

**CINCYSMILES FOUNDATION AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2014  
(With Comparative Totals for 2013)

# CINCYSMILES FOUNDATION AND AFFILATE

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# Anneken, Huey & Moser<sup>PLLC</sup>

Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

### THE BOARD OF DIRECTORS CINCYSMILES FOUNDATION & AFFILIATE

Cincinnati, Ohio

#### Report on the Financial Statements

We have audited the accompanying consolidated statements of financial position of CincySmiles Foundation (a nonprofit organization) and Affiliate (collectively, the Foundation) as of December 31, 2014, and the related consolidated statements of operations 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 principles used and significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CincySmiles Foundation as of December 31, 2014 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**

The summarized comparative information has been derived from the Foundation's consolidated financial statements as of December 31, 2013 for which we issued our report dated April 24, 2014 expressing an unqualified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, 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 June 26, 2015 on our consideration of CincySmiles Foundation'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* and should be considered in assessing the results of our audit.

*Annexen, Huey & Moser P.C.*

Fort Wright, Kentucky  
June 26, 2015

**CINCYSMILES FOUNDATION & AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
December 31, 2014  
(With Comparative Totals for 2013)

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 170,891	\$ 170,013
Grants receivable	221,960	208,597
Loan receivable - McMicken Health Collaborative	110,284	110,284
Property and equipment, net	232,178	286,575
Prepaid expenses	15,384	10,248
	<u>\$ 750,697</u>	<u>\$ 785,717</u>
<b>TOTAL ASSETS</b>		
 <b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 172,144	\$ 85,031
Accrued expenses	12,144	12,336
Line of credit	65,119	62,119
Loan payable	12,500	25,000
Note payable - Cincinnati Health Network	-	21,172
<b>TOTAL LIABILITIES</b>	<u>261,907</u>	<u>205,658</u>
 <b>NET ASSETS</b>		
Temporarily restricted	134,613	160,290
Unrestricted	354,177	419,769
<b>TOTAL NET ASSETS</b>	<u>488,790</u>	<u>580,059</u>
	<u>\$ 750,697</u>	<u>\$ 785,717</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		

See accompanying notes to financial statements.

**CINCYSMILES FOUNDATION & AFFILIATE**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS**  
For the Year Ended December 31, 2014  
(With Summarized Comparative Totals for 2013)

	2014			2013
	Unrestricted	Temporarily Restricted	Total	
Revenues, Gains and Other Support				
Government grants	\$ 604,767	\$ -	\$ 604,767	\$ 757,401
Contributions	237,703	156,787	394,490	367,164
Donated services	906,591	-	906,591	1,161,599
Medicaid	390,729	-	390,729	212,730
Patient fees	48,246	-	48,246	46,583
Fundraising events	1,828	-	1,828	7,853
Miscellaneous	14,759	-	14,759	8,714
Net Assets released from restriction	182,464	(182,464)	-	-
<b>Total Revenues and Other Support</b>	<b>2,387,087</b>	<b>(25,677)</b>	<b>2,361,410</b>	<b>2,562,044</b>
Expenses				
Program services	2,233,108	-	2,233,108	2,310,971
Management and general	192,118	-	192,118	191,987
Fundraising	27,453	-	27,453	26,130
<b>Total expenses</b>	<b>2,452,679</b>	<b>-</b>	<b>2,452,679</b>	<b>2,529,088</b>
Change in Net Assets	(65,592)	(25,677)	(91,269)	32,956
Net Assets, beginning of year	419,769	160,290	580,059	547,103
Net Assets, end of year	<u>\$ 354,177</u>	<u>\$ 134,613</u>	<u>\$ 488,790</u>	<u>\$ 580,059</u>

See accompanying notes to financial statements.

