

***MEDICAL FOUNDATION
OF NASHVILLE***

**FINANCIAL STATEMENTS
& INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2019 AND 2018

MEDICAL FOUNDATION OF NASHVILLE

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MULLINS CLEMMONS & MAYES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Medical Foundation of Nashville:

We have audited the accompanying financial statements of Medical Foundation of Nashville (a nonprofit corporation) (the "Foundation"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Foundation's 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Medical Foundation of Nashville as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of professional services on pages 15-16 are 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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2020, on our consideration of Medical Foundation of Nashville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Medical Foundation of Nashville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Medical Foundation of Nashville's internal control over financial reporting and compliance.

Mullis, Cummings & Mayes, PLLC

Brentwood, Tennessee
June 9, 2020

MEDICAL FOUNDATION OF NASHVILLE

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 26,735	\$ 27,312
State grant receivables	58,726	44,198
Promises to give	28,299	31,000
Prepaid expenses and other assets	9,177	627
Property and equipment, net	<u>4,355</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 127,292</u>	<u>\$ 103,137</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 1,198	\$ -
Due to affiliated organization	<u>19,000</u>	<u>27,408</u>
Total liabilities	<u>20,198</u>	<u>27,408</u>
 NET ASSETS:		
Without donor restrictions	15,504	(15,212)
With donor restrictions	<u>91,590</u>	<u>90,941</u>
Total net assets	<u>107,094</u>	<u>75,729</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 127,292</u>	<u>\$ 103,137</u>

The accompanying notes are an integral part of the financial statements.

MEDICAL FOUNDATION OF NASHVILLE**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND GAINS:			
Contributions	\$ 53,001	\$ 84,950	\$ 137,951
Contributed services	1,967,342	-	1,967,342
State and local contracts and grants	199,660	-	199,660
Total	2,220,003	84,950	2,304,953
Net assets released due to satisfaction of restrictions	84,301	(84,301)	-
Total revenue, support and gains	2,304,304	649	2,304,953
EXPENSES:			
Program services	2,140,820	-	2,140,820
Fundraising	71,280	-	71,280
Management and general	61,488	-	61,488
Total expenses	2,273,588	-	2,273,588
CHANGE IN NET ASSETS	30,716	649	31,365
NET ASSETS:			
Beginning	(15,212)	90,941	75,729
Ending	\$ 15,504	\$ 91,590	\$ 107,094

The accompanying notes are an integral part of the financial statements.

MEDICAL FOUNDATION OF NASHVILLE**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND GAINS:			
Contributions	\$ 139,828	\$ 110,941	\$ 250,769
Contributed services	1,470,296	-	1,470,296
State and local contracts and grants	129,463	-	129,463
Total	1,739,587	110,941	1,850,528
Net assets released due to satisfaction of restrictions	20,000	(20,000)	-
Total revenue, support and gains	1,759,587	90,941	1,850,528
EXPENSES:			
Program services	1,663,543	-	1,663,543
Fundraising	66,504	-	66,504
Management and general	44,752	-	44,752
Total expenses	1,774,799	-	1,774,799
CHANGE IN NET ASSETS	(15,212)	90,941	75,729
NET ASSETS:			
Beginning	-	-	-
Ending	\$ (15,212)	\$ 90,941	\$ 75,729

The accompanying notes are an integral part of the financial statements.

MEDICAL FOUNDATION OF NASHVILLE**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 31,365	\$ 75,729
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	74	-
Net changes in other operating assets and liabilities:		
Promises to give	2,701	(31,000)
State grant receivables	(14,528)	(44,198)
Prepaid expenses and other assets	(8,550)	(627)
Due to affiliated organization	(8,408)	27,408
Accounts payable	1,198	-
Net cash provided by operating activities	<u>3,852</u>	<u>27,312</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(4,429)</u>	<u>-</u>
Net cash used in investing activities	<u>(4,429)</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(577)	27,312
CASH AND CASH EQUIVALENTS, BEGINNING	<u>27,312</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 26,735</u>	<u>\$ 27,312</u>

The accompanying notes are an integral part of the financial statements.

