

COMMUNITY ACCESS NETWORK, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

COMMUNITY ACCESS NETWORK, INC.

FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS OF
COMMUNITY ACCESS NETWORK, INC.
LYNCHBURG, VIRGINIA**

Report on Financial Statements

We have audited the accompanying financial statements of Community Access Network, Inc. (a nonprofit organization), which comprise the statements 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.

Auditors' 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Access 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.

Restatement of Beginning Net Assets

As described in Note 7 to the financial statements, in 2019, Community Access Network, Inc. restated beginning net assets to account for a reduction in accounts receivable due to an error made in prior years. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary 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 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.

Report on Summarized Comparative Information

We have previously audited Community Access Network, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2020, on our consideration of Community Access 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 solely is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Access 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 Community Access Network, Inc.'s internal control over financial reporting and compliance.

Robinson, Farmer Cox Associates

Charlottesville, Virginia
June 16, 2020

FINANCIAL STATEMENTS

COMMUNITY ACCESS NETWORK, INC.

Statement of Financial Position
At December 31, 2019
(With Comparative Totals for 2018)

	2019	2018
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 44,097	\$ 125,291
Accounts receivable, less allowance for uncollectible accounts of \$1,140,755	1,332,651	947,109
Grants receivable	311,234	263,960
Prepaid expenses	24,140	12,600
Total current assets	\$ 1,712,122	\$ 1,348,960
Noncurrent assets:		
Property and equipment, net of accumulated depreciation of \$9,710	\$ 48,257	\$ 49,576
Total noncurrent assets	\$ 48,257	\$ 49,576
Total assets	\$ 1,760,379	\$ 1,398,536
<u>Liabilities and Net Assets</u>		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 357,593	\$ 426,879
Other accrued expenses	34,982	69,552
Accrued salaries	113,421	82,736
Accrued payroll expenses	50,076	207,026
Compensated absences, current portion	29,237	16,574
Total current liabilities	\$ 585,309	\$ 802,767
Long-term liabilities:		
Compensated absences, net of current portion	\$ 263,133	\$ 149,167
Line of credit	8,502,548	3,711,771
Total long-term liabilities	\$ 8,765,681	\$ 3,860,938
Total liabilities	\$ 9,350,990	\$ 4,663,705
Net assets:		
Without donor restrictions	\$ (7,590,611)	\$ (3,265,169)
Total net assets	\$ (7,590,611)	\$ (3,265,169)
Total liabilities and net assets	\$ 1,760,379	\$ 1,398,536

The accompanying notes to financial statements are an integral part of this statement.

COMMUNITY ACCESS NETWORK, INC.

Statement of Activities
Year Ended December 31, 2019
(With Comparative Totals for 2018)

	2019	2018
Revenues, gains, and other support:		
Ryan White Part B	\$ 1,389,508	\$ 916,437
Ryan White Part C	252,833	64,339
Other grants	43,076	1,050,190
Patient services, net of contractual allowances	2,643,014	1,453,087
Pharmacy charges	1,653,397	1,031,677
Pharmacy rental income	16,333	16,359
Contracted services	1,503	15,238
Consulting	168,635	153,773
Contributions	1,825	1,287
In-kind services	30,916	859,673
Miscellaneous revenue	7,795	228
Total revenues, gains, and other support	\$ 6,208,835	\$ 5,562,288
Expenses:		
Program Services:		
Medical	\$ 7,120,168	\$ 6,165,994
Behavioral Health	573,584	261,581
Community Coordination	359,509	439,135
Ryan White	1,667,277	1,062,796
Total program services	\$ 9,720,538	\$ 7,929,506
Support Services:		
Management and general	\$ 773,838	\$ 527,017
Fundraising	3,933	17,433
Total support services	\$ 777,771	\$ 544,450
Total expenses	\$ 10,498,309	\$ 8,473,956
Change in net assets without donor restrictions	\$ (4,289,474)	\$ (2,911,668)
Net assets without donor restrictions, beginning of year, as restated	(3,301,137)	(353,501)
Net assets without donor restrictions, end of year	\$ (7,590,611)	\$ (3,265,169)

The accompanying notes to financial statements are an integral part of this statement.

