

Maitri Compassionate Care

Financial Statements &
Independent Auditor's Reports
for the Years Ended
June 30, 2013 and 2012



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Maitri Compassionate Care
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Maitri Compassionate Care (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013 and June 30, 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maitri Compassionate Care as of June 30, 2013 and June 30, 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2013, on our consideration of Maitri Compassionate Care'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 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 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 Maitri Compassionate Care's internal control over financial reporting and compliance.



Certified Public Accountant
San Francisco, California
November 25, 2013

Maitri Compassionate Care

Statement of Financial Position at June 30, 2013 and 2012

	6/30/13	6/30/12
	<u>Total</u>	<u>Total</u>
ASSETS		
Current Assets:		
Cash & equivalents	\$166,875	\$37,510
Grants & contracts receivable	102,194	113,646
Other receivables	741	8,644
Prepaid expenses	32,939	37,797
Total current assets	<u>302,749</u>	<u>197,597</u>
Operating reserve (Note 3)	248,356	247,120
Replacement reserve (Note 3)	212,297	211,240
Deposits	600	600
Property & equipment, net (Note 4)	<u>1,763,973</u>	<u>1,822,328</u>
 TOTAL ASSETS	 <u>\$2,527,975</u>	 <u>\$2,478,885</u>
 LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts payable	\$67,540	\$15,240
Accrued wages & payroll taxes	35,458	\$37,241
Accrued vacation pay	88,615	90,496
Current portion of long-term debt (Note 5)	5,035	4,728
Total current liabilities	<u>196,648</u>	<u>147,705</u>
Lease deposit	13,000	13,000
Long-term debt (Note 5)	<u>287,569</u>	<u>292,544</u>
 TOTAL LIABILITIES	 497,217	 453,249
Net Assets		
Unrestricted	775,979	701,525
Temporarily restricted (Note 6)	<u>1,254,779</u>	<u>1,324,111</u>
 TOTAL NET ASSETS	 <u>2,030,758</u>	 <u>2,025,636</u>
 TOTAL LIABILITIES & NET ASSETS	 <u>\$2,527,975</u>	 <u>\$2,478,885</u>

See accompanying notes to financial statements
and independent auditor's report.

Maitri Compassionate Care

Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue & Support			
Government grants & contracts	\$1,503,310		\$1,503,310
Foundation & corporate grants	134,630	\$134,985	269,615
Contributions	151,188	21,050	172,238
Net assets released from restriction:			
Satisfaction of donor requirements	225,367	(225,367)	0
Fundraising event, net of direct donor benefits of \$16,358	107,242		107,242
Commercial rental income, net of direct expenses of \$44,186	176,313		176,313
Resident fees	74,836		74,836
Miscellaneous	8,134		8,134
	2,381,020	(69,332)	2,311,688
Total revenue & support			
Expenses:			
Resident care & services	1,916,969		1,916,969
General & administrative	207,260		207,260
Fundraising	182,337		182,337
	2,306,566	0	2,306,566
Total expenses			
	74,454	(69,332)	5,122
CHANGE IN NET ASSETS			
NET ASSETS, July 1, 2012	701,525	1,324,111	2,025,636
NET ASSETS, June 30, 2013	\$775,979	\$1,254,779	\$2,030,758

See accompanying notes to financial statements
and independent auditor's report.

Maitri Compassionate Care

Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue & Support			
Government grants & contracts	\$1,606,162		\$1,606,162
Foundation & corporate grants	132,650	\$75,750	208,400
Contributions	182,440	1,825	184,265
Net assets released from restriction:			
Satisfaction of donor requirements	155,615	(155,615)	0
Fundraising event, net of direct donor benefits of \$23,588	99,357	1,500	100,857
Commercial rental income, net of direct expenses of \$29,107	190,992		190,992
Resident fees	58,552		58,552
Miscellaneous	14,695		14,695
	<hr/>	<hr/>	<hr/>
Total revenue & support	2,440,463	(76,540)	2,363,923
Expenses:			
Program services	1,926,544		1,926,544
General & administrative	264,871		264,871
Fundraising	196,621		196,621
	<hr/>	<hr/>	<hr/>
Total expenses	2,388,036	0	2,388,036
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	52,427	(76,540)	(24,113)
NET ASSETS, July 1, 2011	649,098	1,400,651	2,049,749
NET ASSETS, June 30, 2012	<u><u>\$701,525</u></u>	<u><u>\$1,324,111</u></u>	<u><u>\$2,025,636</u></u>

See accompanying notes to financial statements
and independent auditor's report.

