



**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND
AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020)**

**REPORTS REQUIRED IN ACCORDANCE WITH THE
UNIFORM GUIDANCE**

FOR THE YEAR ENDED DECEMBER 31, 2021

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND
AFFILIATE**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
District of Columbia Primary Care Association and Affiliate

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of the District of Columbia Primary Care Association and Affiliate (the Organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the

consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022 on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Other Matter

Report on Summarized Comparative Information

The financial statements of the Organization as of and for the year ended December 31, 2020, were audited by other auditors whose report dated December 9, 2021, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects with the audited financial statements for which it was derived.

Marcum LLP

Washington, DC
September 29, 2022

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND
AFFILIATE**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,286,068	\$ 649,937
Investments	1,042,246	937,596
Accounts receivable, net of allowance for doubtful accounts of \$22,217	397,830	759,610
Grants receivable	591,922	248,123
Prepaid expenses	67,394	66,161
Total Current Assets	3,385,460	2,661,427
Fixed Assets	148,696	194,351
Deposits	54,655	54,655
TOTAL ASSETS	\$ 3,588,811	\$ 2,910,433
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 401,814	\$ 519,155
Accrued salaries and related benefits	125,145	122,408
Refundable advances	--	12,596
Line of credit	100,000	100,000
Deferred rent	32,389	32,389
Total Current Liabilities	659,348	786,548
Deferred rent, net of current portion	240,527	272,916
TOTAL LIABILITIES	899,875	1,059,464
Net Assets		
Without donor restrictions	2,011,349	1,763,669
With donor restrictions	677,587	87,300
TOTAL NET ASSETS	2,688,936	1,850,969
TOTAL LIABILITIES AND NET ASSETS	\$ 3,588,811	\$ 2,910,433

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

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND
AFFILIATE**

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021	2020
REVENUE AND SUPPORT				
Contracts	\$ 3,561,778	\$ --	\$ 3,561,778	\$ 4,693,632
Government grants	2,646,286	--	2,646,286	1,263,453
Contributions	550,000	1,587,454	2,137,454	247,000
Membership dues	149,000	--	149,000	144,500
Investment income, net	102,157	--	102,157	66,577
Other income	5,184	--	5,184	2,486
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>997,167</u>	<u>(997,167)</u>	<u>--</u>	<u>--</u>
TOTAL REVENUE AND SUPPORT	<u>8,011,572</u>	<u>590,287</u>	<u>8,601,859</u>	<u>6,417,648</u>
EXPENSES				
Program Services:				
Health Information Technology	2,467,362	--	2,467,362	3,391,531
Policy, Partnership and Advocacy	2,895,793	--	2,895,793	472,742
Quality, Improvement and Practice Transformation	1,791,273	--	1,791,273	1,673,001
Connected Care Network	<u>105,013</u>	<u>--</u>	<u>105,013</u>	<u>586,627</u>
Total Program Services	<u>7,259,441</u>	<u>--</u>	<u>7,259,441</u>	<u>6,123,901</u>
Supporting Service:				
Management and general	<u>504,451</u>	<u>--</u>	<u>504,451</u>	<u>440,636</u>
TOTAL EXPENSES	<u>7,763,892</u>	<u>--</u>	<u>7,763,892</u>	<u>6,564,537</u>
Change in Net Assets Before Other Item	247,680	590,287	837,967	(146,889)
Funding from Paycheck Protection Program	<u>--</u>	<u>--</u>	<u>--</u>	<u>536,904</u>
CHANGE IN NET ASSETS	247,680	590,287	837,967	390,015
NET ASSETS, BEGINNING OF YEAR	<u>1,763,669</u>	<u>87,300</u>	<u>1,850,969</u>	<u>1,460,954</u>
NET ASSETS, END OF YEAR	<u>\$ 2,011,349</u>	<u>\$ 677,587</u>	<u>\$ 2,688,936</u>	<u>\$ 1,850,969</u>

