. Management did not determine imputed interest on the note receivable and believes the imputed interest is immaterial to the financial statements taken as a whole.

Note 15 – Related Party Transactions

From time to time, members of the Organization's Board of Directors utilize the services of the Organization. Payment for such services is determined under the Organization's customary billing policies applicable to all consumers.

A business owned by the CFO's father provides payroll processing services to the Organization. The Organization paid $3,769 for the payroll processing services in 2019.

The Organization's Executive Director serves as a volunteer director for agencies, which may partner with the Organization.

Note 16 – Liquidity and Availability of Financial Assets

Financial assets at year end:	
Cash and cash equivalents	$3,404,873
Accounts receivable	172,246
Grants receivable	264,555
Note receivable - related party	91,084
Investments	201,146
Certificates of deposit	1,573,102
	5,707,006
Note receivable - related party	(91,084)
Financial assets available to meet cash needs for general expenditure within one year	$5,615,922

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in certificates of deposit with maturities from one month to forty-eight months. As part of the Organization's strategic plan, a minimum of six months of operating expenses are to be maintained in reserves at all times, with a goal of twelve months.

Note 17 – Subsequent Events

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time. The Organization received additional federal grant funding in 2020 of $1,245,378 as part of the Coronavirus Preparedness and Response Supplemental Appropriations Act.

Subsequent to year end, the Organization applied for and received a $390,026 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1.00% and payments are not required to begin for seven months after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is fully guaranteed by the Federal government.

Supplemental Schedule

Cincinnati Health Network, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Grantor/Program or Cluster Title/Pass-through Grantor and identifying number	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
United States Department of Health and Human Services				
Health Centers Program Cluster				
Health Center Program (Health Care for the Homeless)	93.224	N/A	$ 1,376,987	$ 4,093,654
Ryan White HIV/AIDS Program	93.918	N/A	798,039	811,650
Total Expenditures of Federal Awards			$ 2,175,026	$ 4,905,304

Notes to the Schedule of Expenditure of Federal Awards
For the 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 Cincinnati Health Network, Inc. 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* (*Uniform Guidance*). Because the schedule presents only a selected portion of the operations of Cincinnati Health Network, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cincinnati Health Network, Inc.

Note 2 - Summary of Significant Accounting Policies
Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain type of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rates
Cincinnati Health Network, Inc. has elected to not use the 10 percent de minimis indirect cost rate as allowed under the *Uniform Guidance*.

Note 4 - Subrecipients

Center for Respite Care	$ 67,650
Cincinnati Health Department	326,274
Shelterhouse Volunteer Group	253,277
Freestore Foodbank	281,200
Greater Cincinnati Behavioral Health	208,005
UC Dept of Family & Community Medicine	240,581
NKY Health District	38,510
University Hospital IDC	675,137
University Hospital ER	84,392
	$ 2,175,026

See Independent Auditor's Report.

Single Audit Reports,

Schedule of Findings and Questioned Costs,

And

Summary Schedule of Prior Year Audit Findings

STEPHENSON
& WARNER, INC.
CERTIFIED PUBLIC ACCOUNTANTS

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 of
Cincinnati Health Network, Inc.
Cincinnati, Ohio

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 Cincinnati Health Network, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 August 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cincinnati Health Network, Inc.'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 Cincinnati Health Network, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Cincinnati Health Network, Inc.'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 the 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 Cincinnati Health Network, Inc.'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stephenson and Warner, Inc.

Stephenson and Warner, Inc.
Hamilton, Ohio

August 20, 2020

STEPHENSON
& WARNER, INC.
CERTIFIED PUBLIC ACCOUNTANTS

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 of
Cincinnati Health Network, Inc.
Cincinnati, Ohio

Report on Compliance for Each Major Federal Program

We have audited Cincinnati Health Network, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cincinnati Health Network, Inc.'s major federal programs for the year ended December 31, 2019. Cincinnati Health Network, Inc.'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 Cincinnati Health Network, Inc.'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 *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 Cincinnati Health Network, Inc.'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 on Cincinnati Health Network, Inc.'s compliance.

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Opinion on Each Major Federal Program

In our opinion, Cincinnati Health Network, Inc. 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 Cincinnati Health Network, Inc. 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 Cincinnati Health Network, Inc.'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 Cincinnati Health Network, Inc.'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 the 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.

Stephenson and Warner, Inc.

Stephenson and Warner, Inc.
Hamilton, Ohio

August 20, 2020

Cincinnati Health Network, Inc.

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

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	***Unmodified***
Internal control over financial reporting:	
• Material weaknesses identified?	***No***
• Significant deficiencies identified?	***No***
Noncompliance material to financial statements noted?	***No***

Federal Awards

Internal control over major federal programs:	
• Material weaknesses identified?	***No***
• Significant deficiencies identified?	***No***
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 2 CFR 200.516(a)	***No***
Identification of major programs:	
CFDA # 93.224	***Health Centers Program Cluster***
Dollar threshold used to distinguish between type A and type B programs:	***$750,000***
Auditee qualified as a low-risk auditee?	***No***

Section II – Financial Statement Findings and Questioned Costs

- None -

Section III – Federal Award Findings and Questioned Costs

- None -

Cincinnati Health Network, Inc.

Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2018

Section II – Financial Statement Findings and Questioned Costs

Finding: 2019-001

Condition – Federal grant revenue of $484,854 was recognized as revenue in 2017 but allowable expenditures for those grant funds were not incurred until 2018. The $484,854 should have been recognized as revenue in 2018.

Status – The condition was corrected in 2019.

Section III – Federal Award Findings and Questioned Costs

Finding: 2019-002

Condition – A reimbursement request made by the Organization on October 11, 2018 (approximately) included an expenditure for $95,098 instead of the correct amount of $95.

Status – The condition was corrected in 2019.