Maitri Compassionate Care

Statement of Functional Expenses for the Year Ended June 30, 2013

	Resident Care & Services	General & Administrative	Fundraising	Common Costs	Total
Salaries & wages	\$1,238,152	\$77,494	\$102,175	\$73,780	\$1,491,601
Payroll taxes	108,570	7,620	9,089	6,517	131,796
Employee benefits	190,284	7,684	4,187	15,520	217,675
Professional services	15,318	90,508	22,300		128,126
Utilities	11,053	193	89	53,816	65,151
Building maintenance & repair	463			22,015	22,478
Telephone	1,546	383		7,443	9,372
Insurance		3,230		7,465	10,695
Supplies	43,633	829	3,350	19,737	67,549
Food	53,299		124	145	53,568
Equipment rental & maintenance	8,703			7,045	15,748
Printing & mailhouse	105	10	13,211	559	13,885
Postage & shipping		91	1,584	1,532	3,207
Travel & transportation	758	261	1,127	615	2,761
Advertising & public relations	182	697	4,548		5,427
Mortgage interest				12,294	12,294
Depreciation				44,674	44,674
Miscellaneous	4,103	1,868	4,011	577	10,559
Common cost allocation	240,800	16,392	16,542	(273,734)	0
Total Expenses	\$1,916,969	\$207,260	\$182,337	\$0	\$2,306,566

See accompanying notes to financial statements
and independent auditor's report.

Maitri Compassionate Care

Statement of Functional Expenses for the Year Ended June 30, 2012

	Resident Care & Services	General & Administrative	Fundraising	Common Costs	Total
Salaries & wages	\$1,244,596	\$139,675	\$91,451	\$81,759	\$1,557,481
Payroll taxes	108,298	12,097	8,700	7,041	136,136
Employee benefits	197,697	12,934	3,946	12,307	226,884
Professional services	12,250	54,260	16,570		83,080
Utilities	14,628	17	17	52,249	66,911
Building maintenance & repair	3,260		90	27,921	31,271
Telephone	1,690	50		17,882	19,622
Insurance	0	2,732		8,039	10,771
Supplies	27,189	362	7,969	19,962	55,482
Food	55,895		2,320		58,215
Equipment rental & maintenance	8,374		6,945	6,568	21,887
Printing & mailhouse	148	236	24,351		24,735
Postage & shipping	154	56	5,141	1,843	7,194
Travel & transportation	4,009	91	1,164	825	6,089
Advertising & public relations	95		6,103		6,198
Mortgage interest	0	19,585			19,585
Depreciation	0			46,616	46,616
Miscellaneous	4,924	2,498	2,457		9,879
Common cost allocation	243,337	20,278	19,397	(283,012)	0
Total Expenses	\$1,926,544	\$264,871	\$196,621	\$0	\$2,388,036

See accompanying notes to financial statements
and independent auditor's report.

Maitri Compassionate Care

Statement of Cash Flows for the Year Ended June 30, 2013 and 2012

	<u>6/30/13</u>	<u>6/30/12</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$5,122	(\$24,113)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	69,925	69,925
Changes in assets and liabilities:		
(Increase) decrease in grants & contracts receivable	11,452	28,371
(Increase) decrease in other receivables	7,903	10,412
(Increase) decrease in operating reserve	(1,236)	(205,752)
(Increase) decrease in prepaid expenses & deposits	4,858	(23,797)
Increase (decrease) in accounts payable	52,300	(28,693)
Increase (decrease) in accrued payroll liabilities	<u>(3,664)</u>	<u>9,558</u>
Cash provided (used) by operating activities:	146,660	(164,089)
<i>Cash flows from investing activities:</i>		
Purchases of fixed assets	<u>(11,570)</u>	<u>0</u>
Cash provided (used) by investing activities:	(11,570)	0
<i>Cash flows from financing activities:</i>		
Withdrawals from (deposits to) long-term replacement reserve	(1,057)	198,737
Principal payments on long-term debt	<u>(4,668)</u>	<u>(4,460)</u>
Cash provided (used) by financing activities:	<u>(5,725)</u>	<u>194,277</u>
Cash provided (used) during year	129,365	30,188
Cash & equivalents balance:		
Beginning of year, July 1	<u>37,510</u>	<u>7,322</u>
End of year, June 30	<u><u>\$166,875</u></u>	<u><u>\$37,510</u></u>
<u>Additional Disclosure</u>		
Interest paid during the year	\$19,357	\$19,585

See accompanying notes to financial statements
and independent auditor's report.

Maitri Compassionate Care

Notes to Financial Statements for the Years Ended June 30, 2013 and 2012

1. The Organization

Nature of activities

Maitri was founded in 1987 as a residential hospice for people with AIDS. A state licensed 15-bed residence for low-income people with AIDS, Maitri provides a high level of medical supervision and support for people who are seriously ill / disabled. In collaboration with home health agencies and hospice organizations, Maitri provides skilled nursing and end-of-life care.