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

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND
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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021							2020 Total
	Program Services				Supporting Service			
	Health Information Technology	Policy Partnership and Advocacy	Quality Improvement and Practice Transformation	Connected Care Network	Total Program Services	Management and General	Total	
Salaries	\$ 848,758	\$ 495,031	\$ 941,408	\$ --	\$ 2,285,197	\$ 281,399	\$ 2,566,596	\$ 2,510,361
Consultants and professional services	1,138,546	1,050,598	332,331	104,687	2,626,162	62,972	2,689,134	2,675,224
Subgrants	--	1,077,790	83,670	--	1,161,460	--	1,161,460	139,650
Fringe benefits	186,767	99,541	238,908	--	525,216	105,250	630,466	619,047
Occupancy	127,629	116,729	133,252	--	377,610	--	377,610	355,708
Technology and communications	70,245	12,799	17,262	--	100,306	--	100,306	96,292
Office expenses	21,380	14,366	19,493	--	55,239	22,790	78,029	70,319
Miscellaneous	18,412	11,811	7,464	326	38,013	26,561	64,574	71,058
Meeting expenses	15,449	17,128	17,485	--	50,062	--	50,062	5,662
Depreciation and amortization	40,176	--	--	--	40,176	5,479	45,655	21,216
TOTAL EXPENSES	<u>\$ 2,467,362</u>	<u>\$ 2,895,793</u>	<u>\$ 1,791,273</u>	<u>\$ 105,013</u>	<u>\$ 7,259,441</u>	<u>\$ 504,451</u>	<u>\$ 7,763,892</u>	<u>\$ 6,564,537</u>

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

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND
AFFILIATE**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 837,967	\$ 390,015
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	45,655	21,216
Net realized and unrealized gains on investments	(66,189)	(40,090)
Change in allowance for doubtful accounts:	4,635	30,000
Changes in assets and liabilities:		
Accounts receivable	357,145	(211,737)
Grants receivable	(343,799)	153,304
Prepaid expenses	(1,233)	2,872
Accounts payable and accrued expenses	(117,341)	(76,607)
Accrued salaries and related benefits	2,737	24,562
Refundable advances	(12,596)	12,596
Deferred revenue	--	(18,240)
Deferred rent	(32,389)	(19,310)
	<u>674,592</u>	<u>268,581</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(100,898)	(200,593)
Proceeds from sales of investments	62,437	176,634
	<u>(38,461)</u>	<u>(23,959)</u>
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	--	100,000
Payment of line of credit	--	(150,000)
	<u>--</u>	<u>(50,000)</u>
NET CASH USED IN FINANCING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	636,131	194,622
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>649,937</u>	<u>455,315</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,286,068</u>	<u>\$ 649,937</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 3,295</u>	<u>\$ 7,517</u>
SCHEDULE OF NONCASH INVESTING TRANSACTIONS		
Fixed asset purchases included in accounts payable	<u>\$ --</u>	<u>\$ 169,474</u>

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

DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Founded in 1996, the District of Columbia Primary Care Association (DCPCA) is a health action and advocacy organization improving health care and health coverage for low income, uninsured, and medically vulnerable residents in the District of Columbia (the District). DCPCA works with its members to advance policy and develop programs such as Medical Homes DC that help ensure that everyone gets the right care, at the right time, and in the right place.

Revenues and support are derived primarily from grants and contracts from governmental and private organizations.

Prior to November 2019, DCPCA was the sponsor on behalf of the Connected Care Network (CCN) program and had a fiscal sponsorship agreement with CCN for the purpose of receiving donations, grants, contributions and gifts in support of CCN. In November 2019, CCN became a separate 501(c)(3) organization that was established to develop, implement, promote and support clinical integrated services and programs that enhance and expand the capability of federally qualified health centers and to provide quality health care services to populations, including those who are underserved in the District. CCN was created to operate the CCN program under its own entity. However in 2021, due to changes in operating realities, CCN's governance was reconfigured under DCPCA's oversight and corporate structure. A Network Oversight Committee was established under DCPCA's Board of Directors to serve as the primary advisor on CCN's operations and financial matters and DCPCA's Chief Executive Officer was designated as the single point of accountability for CCN's network operations. As a result, DCPCA treats CCN as a program of DCPCA. No financial activity was recorded by CCN during the year ended December 31, 2021.