MEDICAL FOUNDATION OF NASHVILLE

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services	Fundraising	Management and General	Total
Contributed services	\$ 1,967,342	\$ -	\$ -	\$ 1,967,342
Professional services	167,359	70,740	43,271	281,370
Accounting and financial	-	526	17,359	17,885
Insurance	-	-	854	854
Computer service and supplies	6,063	-	-	6,063
Total expenses before depreciation expense	2,140,764	71,266	61,484	2,273,514
Depreciation expense	56	14	4	74
Total expenses	<u>\$ 2,140,820</u>	<u>\$ 71,280</u>	<u>\$ 61,488</u>	<u>\$ 2,273,588</u>

The accompanying notes are an integral part of the financial statements.

MEDICAL FOUNDATION OF NASHVILLE

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services	Fundraising	Management and General	Total
Contributed services	\$ 1,470,296	\$ -	\$ -	\$ 1,470,296
Professional services	188,686	66,154	41,836	296,676
Accounting and financial	-	350	2,489	2,839
Community outreach	1,000	-	-	1,000
Insurance	-	-	427	427
Minor equipment	3,561	-	-	3,561
Total expenses	<u>\$ 1,663,543</u>	<u>\$ 66,504</u>	<u>\$ 44,752</u>	<u>\$ 1,774,799</u>

The accompanying notes are an integral part of the financial statements.

MEDICAL FOUNDATION OF NASHVILLE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

NOTE 1 – THE ENTITY

Medical Foundation of Nashville (the “Foundation”) was established on January 1, 2018 as a Tennessee nonprofit corporation. The primary program of the Foundation is Project Access Nashville Specialty Care (“PAN”). PAN provides a coordinated system of care to low-income, uninsured residents of Davidson County and limited other Middle Tennessee Counties who are below 200% of the Federal Poverty Level. PAN has established a referral process that links these patients to a network of community-based medical clinics, physician specialists, collaborating hospitals, and ancillary partners. This program has been operating since 2005 and administered by Nashville Academy of Medicine (“NAM”). See Note 5 for further information related to NAM.

The Foundation also supports educational events for physicians, residents, and medical students in middle Tennessee, and health education for the broader community.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Periods

All references to 2019 and 2018 in these financial statements refer to the years ended December 31, 2019 and 2018, unless otherwise noted.

Basis of Accounting

In accordance with accounting principles generally accepted in the United States of America, the Foundation uses the accrual basis of accounting; therefore, revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Foundation is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – This class includes net assets that are not subject to any donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation’s management and the Board of Directors.

Net assets with donor restrictions – This class includes net assets whose use by the Foundation is subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be fulfilled by actions of the Foundation pursuant to those restrictions or by the passage of time. The Foundation has no donor restrictions that are perpetual in nature, whereby the donor has stipulated that resources be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized.

MEDICAL FOUNDATION OF NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consist of cash held in bank accounts, money market funds and bank certificates of deposit with original maturities of ninety days or less, which are neither held for nor restricted by donors for long-term purposes. The Foundation may, at times, maintain bank account balances in excess of federally insured limits. However, the Foundation has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

Property and Equipment

Expenditures for additions, major renewals and betterment of property and equipment with a cost in excess of \$2,500 are capitalized. The fair value of donated property and equipment is similarly capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed by using the straight-line method over the estimated useful lives of the individual assets.

See Note 5 for further details.

Contributions and Promises to Give

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

The Foundation uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on historical experience, an assessment of economic conditions, and management's analysis of specific promises made. Promises to give are written off when deemed uncollectible. At December 31, 2019 and 2018, management deemed all promises to give to be fully collectible, and, therefore, no allowance has been recorded.

See Note 4 for further details.

MEDICAL FOUNDATION OF NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State Grant Revenue and Receivables

State grant revenue is recognized when patient encounters are incurred under the terms of the contract.

