

MAITRI COMPASSIONATE CARE

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2018

IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

**MAITRI COMPASSIONATE CARE
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

MAITRI COMPASSIONATE CARE

San Francisco, California

Report on Financial Statements

We have audited the accompanying financial statements of Maitri Compassionate Care ("Maitri"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 Organization'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 Organization'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 as of June 30, 2018, 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.

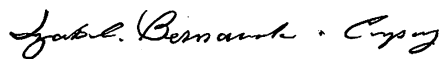
Report on Summarized Comparative Information

Another auditor had audited Maitri's 2017 financial statements, and on their report dated December 22, 2017, they expressed an unmodified opinion on those audited finance statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2019, on our consideration of Maitri'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's internal control over financial reporting and compliance.



San Francisco, California
March 14, 2019

MAITRI COMPASSIONATE CARE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017

	2018	2017
Assets:		
Current Assets		
Cash and Cash Equivalents	\$ 112,353	\$ 68,462
Grants & Contracts Receivable	416,791	250,654
Other Receivables	1,724	228
Prepaid Expenses	155,169	40,794
Total Current Assets	686,037	360,138
Operating Reserve	55,966	235,758
Replacement Reserve	99,926	161,098
Deposits	666	20
Property & Equipment, Net	1,959,892	2,011,782
Total Assets	\$ 2,802,487	\$ 2,768,796
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 71,167	\$ 93,056
Accrued Wages & Payroll Taxes	66,657	72,631
Accrued Vacation Payable	62,569	61,081
Accrued Broker's Commission	115,524	0
Current Portion of Long-Term Debt	24,045	24,045
Total Current Liabilities	339,962	250,813
Deposits Payable	90,000	0
Long-Term Debt	452,660	476,705
Total Liabilities	882,622	727,518
Net Assets:		
Unrestricted	1,175,988	1,251,903
Temporarily Restricted	743,877	789,375
Total Net Assets	1,919,865	2,041,278
Total Liabilities and Net Assets	\$ 2,802,487	\$ 2,768,796

See notes to financial statements

**MAITRI COMPASSIONATE CARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017**

	2018			2017
	Unrestricted	Temporarily Restricted	Total	
<u>PUBLIC SUPPORT AND REVENUES</u>				
Government Grants & Contracts	\$ 2,021,201	\$ -	\$ 2,021,201	\$ 1,901,430
Capital Grants - City of San Francisco	30,855	-	30,855	202,306
Foundation & Corporate Grants	108,701	41,500	150,201	231,763
Contributions	68,060	-	68,060	101,519
Bequests	6,127	-	6,127	18,997
Net Assets Released from Restriction:				
Satisfaction of donor requirements	86,998	(86,998)	-	-
Fundraising event, net of direct donor benefits of \$106,834	88,212	-	88,212	112,851
Commercial Rental Income net of direct expenses of \$100,476	(16,193)	-	(16,193)	(97,027)
Resident Fees	108,578	-	108,578	82,187
Interest	616	-	616	1,807
Miscellaneous	6,227	-	6,227	1,763
Total Support and Revenues	2,509,382	(45,498)	2,463,884	2,557,596
<u>EXPENSES</u>				
Resident Care & Services	2,093,395	-	2,093,395	2,111,795
Management and General	257,794	-	257,794	280,064
Fundraising	234,108	-	234,108	242,012
Total Expenses	2,585,297	-	2,585,297	2,633,871
CHANGES IN NET ASSETS	(75,915)	(45,498)	(121,413)	(76,275)
Net Assets - Beginning of Year	1,251,903	789,375	2,041,278	2,117,553
NET ASSETS - AT END OF YEAR	\$ 1,175,988	\$ 743,877	\$ 1,919,865	\$ 2,041,278