PRINCIPLES OF CONSOLIDATION

The accounts of DCPCA and CNN (collectively, the Organization) have been consolidated in accordance with accounting principles generally accepted in the United States of America (GAAP) which require that financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated.

BASIS OF PRESENTATION

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 Not-for-Profit Entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

- Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions are recorded as “net assets without donor restrictions”. Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- Net Assets With Donor Restrictions – Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or future time periods. These donor restrictions are temporary in nature in that they will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2021, the Organization had no net assets with donor restrictions that are required to be maintained in perpetuity.

CASH AND CASH EQUIVALENTS

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

INVESTMENTS

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income net, which is presented net of investment expenses paid to external investment advisors, in the accompanying consolidated statement of activities.

ACCOUNTS AND GRANTS RECEIVABLE

Accounts and grants receivable are recorded at their net realizable value, which approximates fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer and donor.

FIXED ASSETS

Fixed assets in excess of \$2,500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

The Organization receives grants and contributions from the U.S. government and other private entities. These awards are for various activities performed by the Organization. Grants and contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution, grant and contract to determine if the revenue streams follow the contributions rules or if considered a contract with a customer depending on whether the transactions are deemed reciprocal or nonreciprocal.

Contributions and grants qualifying as conditional contributions contain a right of return from obligation provision that limits the Organization on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. Most grant awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are therefore recognized as contributions when the revenue becomes unconditional.

The Organization recognizes revenue for these conditional contributions when the related barrier has been overcome (when conditions have been met). Funds received in advance of the conditions being met are recorded as refundable advances. For contributions and grants treated as contributions, the Organization had approximately \$1,851,000 in unrecognized conditional awards as of December 31, 2021.

Unconditional grants and contributions are recognized as revenue and support in the accounting period in which they are received or when the unconditional promise to give is made. Unconditional grants and contributions are considered available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as revenue and support with donor restrictions in the accompanying consolidated statement of activities. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and released from restrictions. Grants receivable represent amounts unconditionally committed by grantors that the Organization has not received as of year-end.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at net present value when the discount is significant to the financial statements. Amortization of the discount is included in contributions in the accompanying consolidated statement of activities.

The Organization receives contracts in exchange for services. Revenue from these contracts is recognized when the performance obligations are satisfied according to the terms of the contracts. Revenue recognized on contracts for which payments have not been received is included in accounts receivable in the accompanying statement of financial position. Funds received, but not yet expended, under contracts are reflected as contract liabilities in the accompanying statement of financial position.

Membership dues are based on member benefits received and recognized as revenue over the period of time that performance obligations are met. Transaction price is determined based on cost and/or sale price.

Other income includes various tax and payment refunds to the Organization and are recognized as revenue upon receipt.

USE OF ESTIMATES

The preparation of the consolidated 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 at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified for comparative purposes to conform to the current year presentation.

DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional areas of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of actual time and effort.

INVESTMENT RISK AND UNCERTAINTIES

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

FAIR VALUE MEASUREMENT

In accordance with the accounting standards for fair value measurements for those assets and liabilities that are measured at fair value on a recurring basis, the Organization has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the fair value hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized on the basis of the inputs to the valuation techniques as follows:

Level 1

Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2

Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3

Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

For disclosure of inputs and valuation techniques, see Note 2.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING PRONOUNCEMENT NOT YET ADOPTED

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the consolidated statement of financial position and disclosing key information about leasing arrangements. During 2021, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment. The Organization plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying consolidated financial statements.

