

**UNITED NEIGHBORHOOD
HEALTH SERVICES, INC.
D/B/A NEIGHBORHOOD
HEALTH**

2020

**UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
D/B/A NEIGHBORHOOD HEALTH**

Financial Statements

**For the Years Ended
January 31, 2020 and 2019**

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
d/b/a
NEIGHBORHOOD HEALTH

Financial Statements

For the Years Ended January 31, 2020 and 2019

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UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
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Members of the Board of Directors

<u>Board Member Name</u>	<u>Title</u>
Angela Ballou	President
Claudia Barajas	Vice-President
Amanda Lowe	Secretary
Barb Zipperian	Treasurer
Stephen Smith	Member
Carol Titus	Member
Buddy Comer	Member
Mary Owens	Member
JD Thomas	Member
Brian Haile	Ex-Officio Member

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
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Members of Management

<u>Name</u>	<u>Title</u>
Brian Haile	Chief Executive Officer
Ivan Figueredo	Chief Financial Officer
Anthony Villanueva	Chief Information Officer
Rahaman Suara	Chief Clinical Officer
Bianca Granger	Chief Operating Officer
Michele Blackledge	Director of Oral Health Services
Thelma Bigham	Human Resources Director
Mary Bufwack	Chief Executive Officer Emeritus

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Neighborhood Health Services, Inc. d/b/a Neighborhood Health

Report on the Financial Statements

We have audited the accompanying financial statements of United Neighborhood Health Services, Inc. d/b/a Neighborhood Health (hereinafter the "Center"), which comprise the balance sheets as of January 31, 2020 and 2019, and the related statements of operations and change in net assets without donor restriction, 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.

Auditors' 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 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 auditors' 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 Center'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 Center'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.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Neighborhood Health Services, Inc. d/b/a Neighborhood Health as of January 31, 2020 and 2019, and the change 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

The lists of Members of the Board of Directors and Members of Management is information required by the Comptroller of the State of Tennessee. This information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The accompanying Schedule of State Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2020, on our consideration of the Center'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 the 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 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 the Center's internal control over financial reporting and compliance.

Mathew Stees & Associates, P.C.

July 27, 2020
Chattanooga, Tennessee



UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
d/b/a
NEIGHBORHOOD HEALTH

Balance Sheets

January 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,083,916	\$ 4,636,616
Patient accounts receivable, net (Note 3)	776,186	660,457
Contracts receivable (Note 4)	187,882	196,081
Other receivables	1,167,034	1,364,093
Prepaid expenses and other current assets	209,894	145,872
Total current assets	6,424,912	7,003,119
Property and equipment, net (Note 5)	8,242,783	8,297,480
Other assets	5,971	5,971
Total assets	\$ 14,673,666	\$ 15,306,570
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 304,898	\$ 308,893
Accrued compensation	552,731	938,019
Total current liabilities	857,629	1,246,912
Deferred revenue	58,583	64,417
Total liabilities	916,212	1,311,329
Net assets without donor restriction:		
Board designated for emergency reserve	2,605,962	2,295,727
Undesignated	11,151,492	11,699,514
Total net assets without donor restriction	13,757,454	13,995,241
Total liabilities and net assets without donor restriction	\$ 14,673,666	\$ 15,306,570

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

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
d/b/a
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Statements of Operations and Change in Net Assets Without Donor Restriction

For the Years Ended January 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue without donor restriction:		
DHHS grants (Note 8)	\$ 10,110,971	\$ 10,237,656
Patient services, net (Note 9)	5,877,963	5,888,038
Contract services (Note 12)	1,397,865	1,401,266
Donated in-kind revenue (Note 10)	963,806	697,654
Contributions	226,515	175,426
Primary care safety net services (Note 9)	679,473	564,436
Accountable care organization payments (Note 9)	472,962	440,839
Other	125,520	73,355
Total revenue	<u>19,855,075</u>	<u>19,478,670</u>
Expenses:		
Salaries and benefits	13,217,248	13,072,682
Other than personnel services	6,080,681	6,431,261
Interest	29,470	—
Total expenses	<u>19,327,399</u>	<u>19,503,943</u>
Operating income (loss) before depreciation	527,676	(25,273)
Depreciation	<u>765,463</u>	<u>761,033</u>
Decrease in net assets without donor restriction	<u>(237,787)</u>	<u>(786,306)</u>
Net assets:		
Beginning	<u>13,995,241</u>	<u>14,781,547</u>
Ending	<u>\$ 13,757,454</u>	<u>\$ 13,995,241</u>