COMMUNITY ACCESS NETWORK, INC.

Statement of Functional Expenses
 Year Ended December 31, 2019
 (With Comparative Totals for 2018)

	Program Services					Supporting Services			Total	
	Medical	Behavioral Health	Community Coordination	Ryan White	Total	Management and General	Fundraising	Total	2019	2018
Bank service charges	\$ 2,244	\$ -	\$ -	\$ -	\$ 2,244	\$ 5,404	\$ -	\$ 5,404	\$ 7,648	\$ 3,851
Contractual services	301,476	19,839	7,936	78,446	407,697	17,337	3,489	20,826	428,523	176,218
Depreciation	-	-	-	7,784	7,784	-	-	-	7,784	1,927
Dues and subscriptions	-	-	575	-	575	13,362	-	13,362	13,937	11,885
Insurance	41,095	4,808	361	11,718	57,982	2,469	180	2,649	60,631	38,085
Interest	-	-	-	-	-	305,589	-	305,589	305,589	55,503
Late fees and penalties	291	-	-	-	291	1,627	-	1,627	1,918	79,012
Legal and professional fees	336,297	-	50,700	6,965	393,962	92,775	-	92,775	486,737	376,491
Leased equipment	3,000	-	-	-	3,000	-	-	-	3,000	1,750
Licenses and fees	242	-	1,188	-	1,430	-	-	-	1,430	348
Marketing/advertising	10,365	-	1,148	-	11,513	1,254	-	1,254	12,767	42,602
Other	130	-	-	326	456	15	-	15	471	725
Patient care costs	107,698	-	6,025	317,148	430,871	250	-	250	431,121	1,170,980
Patient recruitment	64,263	-	1,712	-	65,975	-	-	-	65,975	23,648
Personnel	3,372,315	546,848	284,547	1,150,488	5,354,198	315,418	57	315,475	5,669,673	4,532,657
Postage	1,831	-	-	165	1,996	259	-	259	2,255	1,725
Printing	5,155	57	1,359	463	7,034	232	11	243	7,277	15,717
Rent expense	518,359	-	-	-	518,359	-	-	-	518,359	543,946
Repairs and maintenance	860	-	-	-	860	-	-	-	860	15,487
Staff recruitment	10,672	-	-	15	10,687	4,713	-	4,713	15,400	15,985
Supplies and equipment	1,150,750	1,106	1,641	83,229	1,236,726	9	183	192	1,236,918	796,856
Telephone	142	-	-	246	388	-	-	-	388	483
Training and meetings	29,463	624	338	422	30,847	10,222	13	10,235	41,082	41,065
Travel and conferences	1,345	302	1,979	7,031	10,657	2,903	-	2,903	13,560	14,550
Uncollectible	1,123,213	-	-	-	1,123,213	-	-	-	1,123,213	466,812
Utilities	38,962	-	-	2,831	41,793	-	-	-	41,793	45,648
Total	\$ 7,120,168	\$ 573,584	\$ 359,509	\$ 1,667,277	\$ 9,720,538	\$ 773,838	\$ 3,933	\$ 777,771	\$ 10,498,309	\$ 8,473,956

The accompanying notes to financial statements are an integral part of this statement.

COMMUNITY ACCESS NETWORK, INC.

Statement of Cash Flows
Year Ended December 31, 2019
(With Comparative Totals for 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (4,289,474)	\$ (2,911,668)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	7,784	1,927
Change in assets and liabilities:		
(Increase) decrease in current assets:		
Accounts receivable	(421,511)	(664,586)
Grants receivable	(47,274)	(263,960)
Prepaid expenses	(11,540)	(6,661)
Increase (decrease) in current liabilities:		
Accounts payable	(69,286)	(87,598)
Other accrued expenses	(34,570)	69,552
Accrued salaries	30,685	55,597
Accrued payroll expenses	(156,950)	52,783
Compensated absences	126,629	106,175
Line of credit	4,790,777	3,711,771
Net cash provided by (used for) operating activities	\$ (74,730)	\$ 63,332
Cash flows from investing activities:		
Purchase of property and equipment	\$ (6,464)	\$ (51,503)
Net cash provided by (used for) investing activities	\$ (6,464)	\$ (51,503)
Net increase in cash	\$ (81,194)	\$ 11,829
Cash and cash equivalents, beginning of year	125,291	113,462
Cash and cash equivalents, end of year	\$ 44,097	\$ 125,291

The accompanying notes to financial statements are an integral part of this statement.