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENT

The Organization’s investments as of December 31, 2021, are summarized as follows:

Mutual funds – equity	\$ 580,147
Mutual funds – bonds	308,576
Exchange traded funds	<u>153,523</u>
Total Investments	<u><u>\$ 1,042,246</u></u>

The following table summarizes the Organization’s investments measured at fair value on a recurring basis as of December 31, 2021:

	<u>Fair Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Asset Class:				
Mutual funds – equity	\$ 580,147	\$ 580,147	\$ --	\$ --
Mutual funds – bonds	308,576	308,576	--	--
Exchange traded funds	<u>153,523</u>	<u>153,523</u>	--	--
Total Investments at Fair Value	<u><u>\$1,042,246</u></u>	<u><u>\$1,042,246</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the valuation techniques used at December 31, 2021. Transfers between levels are recorded at the end of the reporting period, if applicable.

- Mutual funds (equity and bonds) – Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Organization are deemed to be actively traded.
- Exchanged traded funds – Valued at the closing price reported on the active market in which the individual securities are traded.

NOTE 3 – FIXED ASSETS

Fixed assets consisted of the following at December 31, 2021:

Furniture and equipment	\$ 411,096
Software	42,225
Leasehold improvements	<u>30,237</u>
Total fixed assets	483,558
Less: Accumulated depreciation and amortization	<u>(334,862)</u>
Net Fixed Assets	<u>\$ 148,696</u>

Depreciation and amortization expense for the year ended December 31, 2021 totaled \$45,655.

NOTE 4 – LINE OF CREDIT

The Organization has a \$1,000,000 revolving bank line of credit with a local financial institution that terminates on February 28, 2023. Amounts borrowed under this agreement bear interest at 3.25%. The line is secured by cash and investments held in accounts at the same financial institution. As of December 31, 2021, the outstanding balance was \$100,000.

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2021:

Diversity and equity initiatives	\$ 435,000
Community economic development planning	184,592
Policy, partnerships and advocacy	<u>57,995</u>
Total Net Assets With Donor Restrictions	<u>\$ 677,587</u>

NOTE 6 – AVAILABILITY AND LIQUIDITY

Financial assets available for use within one year of the Consolidated Statement of Financial Position, comprise the following at December 31, 2021:

Financial Assets:	
Cash and cash equivalents	\$ 1,286,068
Investments	1,042,246
Accounts receivable	397,830
Grants receivable	<u>591,922</u>
Total Financial Assets	3,318,066
Less: Amounts not available for use with one year:	
Financial assets restricted by the donor	<u>(677,587)</u>
Financial Assets Available for Expenditure	<u>\$ 2,640,479</u>

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. The Organization invests cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, the Organization also could draw upon a \$900,000 available remaining line of credit (as further discussed in Note 4).

NOTE 7 – COMMITMENTS, CONTINGENCIES AND RISKS

OPERATING LEASE

The Organization entered into a ten year and eleven month lease for office space, which terminates July 31, 2026. Under the terms of the lease, the first 11 months of rent was abated and rental payments escalate 2.5% annually, except for the sixth year, when the base rent increases \$2 per square foot. As disclosed in Note 12, the Organization extended this lease subsequent to December 31, 2021.

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND
AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 7 – COMMITMENTS, CONTINGENCIES AND RISKS (CONTINUED)

OPERATING LEASE (CONTINUED)

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the consolidated statement of financial position.

The following is a schedule of the future minimum lease payments:

<u>For the Year Ending December 31,</u>	
2022	\$ 389,523
2023	399,261
2024	409,242
2025	419,473
2026	<u>248,737</u>
Total Future Minimum Payments	<u>\$ 1,866,236</u>

Rent expense for the year ended December 31, 2021, which is included in occupancy expense in the accompanying consolidated statement of functional expenses, totaled \$366,647.

COMPLIANCE AUDIT

The Organization receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits.

Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2021. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at times during the year in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. Bank deposit accounts are insured by the FDIC up to a limit of \$250,000. Management believes the risk in these situations to be minimal.

DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 8 – RETIREMENT PLAN

The Organization provides retirement benefits to its employees through a 403(b) retirement plan, which allows for employer matching contributions and employer discretionary contributions. Contributions to the Plan during the year ended December 31, 2021 totaled \$178,644.