See notes to financial statements

**MAITRI COMPASSIONATE CARE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017**

	2018						2017 Totals
	Resident Care & Services	General & Administrative	Fundraising	Commercial Lease	Common Costs	Total	
EXPENSES:							
Salaries & Wages	\$ 1,253,908	\$ 55,692	\$ 90,893	\$ 14,972	\$ 90,337	\$ 1,505,802	\$ 1,604,614
Payroll Taxes	104,930	4,660	7,606	1,253	7,560	126,009	134,148
Employee Benefits	201,613	8,945	14,632	2,404	14,756	242,350	274,066
Professional Services	66,379	146,210	33,866	19,371	22,658	288,484	260,933
Utilities	16,177	8	-	7,048	65,473	88,706	77,233
Building Maintenance & Repair	2,874	-	-	5,970	42,211	51,055	39,943
Telephone & Internet	63	787	-	-	31,664	32,514	29,183
Insurance	48	10,150	-	-	3,912	14,110	19,267
Supplies	16,331	660	3,563	-	17,489	38,043	41,817
Food	52,550	-	-	-	-	52,550	54,741
Equipment Rental & Maintenance	7,312	629	4,448	-	22,459	34,848	30,171
Printing & Mailhouse	190	13	10,900	-	273	11,376	12,786
Postage & Shipping	-	16	2,558	15	634	3,223	3,290
Travel & Transportation	1,775	315	2,265	-	916	5,271	11,475
Advertising & Public Relations	1	-	13,492	-	265	13,758	8,340
Depreciation	-	-	-	25,919	73,705	99,624	89,362
Miscellaneous	19,790	7,855	21,084	19,989	5,797	74,515	48,927
Common Cost Allocation	349,454	21,854	28,801	-	(400,109)	-	2
Amortization Expense	-	-	-	3,535	-	3,535	-
TOTAL EXPENSES	\$ 2,093,395	\$ 257,794	\$ 234,108	\$ 100,476	\$ -	\$ 2,685,773	\$ 2,740,298

See notes to financial statements

**MAITRI COMPASSIONATE CARE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	\$ (121,413)	\$ (76,275)
<i>Adjustments to reconcile change to net operating cash flows:</i>		
Depreciation and Amortization	103,159	89,362
<i>Decrease/(increase) in assets:</i>		
Grants & Contracts Receivable	(166,137)	85,882
Other Receivables	(1,496)	2,271
Prepaid Expenses	(117,910)	(8,155)
Operating Reserve	179,792	15,828
Replacement Reserve	61,172	0
Deposits	(646)	0
<i>Increase/(decrease) in liabilities:</i>		
Accounts Payable	(21,889)	(135,550)
Accrued Wages & Payroll Taxes	(5,974)	5,752
Accrued Vacation Payable	1,488	0
Accrued Broker's Commission	115,524	0
Deposits Payable	90,000	0
Net Cash Provided / (Used) by Operating Activities	115,670	(20,885)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Fixed Assets	(47,734)	(273,303)
Net Cash Provided / (Used) by Investing Activities	(47,734)	(273,303)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Draw from / (addition to) replacement reserve	-	46,804
Proceeds from Notes Payable	(24,045)	(24,045)
Net Cash Provided by Financing Activities	(24,045)	22,759
Net Increase/(Decrease) in Cash and Cash Equivalents	43,891	(271,429)
CASH AND CASH EQUIVALENTS		
Beginning of year	68,462	339,891
END OF YEAR	\$ 112,353	\$ 68,462
Supplementary Disclosures:		
Cash interest paid	\$ 1,702	\$ 599

See notes to financial statements

**MAITRI COMPASSIONATE CARE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 1: ORGANIZATION

Nature of Activity

Maitri Compassionate Care (“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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

Financial Statement Presentation

Maitri is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Maitri has no temporarily restricted net assets or permanently restricted net assets.

Revenue Recognition

Contributions receivable are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

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.

Tax Status

Maitri is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Service Code and under California Franchise Tax Board code section 23701(d). Management believes organization has no uncertain tax positions as of June 30, 2018.

**MAITRI COMPASSIONATE CARE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash and Cash Equivalents

For purposes of balance sheet classification and statement of cash flows, Maitri considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Grants & Contracts Receivable

Grants and Contracts Receivable are primarily from governmental agencies for expenditures incurred prior to year-end. Maitri considers these receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Furniture, Equipment and Leasehold Improvement

Purchase of furniture, equipment and leasehold improvements, which are over \$2,000 and have a useful life of over one year, are capitalized at cost. Furniture and equipment are being depreciated over estimated useful lives using the straight-line method.