**CINCYSMILES FOUNDATION & AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2014  
(With Summarized Comparative Totals for 2013)

	Program Services	Management & General	Fundraising	Totals	
				2014	2013
Advertising	\$ 1,914	\$ -	\$ -	\$ 1,914	\$ 7,559
Bank fees	-	2,397	-	2,397	1,863
Donated services and materials	906,591	-	-	906,591	1,161,599
Conference and meetings	-	315	-	315	30
Contract labor	48,819	-	-	48,819	17,427
Depreciation	61,641	623	-	62,264	90,519
Education and dues	2,318	1,141	-	3,459	9,451
Employee benefits	73,120	8,298	1,564	82,982	86,434
Events	-	-	5,780	5,780	5,310
Insurance	16,162	7,960	-	24,122	24,752
Interest	-	5,835	-	5,835	3,530
Lab expense	154,792	-	-	154,792	90,087
Miscellaneous	1,118	894	224	2,236	2,228
Occupancy	66,706	12,041	1,525	80,272	51,464
Repairs and maintenance	23,456	-	-	23,456	37,205
Salaries and wages	672,950	76,385	14,513	763,848	649,515
Supplies	93,407	16,484	-	109,891	105,636
Payroll taxes	76,236	8,653	1,644	86,533	67,901
Other taxes	871	-	-	871	1,758
Postage, Printing, and Publications	5,139	1,836	2,203	9,178	12,653
Professional fees	8,216	44,608	-	52,824	70,965
Telephone	6,461	3,182	-	9,643	10,292
Travel	13,191	1,466	-	14,657	20,910
<b>TOTAL EXPENSES</b>	<b>\$ 2,233,108</b>	<b>\$ 192,118</b>	<b>\$ 27,453</b>	<b>\$ 2,452,679</b>	<b>\$ 2,529,088</b>

See accompanying notes to financial statements.

**CINCYSMILES FOUNDATION & AFFILIATE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Year Ended December 31, 2014  
(With Comparative Totals for 2013)

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (91,269)	\$ 32,956
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	62,264	90,519
(Increase) decrease in:		
Accounts receivable		
Grants and other receivable	(13,363)	(6,573)
Prepaid expenses	(5,136)	-
Increase (decrease) in:		
Accounts payable	87,113	10,400
Accrued expenses	(192)	(71,394)
Unearned revenue	-	(9,545)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>39,417</u>	<u>46,363</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Principal payments on loans	(33,672)	(42,892)
Borrowing on line of credit	3,000	-
Purchase of fixed assets	(7,867)	(76,018)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(38,539)</u>	<u>(118,910)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	878	(72,547)
<b>CASH AT BEGINNING OF YEAR</b>	<u>170,013</u>	<u>242,560</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 170,891</u>	<u>\$ 170,013</u>

See accompanying notes to financial statements.



**CINCYSMILES FOUNDATION AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

The consolidated financial statements include the accounts of the CincySmiles Foundation and its affiliate, 40 E. McMicken Co. (collectively, the Foundation). All material inter-organizational accounts and transactions have been eliminated in consolidation.

The CincySmiles Foundation was incorporated in the State of Ohio in 1909 and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Ohio Law. The purpose of the CincySmiles Foundation is to improve dental health in the greater Cincinnati area through prevention, dental health education, and dental care.

40 E. McMicken Co. is a wholly-owned for-profit subsidiary of the CincySmiles Foundation and was incorporated in the State of Ohio in 2005. The purpose of 40 E. McMicken Co. is to hold the second mortgage of the building owned by McMicken Health Collaborative that contains the CincySmiles Foundation's dental clinic.

Government grants with the Ohio Department of Health, the U.S. Department of Housing and Urban Development (HUD) and the allocation of the United Way provide approximately 30% of the Foundation's revenues. The renewal of the contracts with the Ohio Department of Health and HUD is dependent upon certain performance criteria and available funds at the state and federal level. The renewal of the United Way allocation is dependent upon the success of their fundraising efforts and achievement of certain program objectives. The Foundation is also reliant upon the continued contribution of services by local dentists.

Basis of Presentation

The 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2013, from which the comparative information was derived.

The accompanying consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP for nonprofit organizations require, among other things, the net assets to be classified based on the existence or absence of donor-imposed restrictions.