NOTE 9 – KEY PROGRAM DESCRIPTIONS

The following summarizes the key program services provided by the Organization:

HEALTH INFORMATION TECHNOLOGY

Represents the programs designed to develop and implement electronic medical records at community health care centers and enable the electronic exchange of clinical data by establishing a regional health information exchange to connect health centers and hospitals into a health information systems network. Includes data management initiatives aimed at aggregating clinical data to produce utilization and quality metrics to facilitate health center performance and population health outcomes improvement.

QUALITY IMPROVEMENT & PRACTICE TRANSFORMATION

Programs focus on the provision of technical assistance and training to health centers to support improvements in access, operational excellence, and health outcomes. Through partnerships with experienced content experts, the Organization develops and facilitates training sessions, conferences, on-site technical assistance, and peer groups to accelerate the use of innovative and evidence-based best practices. The Organization assists health centers leverage data and health information technology to improve care processes and outcomes, and prepare providers for alternative delivery and payment systems.

POLICY, PARTNERSHIP & ADVOCACY

Initiatives identify and act on opportunities to support health center sustainability, as well as address the social determinants of health mainly through the DC PACT (Positive Accountable Community Transformation) coalition, whose vision is to align clinical and community services so as to create a seamless community of care that improves health and increases health equity in the District of Columbia. The Organization's Policy and Advocacy initiatives have also brought together various member FQHCs (Federally Qualified Health Centers) and FQHC-look-alikes leadership and policy making teams on the same platform to guarantee more unified and coordinated legislative, administrative, and budgetary priorities outcomes and amplifications, to ensure continued access to high quality, comprehensive, culturally informed and integrated primary health care, focused on value for both DC Residents, health centers and District of Columbia health care policy administrators.

CONNECTED CARE NETWORK

Represents amounts restricted under the programs sponsored by the Connected Care Network.

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND
AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 10 – INCOME TAX STATUS

INCOME TAXES

DCPCA and CCN are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and are only subject to tax on unrelated business income. DCPCA and CCN are not private foundations. For the year ended December 31, 2021, there was no unrelated business income and, consequently, no provision for income taxes has been made.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's consolidated financial statements. The Organization evaluated its uncertainty in income taxes for the year ended December 31, 2021, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. U.S. federal jurisdictions and/or the various states and local jurisdictions in which the Organization files tax returns are open for examination; however, there are currently no examinations pending or in progress. It is the Organization's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2021, the Organization had no accruals for interest and/or penalties.

NOTE 11 – PRIOR YEAR SUMMARIZED FINANCIAL INFORMATION

The accompanying consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2020, from which the summarized information was derived.

NOTE 12 – SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 29, 2022, the date the consolidated financial statements were issued. Subsequent to year-end, the Organization entered into a lease modification to extend the period of the office space lease discussed in Note 7 through July 31, 2033. There were no other subsequent events identified through September 29, 2022, required to be recognized or disclosed in these consolidated financial statements.

**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 of the
District of Columbia Primary Care Association and Affiliate

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 consolidated financial statements of the District of Columbia Primary Care Association and Affiliate (the Organization), which comprise the Organization's consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 29, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. 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.

Marcum LLP

Washington, DC
September 29, 2022

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 of the
District of Columbia Primary Care Association and Affiliate

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Organization's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Marcum LLP

Washington, DC
September 29, 2022

**DISTRICT OF COLIMBIA PRIMARY CARE ASSOCIATION AND
AFFILIATE**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Teenage Pregnancy Prevention Program	93.297	N/A	\$ 577,790	\$ 1,492,343
Technical and Non-Financial Assistance to Health Centers	93.129	N/A	-	808,026
<i>Pass-Through from District of Columbia Department of Health Community Health Administration, Cancer & Chronic Disease Prevention Bureau</i>				
Organized Approaches to Increase Colorectal Cancer Screening	93.800	CHA2016-000082-010 CHA2016-000082-011	59,000 -	139,885 27,583
Total Organized Approaches to Increase Colorectal Cancer Screening Assistance Listing Number 93.800			<u>59,000</u>	<u>167,468</u>
<i>Pass-Through from District of Columbia Department of Health Health Emergency Preparedness & Response Administration</i>				
National Bioterrorism Hospital Preparedness Program	93.889	01-00/ HERPA2019-000006-002 01-00/ HERPA2019-000006-003	- 19,670	64,804 36,333
Total National Bioterrorism Hospital Preparedness Program Assistance Listing Number 93.800			<u>19,670</u>	<u>101,137</u>
Improving the Health of Americans through Prevention & Management of Diabetes & Heart Diseases & Stroke	93.426	CHA2017-000012-009 CHA2017-000012-010	- -	55,159 22,153
Total Improving the Health of Americans through Prevention & Management of Diabetes & Heart Diseases & Stroke Assistance Listing Number 93.426			<u>-</u>	<u>77,312</u>
Total U.S. Department of Health and Human Services			<u>656,460</u>	<u>2,646,286</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 656,460</u>	<u>\$ 2,646,286</u>