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

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
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Statements of Functional Expenses

For the Years Ended January 31, 2020 and 2019

	2020			2019		
	Program Services	General and Administrative	Total	Program Services	General and Administrative	Total
Salaries and wages	\$ 9,038,951	\$ 1,868,605	\$ 10,907,556	\$ 8,656,943	\$ 2,105,531	\$ 10,762,474
Fringe benefits	1,914,042	395,650	2,309,692	1,858,331	451,877	2,310,208
Healthcare consultants and other						
contractual services	760,188	170,977	931,165	800,241	210,987	1,011,228
Professional fees	365,240	100,165	465,405	417,253	128,002	545,255
Consumable supplies	294,753	148,005	442,758	427,450	123,130	550,580
Laboratory	118,137	—	118,137	107,139	—	107,139
Radiology	11,818	—	11,818	27,613	—	27,613
Pharmaceuticals	1,100,566	—	1,100,566	817,950	—	817,950
Occupancy	508,452	79,830	588,282	538,355	81,798	620,153
Insurance	53,893	7,489	61,382	50,863	7,904	58,767
Repairs and maintenance	98,617	15,484	114,101	76,057	11,556	87,613
Telephone	142,806	19,843	162,649	115,585	17,962	133,547
Travel, conferences and meetings	48,729	6,771	55,500	38,584	5,996	44,580
Dues and subscriptions	68,201	9,477	77,678	93,262	14,493	107,755
Printing, postage and publications	63,695	8,850	72,545	55,477	8,621	64,098
Staff training	121,852	16,932	138,784	161,686	25,126	186,812
Equipment rental	39,678	6,230	45,908	42,178	6,409	48,587
Bad debt expense	727,706	—	727,706	902,802	—	902,802
Interest	29,470	—	29,470	—	—	—
Other	835,170	131,127	966,297	969,478	147,304	1,116,782
	<u>16,341,964</u>	<u>2,985,435</u>	<u>19,327,399</u>	<u>16,157,247</u>	<u>3,346,696</u>	<u>19,503,943</u>
Depreciation	661,590	103,873	765,463	660,653	100,380	761,033
	<u><u>\$ 17,003,554</u></u>	<u><u>\$ 3,089,308</u></u>	<u><u>\$ 20,092,862</u></u>	<u><u>\$ 16,817,900</u></u>	<u><u>\$ 3,447,076</u></u>	<u><u>\$ 20,264,976</u></u>
Total expenses	<u><u>\$ 17,003,554</u></u>	<u><u>\$ 3,089,308</u></u>	<u><u>\$ 20,092,862</u></u>	<u><u>\$ 16,817,900</u></u>	<u><u>\$ 3,447,076</u></u>	<u><u>\$ 20,264,976</u></u>

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

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
d/b/a
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Statements of Cash Flows

For the Years Ended January 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from DHHS grants	\$ 9,996,964	\$ 10,175,194
Cash received from patient services	5,762,234	5,774,887
Cash received from contract services	1,400,230	1,308,736
Cash received from other	1,572,021	598,311
Cash received from contributions	226,515	110,134
Cash received from meaningful use	17,000	—
Cash paid for interest	(29,470)	—
Cash paid for personnel costs	(13,602,536)	(13,007,528)
Cash paid for other than personnel costs	(5,184,892)	(5,722,657)
	<u>158,066</u>	<u>(762,923)</u>
Net cash provided by (used for) operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	(710,766)	(1,044,744)
	<u>(710,766)</u>	<u>(1,044,744)</u>
Net cash used for investing activities		
Cash flows from financing activities:		
Proceeds from long-term debt	600,000	—
Repayment of long-term debt	(600,000)	—
	<u>—</u>	<u>—</u>
Net cash provided by financing activities		
Net decrease in cash	(552,700)	(1,807,667)
Cash and cash equivalents at beginning of year	<u>4,636,616</u>	<u>6,444,283</u>
Cash and cash equivalents at end of year	<u>\$ 4,083,916</u>	<u>\$ 4,636,616</u>