**CINCYSMILES FOUNDATION AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations and may be utilized at the discretion of the Board of Trustees to support the Foundation’s purposes and operations in accordance with its bylaws.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation satisfying the purpose or the passage of time.

Cash and Cash Equivalents

The Foundation considers all money invested in short-term savings accounts to be cash equivalents. The Foundation maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Foundation has not experienced losses in such accounts and management believes is not exposed to any significant credit risk.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. After reviewing receivables at December 31, 2014 and 2013, management determined that all receivables were collectible and therefore no allowance was recorded.

Property and Equipment

Property and equipment are recorded at cost or fair value at the time of the gift in the case of donated items. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. Major improvements are capitalized, while maintenance and repairs are expensed as incurred.

GAAP requires the Foundation to assess the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on its most recent analysis, the Foundation believes no impairments existed at December 31, 2014 and 2013.

Government Grants

Public funding by governmental agencies is recognized as the Foundation performs the contracted services or incurs outlays eligible for reimbursement under the support agreements. Activities and outlays may be subject to audit and acceptance by the supporting agency and, as a result of such audit, adjustments could be required.

**CINCYSMILES FOUNDATION AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions

The Foundation records gifts of cash and other assets at their fair value as of the date of contribution. Such donations are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor 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. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue.

Unconditional promises to give, expected to be collected within one year, are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met. All contributions receivable are expected to be collected within one year.

Donated Services

The Foundation records donated services as revenues in the period received only if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services recognized for the years ended December 31, 2014 and 2013 consist of donated dental services provided by state licensed dentists.

Functional Expenses

Salaries and related expenses are charged to program services based on the estimated time spent by personnel on program services. Direct expenses are charged to program services based upon costs incurred when specifically identifiable with program services. All other costs are allocated to programs and supporting services based upon equitable allocation methods.

Uncertain Tax Positions

The Foundation's Form 990 is subject to review and examination by federal and state authorities, but returns for years prior to 2011 would no longer be subject to review. The Foundation is not aware of any activities that would jeopardize its tax-exempt status. The Foundation is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes.

**CINCYSMILES FOUNDATION AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

Estimates and assumptions are inherent in the determination of the allowance for uncollectible receivables. While management applies judgment based on assumption believed to be reasonable under the circumstances, actual results could vary from these assumptions. It is possible that a materially different amount would be reported using different assumptions.

**NOTE B – ACCOUNTS AND GRANTS RECEIVABLE**

Accounts and grants receivables as of December 31 consisted of the following:

	<u>2014</u>	<u>2013</u>
Contracts receivable	\$ -	\$ 2,125
United Way receivable	134,287	145,000
Foundation grants receivable	35,000	-
Government grants & contracts receivable	49,465	56,107
Other accounts receivable	3,208	5,365
	<u>\$ 221,960</u>	<u>\$ 208,597</u>

**NOTE C - 40 E. MCMICKEN CO.**

The CincySmiles Foundation formed 40 E. McMicken Co. (a subsidiary of CincySmiles) on June 29, 2005 to purchase the second mortgage of a property on 40 East McMicken Avenue from a bank for \$75,000. The mortgage is recorded at cost as a note receivable on the Foundation's consolidated financial statements. In 2008, title was transferred to the McMicken Health Collaborative (a collaborative in which CincySmiles participates). The statement of financial position includes a 0% demand note receivable from McMicken Health Collaborative.

**CINCYSMILES FOUNDATION AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment as of December 31, consisted of the following:

	<u>2014</u>	<u>2013</u>
Furniture and equipment	\$ 300,758	\$ 300,758
Leasehold improvements	317,711	317,711
Dental van	<u>579,231</u>	<u>571,364</u>
	1,197,700	1,189,833
Less accumulated depreciation	<u>(965,522)</u>	<u>(903,258)</u>
	<u>\$ 232,178</u>	<u>\$ 286,575</u>

**NOTE E - LINE OF CREDIT**

In August of 2014, the Foundation moved its \$75,000 revolving line of credit to Huntington Bank with a rate of 1% over the bank's prime commercial rate, resulting in rate of 4.25% at December 31, 2014. The new agreement calls for a minimum rate of 4% and is up for renewal on August 15, 2015. The previous note bore interest at the bank prime rate plus 2%, with a minimum rate of 5%. The rate was 5.25% for the year ended December 31, 2013. The note is collateralized by substantially all the assets of the Foundation. The outstanding balances as of December 31, 2014 and 2013 were \$65,119 and \$62,119, respectively.