See accompanying notes to this schedule.

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND
AFFILIATE**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) of the District of Columbia Primary Care Association and Affiliate is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA 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.

NOTE 3 - INDIRECT COST RATE

The District of Columbia Primary Care Association and Affiliate has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND
AFFILIATE**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP: ***UNMODIFIED***

Internal control over financial reporting:

Material weakness(es) identified?	___	Yes	___	No
Significant deficiency(ies) identified?	___	Yes	___	None reported

Noncompliance material to financial statements noted?	___	Yes	___	No
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FEDERAL AWARDS

Internal control over major federal programs:

Material weakness(es) identified?	___	Yes	___	No
Significant deficiency(ies) identified?	___	Yes	___	None reported

Type of auditors’ report issued on compliance for major federal programs: ***UNMODIFIED***

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___	Yes	___	No
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Identification of major federal program:

<u><i>NAME OF FEDERAL PROGRAM OR CLUSTER</i></u>	<i>ASSISTANCE LISTING NUMBER</i>
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Teenage Pregnancy Prevention Program	93.297
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Dollar threshold used to distinguish between type A and type B programs:	\$ <u>750,000</u>
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Auditee qualified as low-risk auditee?	___	Yes	___	No
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**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND
AFFILIATE**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None required to be reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding No. 2021-001: Subrecipient Monitoring – Material Weakness in Internal Control Over Compliance

Criteria

The Uniform Guidance requires federal award recipients to ensure that subawards are clearly identified as such to subrecipients and include the following relevant award information:

- Subrecipient name
- Subrecipient unique entity identifier
- Federal award identification number
- Award date to the recipient
- Subaward period of performance
- Subaward budget
- Funds obligated to the subrecipient with the current award and in total
- Federal award project description, name of federal awarding agency or pass-through entity and contact information for awarding official of the pass-through entity
- Assistance listing number and title
- Identification of whether the award is research and development
- Indirect cost rate, at the time of the subaward

If any of these data elements change, the pass-through entity is required to communicate such to the subrecipients through subaward modifications. In the event that any of this information is not available, the pass-through entity must provide the best information available. The Uniform Guidance also requires that federal award recipients evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring procedures.

Context

Certain required information was not communicated to the subrecipients, including the assistance listing number and title. There was also a lack of documented risk assessment procedures over the subrecipient's risk of noncompliance.

**DISTRICT OF COLUMBIA PRIMARY CARE ASSOCIATION AND
AFFILIATE**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding No. 2021-001: Subrecipient Monitoring – Material Weakness in Internal Control Over Compliance (continued)

Cause

The cause of this finding is related to the awareness of the Organization’s explicit requirements around subrecipient monitoring activities. Specifically, the additional monitoring and communication requirements were not included within the Organization’s standard contractor or vendor agreements, which is what was used to communicate the requirements of the parties involved for the work to be completed on the award.

Effect

Omission or lack of information around the award information could lead to incomplete records at the subrecipient and a lack of risk assessment may result in insufficient supervision of subrecipient(s) necessary to satisfy the responsibilities prescribed from the standards.

Questioned Costs

None

Recommendation

We recommend that the Organization employ the use of a comprehensive subrecipient checklist to ensure that all required procedures are performed in order to comply with the prescribed requirements.

