

**TREASURE COAST HEALTH COUNCIL, INC.
D/B/A HEALTH COUNCIL OF SOUTHEAST FLORIDA
(A Non-Profit Corporation)**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

TREASURE COAST HEALTH COUNCIL, INC.
D/B/A HEALTH COUNCIL OF SOUTHEAST FLORIDA
(A Non-Profit Corporation)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Treasure Coast Health Council, Inc.
Palm Beach Gardens, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Treasure Coast Health Council, Inc., d/b/a Health Council of Southeast Florida (the "Organization"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and net assets, 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 Treasure Coast Health Council, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Organization taken as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations* 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 taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 29, 2013 on our consideration of Treasure Coast Health Council, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Treasure Coast Health Council, Inc.'s internal control over financial reporting and compliance.

Marcum LLP

West Palm Beach, FL
October 29, 2013

TREASURE COAST HEALTH COUNCIL, INC.
d/b/a HEALTH COUNCIL OF SOUTHEAST FLORIDA
(A Non-Profit Corporation)

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2013

Assets

Cash and cash equivalents	\$ 167,303
Grants receivable	172,418
Prepaid expenses	57,962
Property and equipment, net of accumulated depreciation of \$76,701	<u>879</u>

Total Assets \$ 398,562

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 112,488
Deferred revenue	<u>116,870</u>

Total Liabilities \$ 229,358

Net Assets, Unrestricted 169,204

Total Liabilities and Net Assets \$ 398,562

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

TREASURE COAST HEALTH COUNCIL, INC.
d/b/a HEALTH COUNCIL OF SOUTHEAST FLORIDA
(A Non-Profit Corporation)

STATEMENT OF ACTIVITIES AND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2013

Public Support and Revenue

Federal grants	\$ 1,425,438
State grants	129,258
Other	<u>386,109</u>

Total Public Support and Revenue \$ 1,940,805

Expenses

Health and program services	1,624,975
General and administrative	<u>267,081</u>

Total Expenses 1,892,056

Increase in Net Assets 48,749

Net Assets - Beginning of Year 120,455

Net Assets - End of Year \$ 169,204

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

TREASURE COAST HEALTH COUNCIL, INC.
d/b/a HEALTH COUNCIL OF SOUTHEAST FLORIDA
(A Non-Profit Corporation)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2013

Increase in Net Assets	\$ 48,749
Adjustments to reconcile increase in net assets to cash and cash equivalents provided by operating activities:	
Depreciation	\$ 293
Changes in assets and liabilities:	
Decrease (increase) in:	
Grants receivable	524,967
Prepaid expenses	(39,902)
Increase (decrease) in:	
Accounts payable and accrued expenses	(231,735)
Deferred revenue	<u>54,856</u>
Total Adjustments	<u>308,479</u>
Net Cash and Cash Equivalents Used In Operating Activities	357,228
Cash Flows From Financing Activities	
Repayment of line of credit, net	<u>(205,000)</u>
Net Decrease in Cash and Cash Equivalents	152,228
Cash and Cash Equivalents – Beginning	<u>15,075</u>
Cash and Cash Equivalents – Ending	<u><u>\$ 167,303</u></u>
Supplemental Disclosure of Cash Flow Information	
Cash paid during the period for interest	<u><u>\$ 4,818</u></u>

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

TREASURE COAST HEALTH COUNCIL, INC.
d/b/a HEALTH COUNCIL OF SOUTHEAST FLORIDA
(A Non-Profit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2013