COMMUNITY ACCESS NETWORK, INC.

Notes to Financial Statements
December 31, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Nature of Activities

Community Access Network, Inc. (the Organization) is a nonprofit community health care organization formed in Virginia as a non-stock, not-for-profit corporation in 2015. The Organization provides comprehensive and preventative health care to residents of Lynchburg, Virginia and the surrounding areas.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net asset and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed stipulations. At December 31, 2019, the Organization had net assets without donor restrictions of \$(7,590,611).

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. At December 31, 2019, the Organization did not have any net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with a purchased maturity of three months or less from the date of acquisition to be cash equivalents.

Accounts Receivable and Net Patient Service Revenue

Accounts receivable and net patient service revenue are derived from patients who reside primarily in the Organization's local geographical region. Accounts receivable are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Organization considers self-pay accounts receivable aged over 60 days, commercial insurance accounts receivable aged over 180 days, and Medicaid and Medicare accounts receivable aged over 364 days to be uncollectible. The allowance for uncollectible accounts at December 31, 2019 and 2018 amounted to \$1,140,755 and \$200,979, respectively.

During the fiscal year, Community Access Network experienced a onetime write-off of uncollectable accounts from the prior practice management system.

These accounts were determined to be uncollectable. The amount of this write-off was \$903,880 and had a significant effect on the financial performance of Community Access Network.

COMMUNITY ACCESS NETWORK, INC.

Notes to Financial Statements
December 31, 2019 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Property and Equipment

Physical assets acquired with unit costs in excess of \$5,000 having estimated useful lives extending beyond the year of acquisition are capitalized. Capitalized fixed assets are accounted for at their historical cost and all such assets, except land and certain works of art and historical treasures, are subject to depreciation on the straight-line method over their estimated useful lives as follows:

Equipment	5-7 years
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Depreciation expense totaled \$7,784 for the year ended December 31, 2019

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor restrictions.

All donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. Contributions are recognized when the donor makes a promise to give. Contributions that are restricted by the donor are reclassified to net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Donated Services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Organization received in-kind lab services amounting to \$30,916 during the year.

Use of Estimates

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

Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated directly and by staff hours among the programs and supporting services benefited.

Comparative Totals

Comparative totals are presented for informational purposes only. Amounts for the prior year were derived from the prior year financial statements. Prior year amounts have been reclassified to the current year presentation.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

COMMUNITY ACCESS NETWORK, INC.

Notes to Financial Statements
December 31, 2019 (Continued)

NOTE 2—DEFINED CONTRIBUTION PENSION PLAN:

The Organization sponsors a 403(b) defined contribution pension plan for its employees. New employees are automatically enrolled in the plan at a deferral amount of 1% of their annual salary and may elect to increase the deferred amount at their discretion. The Organization matches employee contributions to the plan up to 6%.

NOTE 3—MALPRACTICE INSURANCE:

The Organization and its providers are covered against malpractice liability under the Virginia Department of Treasury VA Risk2 program.

NOTE 4—CONCENTRATION OF CREDIT RISK:

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, cash equivalents and unsecured accounts receivable. The Organization places its cash and cash equivalents in two financial institutions located in Virginia. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019, the Organization did not have any uninsured cash balances.

NOTE 5—LIQUIDITY AND AVAILABILITY:

Cash and cash equivalents	\$	44,097
Accounts receivable		1,332,651
Grants receivable		<u>311,234</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>1,687,982</u>

The Organization has \$1,687,982 of liquid financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. None of the financial assets above are subject to donor or other contractual restrictions that make them unavailable for general expenditure. The Organization relies on significant annual contributions from organizations, patient service revenues and pharmacy related income to fund its programs and operations and manages its liquidity and reserves following the principles of operating with a prudent range of financial soundness and ensuring liquid assets are sufficient to fund near-term operating needs. Additionally, as more fully described in Note 6, the Organization has an open line of credit with Centra Health to fund ongoing operating needs, as necessary.