Exempt from income taxes by I.R.S. code section 501(c)(3), Maitri is governed by a board of directors.

Funding

Maitri receives the majority of its funding from contracts with government agencies. Revenue and support are also received through foundation and corporate grants, donations from the general public, program service fees, and special events. In addition, Maitri receives rent from leasing a portion of its building to another nonprofit organization operating a thrift store.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, support is recognized when it is awarded, revenue is recognized when it is earned, and expenses are recognized when they are incurred.

Basis of Presentation

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

Unrestricted net assets, which includes resources not subject to donor-imposed restrictions.

Temporarily restricted net assets, which includes resources subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Accounting for Restricted Support

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(continued)

Maitri Compassionate Care

Notes to Financial Statements for the Years Ended June 30, 2013 and 2012

(continued)

The Organization reports gifts of fixed assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Cash & Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants & Contracts Receivable

Receivables from program service contracts with government agencies are reported at the amount management expects to collect on balances outstanding at year-end. As all amounts are deemed fully collectible within 90 days of the balance sheet date, there is no allowance for doubtful accounts.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, and accounts payable approximate fair value because of the short maturity of these instruments.

Property & Equipment

Property and equipment purchases of \$2,000 and higher are capitalized at their initial cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which ranges from three to five years for furnishings and equipment, and 37.5 years for real property.

Functional Expenses

Maitri allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly. Facility-related expenses that are common to several functions are allocated according to a formula based on each function's proportionate share of building square footage. Other common costs are allocated according to the relative amount of staff time spent on each function.

Advertising

The Organization conducts advertising to promote its activities. All advertising costs are expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Maitri Compassionate Care

Notes to Financial Statements for the Years Ended June 30, 2013 and 2012

3. Reserve Accounts

In accordance with the terms of funding received from the City & County of San Francisco, funded by the Department of Housing and Urban Development, Maitri must maintain reserve accounts. Funds are invested in bank money market accounts. Details of these accounts are as follows:

Operating Reserve

Maitri is required to make monthly deposits of 5% of project income. Once a balance equal to three months of project operating expenses is achieved, no additional deposits are required, but this balance must be maintained. Funds may be disbursed from the account to alleviate cash shortfalls resulting from unanticipated and unusually high maintenance expenses, seasonal fluctuations in utility costs, abnormally high vacancy rates, and other expenses that vary seasonally or from month-to-month. Prior written approval must be obtained from the City & County of San Francisco to disburse funds. The account balance was \$248,356 at June 30, 2013 and \$247,120 at June 30, 2012.

Replacement Reserve

Quarterly deposits of 3% of project income are required. Withdrawals from the reserve account may be made only for capital improvements, furniture, fixtures, or equipment as may be reasonably required to preserve the value of the building owned by Maitri. The account balance was \$212,297 at June 30, 2013 and \$211,240 at June 30, 2012.

4. Property & Equipment

Fixed assets consist of the following:

	<u>6/30/13</u>	<u>6/30/12</u>
Land	\$205,000	\$205,000
Building & improvements*	2,661,439	2,661,439
Machinery & equipment	159,355	151,706
Furniture & fixtures	110,109	110,109
Computers	<u>54,421</u>	<u>50,500</u>
Property & equipment, gross	3,190,324	3,178,754
Less: accumulated depreciation	<u>(1,426,351)</u>	<u>(1,356,426)</u>
Property & equipment, net book value	\$1,763,973	\$1,822,328

*As a condition of the original funding for the purchase of the building, the building and improvements are restricted for use as a residence for persons living with AIDS until 2045.

Maitri Compassionate Care

Notes to Financial Statements for the Years Ended June 30, 2013 and 2012

5. Note Payable

In April 1997, Maitri received a loan from the San Francisco Redevelopment Agency under HOPWA (Housing Opportunities for Persons with AIDS) Program, which is a program of H.U.D. The amount of the loan was \$833,000 and is payable in annual installments of \$24,045. As the loan is non-interest bearing, it was reduced to its present value at the time of the loan, using an interest rate of 6.49%, which was the estimated prevailing interest rate for such a loan.