	Total	Health and Program	General and Administrative
Salaries and Related Expenses			
Salaries and taxes	\$ 459,977	\$ 325,866	\$ 134,111
Employee benefits	64,189	43,414	20,775
Total Salaries and Related Expenses	524,166	369,280	154,886
Other Expenses			
Case management and outreach	409,642	409,642	--
Medical care	309,513	309,513	--
Dental care	84,458	84,458	--
Client housing/rent	82,685	82,685	--
Contractual	81,534	59,886	21,648
Rent	73,853	35,887	37,966
Meeting	47,831	47,360	471
Pharmaceuticals	43,486	43,486	--
Health insurance	30,165	30,165	--
Client utilities	21,521	21,521	--
Professional fees	18,500	1,959	16,541
Other costs	15,249	11,678	3,571
Substance abuse treatment	16,008	16,008	--
Members fund	14,414	14,414	--
Equipment rental	15,604	10,773	4,831
Office supplies	12,976	11,704	1,272
Travel and conferences	12,447	10,511	1,936
Telephone and communications	10,855	7,613	3,242
Insurance	10,616	5,772	4,844
Dues and subscriptions	9,443	8,661	782
Resource identification	7,931	7,931	--
Taxes, licenses and interest	7,538	235	7,303
Office maintenance	5,624	3,953	1,671
Software	4,758	3,490	1,268
Utilities	4,549	2,267	2,282
Food bank	4,325	4,325	--
Printing and reproduction	2,768	2,035	733
Transportation	2,348	2,348	--
Training and development	2,273	1,896	377
Advertising	1,887	1,219	668
Postage and shipping	1,746	1,250	496
Mental health treatment	1,050	1,050	--
Depreciation	293	--	293
Total Expenses	\$ 1,892,056	\$ 1,624,975	\$ 267,081

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

TREASURE COAST HEALTH COUNCIL, INC.
D/B/A HEALTH COUNCIL OF SOUTHEAST FLORIDA
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – ORGANIZATION

Treasure Coast Health Council, Inc. (the "Organization" or "HCSF") is a private not-for-profit Florida corporation that is responsible for health planning services for the five county areas of Indian River, St. Lucie, Okeechobee, Martin and Palm Beach. Operating under the Health Facilities and Health Services Planning Act, Chapter 408.033 of the Florida Statutes, the Organization promotes the planning and development of a local comprehensive health care delivery system, which provides high quality health services at a reasonable cost to all residents within the service area.

The Organization provides planning, coordinating, designing or formulating of health care activities. This planning provides information to be used as a basis for community planning, completion of grant applications and prioritizing of needs for local funding initiatives. In addition, the Organization serves as a fiscal agent for the provision of HIV support services under state and local grants.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

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

Under Financial Accounting Standards Board ("FASB"), Accounting Standards Codification ("ASC") Topic 958-210, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization has no assets that are temporarily or permanently restricted.

CASH EQUIVALENTS

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. As of June 30 2013, cash is held in highly liquid investments, principally cash, which are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits.

TREASURE COAST HEALTH COUNCIL, INC.
D/B/A HEALTH COUNCIL OF SOUTHEAST FLORIDA
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GRANT REVENUE AND RECEIVABLE

Grants receivable consists of federal and state awards from various agencies. These grants are on a cost reimbursement basis or fee for service, including recoverable overhead. Grant revenues are deemed earned and reported as unrestricted support when expenses are incurred in compliance with specific grant agreements. Management reviews the collectability of grants receivable and assesses the need for an allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2013. Expenses are recorded when incurred; unpaid expenses are recorded as accounts payable and accrued expenses.

PROPERTY AND EQUIPMENT

Property and equipment purchased by the Organization are stated at cost. Major additions which materially increase the value of the property are capitalized and depreciated on a straight-line basis over the estimated useful life of the asset (3-5 years). Maintenance and repairs are charged to expense as incurred. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000.

DEFERRED REVENUE

The Organization reports deferred revenue on its financial statements when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Organization has earned the revenue, the liability for deferred revenue is reduced and revenue is recognized.

FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and other activities of the Organization has been summarized in the accompanying Statement of Activities on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

TREASURE COAST HEALTH COUNCIL, INC.
D/B/A HEALTH COUNCIL OF SOUTHEAST FLORIDA
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAX STATUS

The Organization is incorporated in the State of Florida as a nonprofit organization and has qualified as a tax exempt organization under Internal Revenue Code (IRC) Section 501(c)(3), and as such, is only subject to Federal income tax on unrelated business income. There was no income tax resulting from unrelated business income during the year ended June 30, 2013.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. If the Organization were to incur an income tax liability in the future, interest would be reported as interest expense and penalties would be reported as income taxes. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Generally, the Organization's tax returns remain open for federal income tax examination for three years from date of filing.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – RISKS AND UNCERTAINTIES

SUPPORT FROM OUTSIDE AGENCIES

The Organization receives most of its support from government and other grants. A significant reduction in the level of this support, if it were to occur, could have a significant effect on the Organization's ability to continue services and activities.