Views of Responsible Officials and Planned Corrective Actions

See corrective action plan.

SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS

Consolidated Financial Statement Audit Findings

None required to be reported.

Major Federal Award Programs Audit Findings and Questioned Costs

Finding No. 2020-001: Payroll

This finding was fully remediated.



FY2021 Corrective Action Plan

In accordance with *Title 2 CFR 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements* under Section 200.511, Audit Findings follow-up, the following details the corrective action plan to be taken for the findings noted in the December 31, 2021, audit.

Federal Award Findings and Questioned Costs (2 CFR 200.516(a))

Finding No. 2021-001: Subrecipient Monitoring – Material Weakness in Internal Control Over Compliance

Criteria

The Uniform Guidance requires federal award recipients to ensure that subawards are clearly identified as such to subrecipients and include the following relevant award information:

- Subrecipient name
- Subrecipient unique entity identifier
- Federal award identification number
- Award date to the recipient
- Subaward period of performance
- Subaward budget
- Funds obligated to the subrecipient with the current award and in total
- Federal award project description, name of federal awarding agency or pass-through entity and contact information for awarding official of the pass-through entity
- Assistance listing number and title
- Identification of whether the award is research and development
- Indirect cost rate, at the time of the subaward

If any of these data elements change, the pass-through entity is required to communicate such to the subrecipients through subaward modifications. In the event that any of this information is not available, the pass-through entity must provide the best information available. The Uniform Guidance also requires that federal award recipients evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring procedures.

Cause

The cause of this finding is related to the awareness of the Organization's explicit requirements around subrecipient monitoring activities. Specifically, the additional monitoring and communication requirements were not included within the Organization's standard contractor or vendor agreements, which is what was used to communicate the requirements of the parties involved for the work to be completed on the award.

Effect

Omission or lack of information around the award information could lead to incomplete records at the subrecipient and a lack of risk assessment may result in insufficient supervision of subrecipient(s) necessary to satisfy the responsibilities prescribed from the standards.

Questioned Costs

None

Recommendation

We recommend that the Organization employ the use of a comprehensive subrecipient checklist to ensure that all required procedures are performed in order to comply with the prescribed requirements.

Views of Responsible Officials and Planned Corrective Actions

Context

Certain required information was not communicated to the subrecipients, including the assistance listing number and title. There was also a lack of documented risk assessment procedures over the subrecipient's risk of noncompliance. **Information on the Federal Programs:** All Federal Programs

Views of Responsible Officials and Planned Corrective Actions:

This condition was primarily the result of an award, in mid-2020, of a new and significant federal innovation award that came with an atypically large component of multidisciplinary network partners, sub awardees and consultants. While some obvious subrecipients were clearly identified and designated as such, based on subaward dollar threshold amounts, and their defined roles in the award work plan, and monitored accordingly, as required under 2 CFR section 200.331(a), other minor partners were not, because they were initially designated as contractors.

Starting in July 2022, enhanced and mitigating controls were put in place that now required both responsible program management and compliance staff, to make concerted determinations on whether a partner/third party entity is a contractor or subawardee/subrecipient. All of the organization's staff that are responsible for direct federal and/or pass-through awards were re-trained and oriented on making guided decisions on the test required for making a determination on whether a subrecipient or contractor relationship exists with a third-party entity that is receiving funding from the organization, as part of its federal award(s). The nuances and distinctions on whether an entity is being compensated for goods or services (contractor) or is receiving funds to support a federal program (sub-awardee), are now clearly documented and communicated throughout the programmatic and monitoring & compliance decision-making hierarchy within the organization.

Additionally, starting in July of 2022, all subaward and subrecipient agreements entered into with third party entities are being revised and updated to incorporate, within the preamble and award notifications, the complete and pertinent 2 CFR section 200.332 Pass-through entity (PTE) federal award recipient information, as well as complete subrecipient entity information.

Anticipated Completion Date: October 31, 2022

Responsible Official: Peter Kiburi, Director of Finance



Director of Finance