Expense Allocation

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.

Summarized Information for 2017

The financial information for the fiscal year ended June 30, 2017, is presented for comparative purposes only, and is not intended to be a complete financial statement presentation.

Note 3: GRANTS RECEIVABLE

Grants Receivable at June 30, 2018 comprised of the following:

City & County of San Francisco	
Department of Public Health	
RWPA Care	\$ 119,661
RWPB Sam	136,962
Mental Health	20,962
San Francisco Mayor's Office on Housing	
HOPWA	110,441
HOPWA – Capital Grant Retainers	22,216
Tenant Receivables	6,549
Total	<u>\$ 416,791</u>

**MAITRI COMPASSIONATE CARE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 4: 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, approximately \$400,000, no additional deposits are required. 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. The account balance as of June 30, 2018 is \$55,966, net of the City and County of San Francisco approved temporary withdrawals of \$180,000 for cash shortfalls.

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 as of June 30, 2018 is \$99,926.

Note 5: PROPERTY AND EQUIPMENT

Property and Equipment are recorded at cost and depreciated using the straight-line method over estimated useful lives. Property and equipment as of June 30, 2018 are as follows:

Land	\$	205,000
Building & Improvements*		3,269,199
Machinery & Equipment		166,914
Furniture & Fixtures		113,655
Computers		57,463
Subtotal		3,812,231
Less: Accumulated Depreciation		(1,852,339)
Total	\$	1,959,892

*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 THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 6: LONG-TERM DEBT

In April 1997, Maitri received a loan from the San Francisco Redevelopment Agency under the HOPWA (Housing Opportunities for Persons with AIDS) Program, which is a program of HUD payable in annual installments of \$24,045. As of June 30, 2018, annual maturities (principal payments) on the note are as follows:

2019	\$ 24,045
2020	24,045
2021	24,045
2022	24,045
2023	24,045
Thereafter	<u>356,480</u>
Total Loan Balance	476,705
Current Due	<u>24,045</u>
Long-Term Balance	<u>\$ 452,660</u>

Note 7: LEASES

Operating Leases

Maitri has two tenants that lease commercial space. Future minimum lease rents are as follows:

2019	\$ 293,124
2020	301,918
2021	310,975
2022	320,304
2023	329,914
Thereafter	<u>1,466,496</u>
TOTAL	<u>\$ 3,022,731</u>

Equipment Leases

Maitri leases facility equipment under agreements with various terms. As of June 30, 2018, future minimum lease payments are as follows:

2019	\$ 19,068
2020	19,068
2021	13,078
2022	<u>9,190</u>
TOTAL	<u>\$ 61,114</u>

**MAITRI COMPASSIONATE CARE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Note 8: ADVERTISING COSTS

The costs of advertising are expensed as incurred. During the year ended June 30, 2018, advertising expense was \$13,758.

Note 9: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist 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.

Note 10: CONTINGENT LIABILITIES

Under the terms of a 1995 HOPWA loan that will be forgiven at maturity in the amount of \$1,622,401 received from the San Francisco Redevelopment Agency, Maitri's building must be used as a residence for persons with AIDS until 2045. If the need to house persons with AIDS ceases within this time frame, the property may be used for low-income housing. If Maitri does not comply with the provisions of the grant, it may be required to repay the grant plus accrued interest of 10% per year. Based on correspondence received from the Mayor's Office on Housing (which now administers the HOPWA program following the closure of the San Francisco Redevelopment Agency), the likelihood of the City issuing a letter of default appears remote at this time. The loan was recorded as an unrestricted grant in the year received and thus is not reflected as a liability on the statement of financial position.

Note 11: CONCENTRATIONS

Revenue

Maitri receives approximately 56% of its revenue and support from program service contracts through the City & County of San Francisco. Should funding under these contracts decrease, Maitri could experience a contraction in its services.

Note 12: SUBSEQUENT EVENTS

The Organization's management has evaluated its subsequent events through March 14, 2019, the date the financial statements were available to be issued.