NOTE 6—LINE OF CREDIT:

The Organization has an open \$10,900,000 line of credit with Centra Health, which is utilized to fund ongoing operating needs. Interest is charged on the outstanding balance at 5% per annum. At December 31, 2019, the Organization had an outstanding payable balance of \$8,502,548 on this line of credit. Repayment is scheduled to begin in January 1, 2022 and will continue until the balance is paid in full. The principal balance, together with all accrued and unpaid interest, and any other amounts which may become due and payable, is due and payable in full without notice or demand on May 1, 2031.

COMMUNITY ACCESS NETWORK, INC.

Notes to Financial Statements
December 31, 2019 (Continued)

NOTE 7—RESTATEMENT OF BEGINNING NET ASSETS:

The Organization restated beginning net assets in 2019 as follows:

Net assets without donor restrictions, as previously reported	\$	(3,265,169)
Adjust accounts receivable balance for error made in prior years		<u>(35,968)</u>
Net assets without donor restrictions, as restated	\$	<u><u>(3,301,137)</u></u>

NOTE 8—DATE OF MANAGEMENT’S REVIEW:

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through June 16, 2020, the date the financial statements were available to be issued.

Community Access Network has taken decisive measures to mitigate the impact of COVID-19 on operations and finances. As of 5/31/20, the Organization had provided 12,179 patient visits which is 96% of the year to date goal. The Organization successfully implemented telehealth and began providing audio/visual visits on 4/1/20. About 16% of visits are now televisits.

There have been some increased expenses due to COVID-19, as Personal Protective Equipment costs have risen. The Organization also brought up a respiratory clinic to provide services to patients with COVID-19 symptoms in a separate part of the practice. All employees and patients are being screened prior to the entry into the building, which has impacted staffing costs somewhat.

Community Access Network has not reduced staffing levels and received \$807,200 in Paycheck Protection Act funding. Management negotiated amendments to the Line of Credit and Lease agreements with Centra Health, and the Line of Credit interest and rent charges have been suspended for the duration of the COVID-19 declared national emergency.

COMPLIANCE



**Independent Auditors' 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
COMMUNITY ACCESS NETWORK, INC.
LYNCHBURG, VIRGINIA**

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 Community Access 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 June 16, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Access 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 Community Access Network, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Access 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Access 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.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
June 16, 2020



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

**TO THE BOARD OF DIRECTORS
COMMUNITY ACCESS NETWORK, INC.
LYNCHBURG, VIRGINIA**

Report on Compliance for Each Major Federal Program

We have audited Community Access Network, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Access Network, Inc.'s major federal programs for the year ended December 31, 2019. Community Access Network, Inc.'s major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Community Access 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 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 Community Access 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 of Community Access Network, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Community Access 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 Community Access 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 Community Access 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 Community Access 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 a 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.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
June 16, 2020

COMMUNITY ACCESS NETWORK

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

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Health and Human Services:			
Pass-through payments:			
Virginia Department of Health:			
HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)	93.917	Unavailable	\$ 1,389,508
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease (Ryan White HIV/AIDS Program Part C)	93.918	Unavailable	252,833
Total Department of Health and Human Services			\$ <u>1,642,341</u>
Total Expenditures of Federal Awards			\$ <u><u>1,642,341</u></u>

COMMUNITY ACCESS NETWORK

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

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Community Access 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 Community Access Network, Inc., it is not intended and does not present the financial position, changes in net assets, or cash flows of Community Access Network, Inc.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) 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.

(2) Pass-through entity identifying numbers are presented where available.

NOTE C - SUBRECIPIENT MONITORING

No awards were passed through to subrecipients.

NOTE D - INDIRECT COST RATE

Community Access Network, Inc. did not elect to use the 10% de minimis cost rate.

COMMUNITY ACCESS NETWORK

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) ? yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.917	HIV Care Formula Grants

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

Auditee qualified as low-risk auditee? yes x no

Section II- Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Year Audit Findings

Prior year significant deficiency was not present in the current year.