The Foundation uses the allowance method to determine uncollectible state grant receivables. The allowance is based on historical experience, an assessment of economic conditions, and management's analysis of specific state grant receivables. State grant receivables are written off when deemed uncollectible. At December 31, 2019 and 2018 management deemed all state grant receivables to be fully collectible, and, therefore, no allowance has been recorded.

Donated Facilities and Services

Donated facilities are recognized at fair value on the date contributed. Donated services are recognized, at fair value, if they create or enhance nonfinancial assets or require specialized skills and would be purchased by the Foundation if not contributed. Donated services are recognized as contributions and expenses at their estimated fair values at date of receipt. The Foundation received contributed professional services related to PAN with an estimated fair value of \$1,967,342 and \$1,470,296 during 2019 and 2018, respectively.

The Foundation received donated services from unpaid office volunteers which did not meet the criteria for recognition under generally accepted accounting principles.

Income Taxes

As mentioned in Note 1, the Foundation is a Tennessee nonprofit corporation, and a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. The Foundation is not classified as a private foundation.

The Foundation is required to file an annual Return of Organization for Exempt from Income Tax (Form 990) with the Internal Revenue Service. In addition, certain nonprofit corporations are subject to income tax on net income derived from business activities unrelated to their exempt purposes. Management has determined the Foundation is not subject to unrelated business income tax. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. See Note 8 for further details.

MEDICAL FOUNDATION OF NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with U.S. 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, and those differences could be material.

Events Occurring after Reporting Date

The Foundation has evaluated events and transactions which occurred between December 31, 2019 and June 9, 2020, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Recently Issued Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (the "ASU"). The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The Foundation has implemented ASU 2018-08. There have been no changes in net assets as a result of implementing the ASU.

NOTE 3 – LIQUIDITY

Financial assets available for general expenditures within one year of December 31, 2019 and 2018, consist of the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 26,735	\$ 27,312
Promises to give	28,299	31,000
Grants and other receivables	59,226	44,398
Total financial assets	<u>\$ 114,260</u>	<u>\$ 102,710</u>
Less amounts not available to be used within one year:		
Promises to give	<u>(7,000)</u>	<u>(14,000)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 107,260</u>	<u>\$ 88,710</u>

MEDICAL FOUNDATION OF NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019 AND 2018

NOTE 3 – LIQUIDITY (CONTINUED)

As part of the Foundation's liquidity plan, NAM has agreed to make a contribution in the amount of the operating loss for the first three years of the Foundation's existence. In 2019 and 2018, the contributions from NAM in the amounts of \$14,371 and \$74,407, respectively, have been reported in the accompanying Statements of Activities. See Note 6 for further details related to NAM.

NOTE 4 – PROMISES TO GIVE

Unconditional promises to give consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Promises to give without donor restrictions	\$ -	\$ -
Promises to give with donor restrictions	28,299	31,000
Gross promises to give	28,299	31,000
Promises receivable due less than one year	(21,299)	(17,000)
Promises receivable due within one to five years	<u>\$ 7,000</u>	<u>\$ 14,000</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2019</u>	<u>2018</u>
Computers and equipment	\$ 4,429	\$ -
Accumulated depreciation	<u>(74)</u>	<u>-</u>
Property and equipment, net	<u>\$ 4,355</u>	<u>\$ -</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

As mentioned in Note 1, the Foundation's major program was administered by NAM prior to January 1, 2018. The NAM Board voted to create the Foundation and move the charitable activities from NAM, a 501(c)(6) organization, to the Foundation. NAM will continue to operate the programs as an independent contractor unless in the future, the Foundation Board deems it appropriate to further separate the programs. The two organizations have separate Boards. However, the programs and activities are administered by the same staff at the same facilities. The expenses billed by NAM in the amount of \$281,371 and \$296,677 have been reported in the accompanying Statements of Activities for 2019 and 2018. The Foundation had payables due to NAM for \$19,000 and \$27,408 at December 31, 2019 and 2018, respectively.