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

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
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Statements of Cash Flows (Continued)

For the Years Ended January 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of decrease in net assets without donor restrictions to net cash provided by (used for) operating activities:		
Decrease in net assets without donor restrictions	\$ (237,787)	\$ (786,306)
Adjustments to reconcile decrease in net assets without donor restrictions to net cash provided by (used for) operating activities:		
Depreciation expense	765,463	761,033
Provision for bad debts	727,706	902,802
(Increase) decrease in:		
Patient accounts receivable	(843,435)	(1,015,953)
Contracts receivable	8,199	(63,364)
Other receivables	197,059	(542,781)
Prepaid expenses and other current assets	(64,022)	(15,573)
Increase (decrease) in:		
Accounts payable and accrued expenses	(3,995)	(38,769)
Accrued compensation	(385,288)	65,154
Deferred revenue	(5,834)	(29,166)
	<u>158,066</u>	<u>(762,923)</u>
Net cash provided by (used for) operating activities	<u>\$ 158,066</u>	<u>\$ (762,923)</u>

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

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.

d/b/a

NEIGHBORHOOD HEALTH

Notes to the Financial Statements

January 31, 2020 and 2019

NOTE 1 ORGANIZATION

United Neighborhood Health Services, Inc. d/b/a Neighborhood Health (the “Center”), operates primary care centers located in the State of Tennessee in Davidson, Trousdale and Wilson counties. The Center provides a broad range of primary health care services to a largely medically-underserved population.

The U.S. Department of Health and Human Services (the “DHHS”) provides substantial support to the Center. The Center is obligated under the terms of the DHHS grants to comply with specified conditions and program requirements set forth by the grantor.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Center considers all highly-liquid investments with original maturity dates of three months or less at the time of purchase to be cash and cash equivalents.

Patient Accounts Receivable

Patient accounts receivable are reported at their outstanding balances reduced by an allowance for doubtful accounts. The Center estimates doubtful accounts based on historical factors related to specific payors’ ability to pay and current economic trends. The Center writes off accounts receivable against the allowance when a balance is determined to be uncollectible.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, which range from 3 to 10 years for equipment and vehicles, and 15 to 40 years for building and improvements. The Center capitalizes all purchases of property and equipment in excess of \$5,000.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.

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Notes to the Financial Statements

(Continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Service Revenue

Patient service revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing patient care to patients, third-party payors, and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Revenue is recognized as the performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Center. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Center believes that this method provides an accurate depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving care. The Center measures the performance obligation from commencement of service to the point when it is no longer required to provide services to the patient.

The Center determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Center's policy, or implicit price concessions provided to uninsured patients. The Center determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Center determines its estimate of implicit price concessions based on its historical collection experience with each class of patients.

Agreements with third-party payors provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare & Medicaid

Medicare and Medicaid revenue are reimbursed to the Center at reimbursement rates determined for each program. Reimbursement rates are subject to revisions under the provisions of reimbursement regulations. Adjustments for such revisions are recognized in the fiscal year in which the revisions are made.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.

d/b/a

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Notes to the Financial Statements

(Continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Service Revenue (Continued)

Other

The Center also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the entities under these agreements include discounts from established charges and prospectively-determined daily rates.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Center's historical settlement activity. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Consistent with the Center's mission, care is provided to patients regardless of their ability to pay. Therefore, the Center has determined it has provided implicit price concessions to uninsured and underinsured patients. The implicit price concessions included in estimating the transaction price represents the difference between amounts billed to patients and the amounts the Center expects to collect based on its collection history with those patients.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Center also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. The Center estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

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Notes to the Financial Statements

(Continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Service Revenue (Continued)

The Center has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, Medicare, Medicaid, other insurance, or patient) have different reimbursement and payment methodologies
- Length of the patient's service or episode of care
- Method of reimbursement

Contributions

Contributions are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as net assets with donor restrictions and net assets without donor restrictions. Net assets without donor restrictions are not subject to donor-imposed stipulations. Net assets with donor restrictions are subject to donor-imposed stipulations. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as revenue without donor restriction, which require the Center to provide specific services and, if not, the contributor is not obligated to provide these funds. There were no net assets with donor restrictions at January 31, 2020 or 2019.