TREASURE COAST HEALTH COUNCIL, INC.
D/B/A HEALTH COUNCIL OF SOUTHEAST FLORIDA
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3 – RISKS AND UNCERTAINTIES (CONTINUED)

CONCENTRATION OF RISK

The Organization maintains cash balances at one financial institution. The Federal Deposit Insurance Corporation (“FDIC”) insures depositors up to \$250,000. At certain times during the year, the Organization had amounts on deposit that were in excess of the federally insured limits. Cash is maintained at a high quality financial institution, which the Organization believes limits its credit risk. At no time were amounts held in excess of the FDIC limits.

NOTE 4 – PROPERTY AND EQUIPMENT

Furniture and equipment	\$ 77,580
Less: accumulated depreciation	<u>(76,701)</u>
Property and Equipment, Net	<u><u>\$ 879</u></u>

NOTE 5 – COMMITMENTS AND CONTINGENCIES

OPERATING LEASES

The Organization leases office space and office equipment with lease terms extending through 2018. Total rent expense for both equipment and office space for the year ended June 30, 2013 was approximately \$87,000.

The following is a schedule of the estimated future minimum lease payments required on operating leases as of June 30, 2013:

For the Year Ending	Amount
June 30	
2014	\$ 83,940
2015	106,634
2016	108,579
2017	110,814
2018	<u>41,850</u>
Total	<u><u>\$ 451,817</u></u>

TREASURE COAST HEALTH COUNCIL, INC.
D/B/A HEALTH COUNCIL OF SOUTHEAST FLORIDA
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 5 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

OPERATING LEASES (CONTINUED)

The office lease is subject to common area maintenance which is \$2,063 per month at June 30, 2013. The lease is also subject to annual increases, but can increase no more than 4% for controllable expenses, as defined, over the life of the lease. FASB ASC No. 840, *Leases* generally calls for escalating payments over the term of the lease to be amortized over a straight line basis. The difference between actual rent payments and the straight line basis is recorded as a deferred rent obligation.

LITIGATION

From time to time, the Organization may be involved in legal proceedings arising in the ordinary course of business. As of June 30, 2013 the Organization is not aware of any significant litigation that could have a material adverse effect on the Organization's financial position, results of activities or cash flows.

NOTE 6 – LINE OF CREDIT

The Organization has a line of credit agreement with a maximum borrowing amount of \$150,000, which is secured by all of the assets of the Organization and is renewable at least annually. Borrowings under this agreement bear interest at the Bank's Prime Rate plus .6%. As of June 30, 2013, no amounts were outstanding. The agreement is due on demand and was renewed on June 19, 2013 with a next renewal date of June 26, 2014.

NOTE 7 – PENSION PLAN

The Organization has a defined contribution pension plan covering all employees who meet the age and service requirements, as defined. A discretionary contribution is determined by the Organization each year, and is allocated pro rata based on compensation and fully vests in five years. The Organization contributed an amount equal to 5% of the eligible employee's base salary into the plan. Contributions to the plan were approximately \$17,000 for the year ended June 30, 2013.

**TREASURE COAST HEALTH COUNCIL, INC.
D/B/A HEALTH COUNCIL OF SOUTHEAST FLORIDA
(A Non-Profit Corporation)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 29, 2013, the date the financial statements were available to be issued.

Subsequent to year end, the Organization was awarded approximately \$638,000 in new grants.

**TREASURE COAST HEALTH COUNCIL, INC.
D/B/A HEALTH COUNCIL OF SOUTHEAST FLORIDA
(A Non-Profit Corporation)**

COMPLIANCE SECTION

FOR THE YEAR ENDED JUNE 30, 2013

**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
Treasure Coast Health Council, Inc.

We have audited, 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 of America, the financial statements of Treasure Coast Health Council, Inc., d/b/a Health Council of Southeast Florida as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2013.

Internal Control Over Financial Reporting

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

Marcum LLP

West Palm Beach, FL
October 29, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Treasure Coast Health Council, Inc.