	<u>6/30/13</u>	<u>6/30/12</u>
Note payable	\$596,950	620,975
Less: discount to present value	<u>(304,346)</u>	<u>(323,703)</u>
Present value of loan	\$292,604	\$297,272

Annual maturities (principal payments) on the note are as follows:

<u>Fiscal-year ending</u>	<u>Principal payments</u>
June 30, 2014	\$5,035
June 30, 2015	5,316
June 30, 2016	5,661
June 30, 2017	6,029
June 30, 2018	6,420
Thereafter	<u>264,143</u>
Present value of loan at June 30, 2013	\$292,604
Less: current maturity	<u>(5,035)</u>
Amount classified as long-term debt	\$287,569

6. Temporarily Restricted Net Assets

Temporarily restricted net assets consist primarily of the portion of building & improvements restricted for use as a residence for people with AIDS until 2045, or if need ceases for that purpose, for low-income housing. Details are as follows:

	<u>6/30/13</u>	<u>6/30/12</u>
Building & improvements, at net book value	\$1,547,383	\$1,617,328
Less: discount to present value	<u>(292,604)</u>	<u>(297,272)</u>
Subtotal	\$1,254,779	\$1,320,056
Pledges restricted for future operations	<u>0</u>	<u>4,055</u>
Total temporarily restricted net assets	\$1,254,779	\$1,324,111

Maitri Compassionate Care

Notes to Financial Statements for the Years Ended June 30, 2013 and 2012

7. Concentrations

Revenue

Maitri received approximately 65% of its 2012-2013 revenue and support and 68% of its 2011-2012 revenue and support from its program service contracts through the City & County of San Francisco. Should funding under these contracts decrease, Maitri could experience a contraction in its services.

Bank Deposits

As of June 30, 2013, Maitri had a total of \$460,653 on deposit in one bank, exceeding FDIC insurance limits by \$210,653.

As of June 30, 2012, Maitri had a total of \$458,360 on deposit in one bank, exceeding FDIC insurance limits by \$208,360.

8. Management's Review of Subsequent Events

In preparing these financial statements, management has evaluated events for potential recognition or disclosure through November 25, 2013, the date the financial statements were available to be issued.

Maitri Compassionate Care

Supplemental Information

for the Year Ended

June 30, 2013

Maitri Compassionate Care

Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2013

<u>Agency / Pass-through Agency / Program Title</u>	<u>Pass-through Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
US Department of Housing & Urban Development			
San Francisco Mayor's Office on Housing Housing Opportunities for People with AIDS *	HOPWA 12-13	14.241	508,974
US Department of Health & Human Services			
City & County of San Francisco Department of Public Health HIV Emergency Relief Project Grant	DPHC12000389 / DPHC13000251	93.914	935,275
City & County of San Francisco Department of Public Health HIV Care Formula Grant	DPHC12000389 / DPHC13000251	93.917	59,061
Total Expenditures of Federal Awards			<u><u>1,503,310</u></u>
 <u>Loan Programs</u>			
US Department of Housing & Urban Development			
San Francisco Mayor's Office on Housing Housing Opportunities for People with AIDS *			
Loan for Building Improvements			
Amortization of Imputed Interest		14.241	19,357
Present Value of Principal Balance		14.241	292,604
Total Loan Programs			<u><u>311,961</u></u>
TOTAL FEDERAL EXPENDITURES			<u><u>1,815,271</u></u>

* Denotes major program

Note 1 - Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity for Maitri Compassionate Care and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

Note 2 - Loan Program

Details on the Loan for Building Improvements can be found in Note 5 to the financial statements.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Maitri Compassionate Care
San Francisco, California

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 Maitri Compassionate Care (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and changes in net assets, 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 November 25, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Maitri Compassionate Care'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 Maitri Compassionate Care'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 material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Maitri Compassionate Care's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountant
San Francisco, California
November 25, 2013



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

To the Board of Directors
Maitri Compassionate Care
San Francisco, California

Report on Compliance for Major Federal Program

We have audited Maitri Compassionate Care's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on Maitri Compassionate Care's major federal program for the year ended June 30, 2013. Maitri Compassionate Care'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Maitri Compassionate Care'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 Maitri Compassionate Care'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 Maitri Compassionate Care's compliance.

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Opinion on Major Federal Program

In our opinion, Maitri Compassionate Care complied, in all material respects, with the types of 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 Maitri Compassionate Care 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 Maitri Compassionate Care'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 Maitri Compassionate Care'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountant
San Francisco, California
November 25, 2013

Maitri Compassionate Care

Schedule of Findings & Questioned Costs for the Year Ended June 30, 2013

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting: Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over federal programs: Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.241	Housing Opportunities for People with AIDS

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	Yes

Section II – Financial Statement Findings

No financial statement findings were noted.

Section III – Federal Award Findings & Questioned Costs

No findings or questioned costs were noted in the Organization’s major program in the current year.

Section IV – Status of Prior Year Findings

There were no findings and questioned costs noted in the prior year audit.