**NOTE F - TEMPORARILY RESTRICTED NET ASSETS**

	<u>2014</u>	<u>2013</u>
United Way	\$ 134,287	\$ 145,000
Headstart program	326	3,586
Infrastructure development	-	10,000
Lab fees	-	1,704
Total	<u>\$ 134,613</u>	<u>\$ 160,290</u>

**CINCYSMILES FOUNDATION AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

**NOTE G - RETIREMENT PLANS**

The Foundation participates with the United Way in a non-contributory, defined benefit, multiple employer plan covering substantially all full-time employees. This plan, *Pension Plan for Employees of United Way of Greater Cincinnati and Affiliated Agencies* (EIN #31-0537502, pension plan PN 333) is administered by the United Way, which allocates pension plan costs based on the ratio of the aggregate salaries of participating employees of each agency to the total salaries of employees of all agencies included in the plan. The plan is funded through payments to the United Way. The Foundation's portions of pension costs were \$26,005 and \$34,727 for the years ended December 31, 2014 and 2013, respectively. The United Way has frozen the plan so that there would be no change in the number of participants or the level of benefits to be provided to plan participants.

As with all pension plans subject to ERISA regulations, the Foundation could withdraw from its multiple employer pension plan. In the event of withdrawal, the Foundation would be required to contribute its share of the plan's unfunded benefit obligation, if any. At December 31, 2014 the plan was underfunded and CincySmiles Foundation, Inc.'s potential liability for future years has been estimated at approximately \$172,373, based on current plan actuarial data and asset value as of January 1, 2015. The actual minimum funding requirements for the future will be determined at each anniversary date. CincySmiles Foundation, Inc. does not intend to withdraw from the Plan.

Effective January 1, 2005, the Foundation initiated a voluntary 401(k) plan that covers substantially all employees. The Foundation may make a matching contribution at its discretion. For the years ended December 31, 2014 and 2013, the matching contribution was \$2,047 and \$2,257, respectively.

**NOTE H - OPERATING LEASES**

The Foundation leases office space under a month to month operating lease with monthly payments of \$1,200 per month. Total office lease expense was \$14,400 for the years ended December 31, 2014 and 2013.

**NOTE I - RELATED PARTIES**

The Foundation has a notes receivable from the McMicken Health Collaborative totaling \$110,284 at zero interest with no stated due date; as mentioned in Note C, this is a collaborative in which CincySmiles participates. Management believes that since interest, if accrued on this amount, would be immaterial, the value of the loan is substantially equivalent to fair value.

**NOTE J - CHANGE IN ESTIMATE**

The Foundation determined during 2013 that a payroll accrual previously recorded would not be required to be paid and issued an adjustment to eliminate the liability and reduce payroll expense. The amount of that adjustment, which represented expense recorded in prior years, was \$55,039.

**CINCYSMILES FOUNDATION AND AFFILIATE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

**NOTE K – SUBSEQUENT EVENTS**

Management evaluated all activity through June 26, 2015 (the date the financial statements were available for issuance) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes.

**SUPPLEMENTARY  
INFORMATION**





# Anneken, Huey & Moser<sup>PLC</sup>

Certified Public Accountants

*Engaged. Responsive. Future-focused.*

## 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 Trustees of CincySmiles Foundation, Inc.:

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 CincySmiles Foundation, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2014, 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 June 26, 2015.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CincySmiles Foundation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CincySmiles Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of CincySmiles Foundation, Inc.'s internal control.

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

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

### Compliance and Other Matters

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Anneken, Huey & Moser PLLC

Anneken, Huey & Moser PLLC

June 26, 2015