Report on Compliance for Each Major Program

We have audited Treasure Coast Health Council, Inc.'s, d/b/a Health Council of Southeast Florida (a nonprofit organization) compliance of with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2013. Treasure Coast Health Council, Inc.'s major federal program is 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 the requirements of law, regulations, contracts, and grants applicable to its major federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Treasure Coast Health Council, Inc.'s major federal program 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Treasure Coast Health Council, 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 the major federal program. However, our audit does not provide a legal determination of Treasure Coast Health Council, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Treasure Coast Health Council, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Treasure Coast Health Council, 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 Treasure Coast Health Council, 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 OMB Circular A-133, 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 Treasure Coast Health Council, 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

West Palm Beach, FL
October 29, 2013

TREASURE COAST HEALTH COUNCIL, INC.
d/b/a HEALTH COUNCIL OF SOUTHEAST FLORIDA
(A Non-Profit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA No.	Contract/ Grant No.	Expenditures
US Dept. of Health & Human Services			
Pass-through State of Florida Dept. of Health			
Ryan White Care Act-Part B PBC Title II (12/13)	93.917	CODCD	\$ 180,800
Ryan White Care Act-Part B PBC Title II (13/14)	93.917	CODCD	2,224
Ryan White Care Act-Part B TC & EC Title II (12/13)	93.917	COBDW & COBDWEC	534,533
Ryan White Care Act-Part B TC & EC Title II (13/14)	93.917	COBDW & COBDWEC	8,217
ALG/CONTR to CHDS - Aids Patient Care Network	93.917	PB300	<u>59,953</u>
			<u>785,727</u>
Pass-through Palm Beach County Board of County Commissioners			
		R2012-0965/R2012-0809/R2012-0487/ R2012-0821/R2013-0035	
Ryan White Care Act-Title I CCS (12/13)	93.914	R2013-0528	76,708
Ryan White Care Act-Title I CCS (13/14)	93.914	R2013-0528	29,866
		R2012-0965/R2012-0809/R2012-0487/ R2012-0821/R2013-0035	
Ryan White Care Act-Title I Med, Spec (12/13)	93.914	R2013-0528	278,428
Ryan White Care Act-Title I Med, Spec (13/14)	93.914	R2013-0528	87,365
Ryan White Care Act-Title I Needs Assessment Coordination (13/14)	93.914	R2013-0528	<u>12,267</u>
			<u>484,634</u>
Total US Dept. of Health & Human Services			1,270,361
US Department of Housing and Urban Development			
Pass-through State of Florida Dept. of Health			
Housing Opportunities for Persons with AIDS	14.241	CODDF	<u>155,077</u>
Total Expenditures of Federal Awards			<u>\$1,425,438</u>

The accompanying notes are an integral part of this schedule.

TREASURE COAST HEALTH COUNCIL, INC.
D/B/A HEALTH COUNCIL OF SOUTHEAST FLORIDA
(A Non-Profit Corporation)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Treasure Coast Health Council, Inc., d/b/a Health Council of Southeast Florida under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Treasure Coast Health Council, Inc., it is not intended to and does not present the financial position, changes in net assets and cash flows of Treasure Coast Health Council, Inc.

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 OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the Treasure Coast Health Council, Inc. provided federal awards to subrecipients as follows:

Program Title	CFDA Number	Amount Provided to Subrecipient
HIV Care Formula Grant	93.917	\$ 558,444
Housing Opportunities for Persons with AID	14.241	<u>43,375</u>
Total		<u><u>\$ 601,819</u></u>

**TREASURE COAST HEALTH COUNCIL, INC.
D/B/A HEALTH COUNCIL OF SOUTHEAST FLORIDA
(A Non-Profit Corporation)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2013

SECTION I – SUMMARY OF INDEPENDENT AUDITORS’ RESULTS

Financial Statements

Type of auditor’s report issued:	<i>Unmodified Opinion</i>
Internal control over financial reporting:	
Material weakness (es) identified?	_____ Yes <u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses(es)?	_____ Yes <u> X </u> None reported
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiency(ies) identified?	_____ Yes <u> X </u> None reported

Type of auditors’ report issued on compliance with major programs:	<i>Unmodified Opinion</i>
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	_____ Yes <u> X </u> No

Identification of major programs:	
<u>Name of Federal Program or Cluster</u>	<u>CFDA No.</u>
Ryan White Care Act Title I	93.914

Dollar threshold used to distinguish between type A and type B programs:	<u>\$300,000</u>
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Auditee qualified as low risk auditee?	<u> X </u> Yes _____ No
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**TREASURE COAST HEALTH COUNCIL, INC.
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

SECTION IV – PRIOR YEAR FINDINGS

None