

RADIANT HEALTH CENTERS
Single Audit Report on Federal Awards
Year ended February 28, 2021

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Board of Directors
Radiant Health Centers
Irvine, California

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Radiant Health Centers (the “Center”) (a nonprofit organization), which comprise the statement of financial position as of February 28, 2021, and the related statements of activities, statement of functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 5, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center’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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Center’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 the Center’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.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
August 5, 2021

Board of Directors
Radiant Health Centers
Irvine, California

**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

Report on Compliance for Each Major Federal Program

We have audited Radiant Health Center's (the "Center") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Center for the year ended February 28, 2021. The Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirement of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center'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 the Center's compliance.

Opinion on Each Major Federal Program

In our opinion, the Center 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 February 28, 2021.

Report on Internal Control Over Compliance

Management of the Center 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 the Center's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Other Matters

The results of our auditing procedures disclosed other matters 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 each major federal program is not modified with respect to these matters.

The Center's response to the noncompliance findings identified in our audit is described in the accompanying schedule of finding and question costs. The Center's response was not subjected to auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the Center as of and for the year ended February 28, 2021, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements. We issued our report thereon dated August 5, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in blue ink that reads "Davis Fan CP".

Irvine, California
August 5, 2021

Radiant Health Centers
Schedule of Expenditures of Federal Awards
Year ended February 28, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Grant Number	Federal Financial Assistance Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed through from the County of Orange Health Care Agency:			
HIV Emergency Relief Project Grants	93.914	H117GPMZ, H117MQVZ, H117GG10, H1170PLZ H1170800	\$ 2,652,793
HIV Care Formula Grants	93.917	H117ESWZ	255,325
HIV Prevention Activities Health Department Based	93.940	H1177SLZ	47,178
Total from the County of Orange Health Care Agency			<u>2,955,296</u>
Passed through from the Centers for Disease Control: HIV Prevention Activities Non-Governmental Org. Based	93.939	iU65PS004745-01	267,032
Passed through from Essential Access Health: Family Planning Services	93.217	FPHPA006470-01	224,573
Total U.S. Department of Health and Human Services			<u>3,446,901</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through from the County of Orange Health Care Agency:			
Housing Opportunities for Persons with AIDS	14.241	H1170PLZ, H117GPMZ	593,518
CDBG Cluster:			
Passed through from the City of Fullerton: Community Development Block Grants/Entitlement Grants	14.218	P903116	2,500
Passed through from the City of Santa Ana Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-06-0508	25,456
Passed through from the City of Anaheim - TBRA: Housing Voucher Cluster: Section 8 Housing Choice Vouchers	14.871	AGR-9504.B	11,919
Total U.S. Department of Housing and Urban Development			<u>633,393</u>
<u>U.S. Department of Treasury</u>			
Passed through from the County of Orange: Coronavirus Relief Fund	21.019	COVID-19-CARES Act Funding	500,000
Total U.S. Department of Treasury			<u>500,000</u>
Total Expenditures of Federal Awards			<u>\$ 4,580,294</u>

See accompanying notes to schedule of expenditures of federal awards

RADIANT HEALTH CENTERS

Notes to Schedule of Expenditures of Federal Awards

Year ended February 28, 2021

Summary of Significant Accounting Policies to the Schedule of Expenditures of Federal Awards

a) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Radiant Health Centers (the "Center") under programs of the federal government for the year ended February 28, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Center.

b) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

c) Indirect Cost Rate

The Center has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

RADIANT HEALTH CENTERS

Schedule of Findings and Questioned Costs

Year ended February 28, 2021

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | None Reported |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|--|
| 1. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | None Reported |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? | No |
| 4. Identification of major programs: | |
| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
| 93.914 | US Dept. of Health and Human Services
Passed through from the County of Orange Health Care Agency: HIV
Emergency Relief Project Grants |
| 21.019 | Coronavirus Relief Fund |
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee? | Yes |

RADIANT HEALTH CENTERS

Schedule of Findings and Questioned Costs

Year ended February 28, 2021

Section II - Financial Statement Findings

There were no financial statement findings for the year ended February 28, 2021.

Section III - Federal Award Findings and Questioned Costs

2021-001 Payroll Charges

Federal Program: Coronavirus Relief Fund
CFDA Number: 21.019
Federal Agency: U.S. Department of Treasury
Year: 2020
Questioned Costs: \$1,817

Criteria:

2 CFR 200.430, *Compensation – personal services*, states, in part:

“(i) *Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;...

(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity do not qualify as support for charges to Federal awards...”

Condition:

We reviewed a sample of payroll transactions for employees that are not 100% charged to the grant. We reviewed employee timesheets and noted that they did not always support the time charged to the grant.

Recommendation:

We recommend the Center review timesheets for accuracy and record payroll charges for grants using information from timesheets.

Views of Responsible Officials:

We acknowledge the audit finding and agree with the recommendation. Our intent is to provide accurate payroll information to support all of our grants. This year has been a difficult year, not only due to a shift to remote work, but also due to staffing shortages we have experienced in our accounting and payroll area. Additionally, there has been a number of changes in our staff and our expense allocations. We will be more mindful of ensuring that the right timesheets and the related allocations on the timesheets are used when processing our payroll.

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Summary Schedule of Prior Audit Findings

Year ended February 28, 2021

Section IV – Summary Schedule of Prior Year Findings

There were no findings reported during the year ended February 29, 2020.