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CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
MAITRI COMPASSIONATE CARE
San Francisco, California

We have audited the financial statements of Maitri Compassionate Care as of and for the year ended June 30, 2018, and have issued our report thereon dated March 14, 2019, which contained an unmodified opinion on those financial statements. 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 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 their 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Isabel Bernaciak - Crispy

San Francisco, California
March 14, 2019

**MAITRI COMPASSIONATE CARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Agency / Pass-through Agency / Program Title</u>	<u>Contract #</u>	<u>CFDA #</u>	<u>Expenditures</u>
US Department of Housing & Urban Development			
<i>San Francisco Mayor's Office on Housing</i>			
Housing Opportunities for People with AIDS	96515-17	14.241	\$ 628,657
HOPWA - Capital Grant - 2nd Floor	78632-15	14.241	19,125
HOPWA - Capital Grant - Waterproof/Solar Tube	78214-15	14.241	11,730
Total US Department of Housing & Urban Development			659,512
US Department of Health & Human Services			
<i>City & County of San Francisco Department of Public Health</i>			
HIV Emergency Relief Project Grant - Ryan White	HCPD13/1701	93.914	787,662
HIV Care Formula Grant - SAM/Mental Health	HCAO16/1700, HCIV09/18	93.917	604,882
Total US Department of Health & Human Services			1,392,544
Total Federal Expenditures			2,052,056
US Department of Housing & Urban Development			
<i>San Francisco Mayor's Office on Housing</i>			
Housing Opportunities for People with AIDS			
Loan for Building Improvements		14.241	476,705
Total Federal Loans			476,705
TOTAL EXPENDITURES AND LOANS OF FEDERAL AWARDS			\$ 2,528,761

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Maitri Compassionate Care under programs of the federal government for the year ended June 30, 2018. 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 Maitri Compassionate Care, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Maitri Compassionate Care.

Note B: Summary of Significant Accounting Policies

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

(2) Maitri has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**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**

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, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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 Maitri Compassionate Care's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

This report is intended solely for the information and use of management, Board of Directors, federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.



San Francisco, California
March 14, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
MAITRI COMPASSIONATE CARE
San Francisco, California

Report on Compliance for Each Major Federal Program

We have audited Maitri Compassionate Care's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Maitri Compassionate Care's major federal programs for the year ended June 30, 2018. Maitri Compassionate Care's major federal programs are 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 each of Maitri Compassionate Care'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 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 compliance requirements referred to above that could have a direct and material effect on the major federal programs 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 with each major program. However, our audit does not provide a legal determination of Maitri Compassionate Care's compliance.

Opinion on Each Major Federal Program

In our opinion, Maitri Compassionate Care complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified above for the year ended June 30, 2018.

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 program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Maitri Compassionate Care's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirements 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 compliance requirement 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*, as defined above. 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 our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



San Francisco, California

March 14, 2019

**MAITRI COMPASSIONATE CARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

A. SUMMARY OF AUDITOR'S RESULTS	
<i>Financial Statements</i>	
1. Type of Financial Statement Report	UNMODIFIED
2. Internal Control over Financial Reporting: Material Weakness(es) Identified Significant Deficiency(ies) Identified	NONE NONE REPORTED
3. Noncompliance Disclosed by Audit Which Is Material to Financial Statements	NONE
<i>Federal Awards</i>	
1. Internal Control Over Major Programs: Material Weakness(es) Identified Significant Deficiency(ies) Identified	NONE NONE REPORTED
2. Type of Compliance Report Major Programs	UNMODIFIED
3. Uniform Guidance Audit Finding Disclosed by Audit	NONE REPORTED
4. Major Programs:	14.241 Housing Opportunities for People with AIDS
5. Dollar Threshold for Type A Programs	\$750,000
6. Auditee Qualification	LOW RISK
B. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with GAGAS	NONE REPORTED
C. Findings and Questioned Costs for Federal Awards Including Audit Findings Defined in the Uniform Guidance	NONE REPORTED

**MAITRI COMPASSIONATE CARE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

There were no prior year findings.