MEDICAL FOUNDATION OF NASHVILLE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2019 AND 2018

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions have been restricted for the following purposes or periods at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for a specified purpose:		
2021 special event	\$ 41,190	\$ 30,941
Project Access Spanish expansion	-	20,000
Staff development	6,100	-
	<u>47,290</u>	<u>50,941</u>
Subject to the passage of time:		
Time-restricted for Project Access Specialty Care	<u>44,300</u>	<u>40,000</u>
Total donor restricted net assets	<u>\$ 91,590</u>	<u>\$ 90,941</u>

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the restrictions during 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Project Access Specialty Care	\$ 84,301	\$ 20,000
Total net assets released from restrictions	<u>\$ 84,301</u>	<u>\$ 20,000</u>

NOTE 8 – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis which is consistently applied. Such expenses are allocated using one overall method. Professional services from NAM consist of various expenses, as detailed on the supplemental schedules included with the financial statements. Within professional services, salaries and employee benefits are allocated on the basis of estimates of time and effort; occupancy is allocated on a square footage basis.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Grant expenditures are subject to review and audit by the grantors in the normal course of operations. Any reviews and audits could result in disallowance of expenditures, and therefore, a return of grant funds to the grantor. Management believes that no unallowable expenditures have been incurred under any of its grants. Accordingly, no provision has been made for any potential return of funds to any of its grantors.

ADDITIONAL INFORMATION

MEDICAL FOUNDATION OF NASHVILLE**SUPPLEMENTAL SCHEDULE OF PROFESSIONAL SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services	Fundraising	Management and General	Total
Salaries and benefits	\$ 108,667	\$ 59,988	\$ 20,613	\$ 189,268
Occupancy	39,393	8,812	3,628	51,833
Accounting and financial	-	-	8,944	8,944
Computer related	9,407	1,940	-	11,347
Office expense	3,217	-	238	3,455
Dues	360	-	700	1,060
Insurance	-	-	929	929
Project Access Nashville				
Program expense	1,974	-	-	1,974
Educational program expense	527	-	-	527
Professional development	-	-	719	719
Postage	1,782	-	-	1,782
Taxes and licenses	-	-	220	220
Telephone	1,225	-	818	2,043
Travel and meetings	807	-	6,462	7,269
Total expenses	<u>\$ 167,359</u>	<u>\$ 70,740</u>	<u>\$ 43,271</u>	<u>\$ 281,370</u>

The accompanying notes are an integral part of the financial statements.

MEDICAL FOUNDATION OF NASHVILLE**SUPPLEMENTAL SCHEDULE OF PROFESSIONAL SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services	Fundraising	Management and General	Total
Salaries and benefits	\$136,088	\$ 58,560	\$ 21,130	\$ 215,778
Occupancy	33,309	7,286	3,177	43,772
Accounting and financial	-	-	10,673	10,673
Computer related	3,339	308	2,788	6,435
Office expense	2,579	-	199	2,778
Dues	277	-	980	1,257
Insurance	-	-	378	378
Minor equipment	2,496	-	-	2,496
Project Access Nashville				
Program expense	2,223	-	-	2,223
Educational program expense	2,278	-	-	2,278
Professional development	-	-	308	308
Postage	1,240	-	-	1,240
Taxes and licenses	-	-	665	665
Telephone	4,192	-	873	5,065
Travel and meetings	665	-	665	1,330
Total expenses	<u>\$ 188,686</u>	<u>\$ 66,154</u>	<u>\$ 41,836</u>	<u>\$ 296,676</u>

The accompanying notes are an integral part of the financial statements.

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

To the Board of Directors of
Medical Foundation of Nashville:

We have audited, 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, the financial statements of Medical Foundation of Nashville (a Tennessee nonprofit corporation), which comprise the statement of financial position as of December 31, 2019 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Medical Foundation of Nashville'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 Medical Foundation of Nashville's internal control. Accordingly, we do not express an opinion on the effectiveness of Medical Foundation of Nashville'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 Medical Foundation of Nashville'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.

Mullins Clemmons + Mages, PLLC

Brentwood, Tennessee
June 9, 2020