Government Grants

Revenue from government grants and contracts designated for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions. Grants and contracts awarded for the acquisition of long-lived assets are reported as nonoperating revenue without donor restriction. Cash received in excess of revenue recognized is recorded as refundable advances. At January 31, 2020 and 2019, the Center has been approved for conditional grants and contracts from governmental entities in the aggregate amounts of \$1,270,981 and \$898,054, respectively, which have not been recorded in these financial statements. These grants and contracts require the Center to provide certain healthcare services during specified periods. If such services are not provided during the periods, the governmental entities are not obligated to expend the funds allotted under the grants and contracts.

Interest Income

Interest earned on nonfederal funds is recorded as income on an accrual basis. Interest earned on federal funds is recorded as a payable to the Public Health Service (the "PHS") in compliance with OMB Circular A-110. For the years ended January 31, 2020 and 2019, the Center had not earned any material interest income on federal funds.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.

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Notes to the Financial Statements

(Continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Paid Time Off

Employees can earn paid time off based on a formula outlined in the employee handbook. This formula is based on status (exempt or non-exempt) and length of employment with the Center. Employees are also compensated for absences related to illness; however, these benefits are not vested and therefore not accrued. Accrued vacation was \$345,019 and \$352,219 as of January 31, 2020 and 2019, respectively, and is reflected as accrued compensation on the balance sheets.

Functional Allocation of Expenses

The costs of providing program service expense and other activities have been summarized on a functional basis in the statement of functional expenses. 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. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages	Time and effort
Fringe benefits	% of salaries
Other consulting	Square footage
Occupancy	Square footage
Insurance	Full time equivalent
Repairs and maintenance	Square footage
Telephone	Full time equivalent
Travel, conferences and meetings	Full time equivalent
Dues and subscriptions	Full time equivalent
Printing, postage and publications	Full time equivalent
Staff training	Full time equivalent
Equipment rental	Square footage
Other	Square footage
Depreciation	Square footage

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

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NEIGHBORHOOD HEALTH

Notes to the Financial Statements

(Continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Center was incorporated as a not-for-profit corporation under the laws of the State of Tennessee and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, there is no provision for income taxes.

The Center has adopted FASB ASC 740-10 “*Accounting for Uncertainty in Income Taxes*” (FASB ASC 740-10), which provides a framework for how companies should recognize, measure, present and disclose uncertain tax positions within the financial statements. The Center may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The Center does not have any uncertain tax positions and did not record any penalties or interest associated with uncertain tax positions as of January 31, 2020 or 2019.

New Accounting Pronouncement

In May 2014, FASB issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of the guidance in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization has implemented ASU 2014-09 using a modified retrospective approach as of February 1, 2019. Under the modified retrospective approach, the ASU is applied to the most current period presented, recognizing the cumulative effect of the adoption change as an adjustment to beginning net assets. The Organization has determined that the adoption of ASU 2014-09 did not result in an adjustment to net assets as of February 1, 2019.

NOTE 3 PATIENT ACCOUNTS RECEIVABLE, NET

Patient accounts receivable, net, consisted of the following as of January 31, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Medicare	\$ 373,122	\$ 481,822
Private insurance	757,359	831,393
Self-pay	625,515	637,000
TennCare managed care plans	418,888	599,107
	<u>2,174,884</u>	<u>2,549,322</u>
Less allowance for doubtful accounts	<u>(1,398,698)</u>	<u>(1,888,865)</u>
Patient accounts receivable, net	<u>\$ 776,186</u>	<u>\$ 660,457</u>

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
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Notes to the Financial Statements

(Continued)

NOTE 4 CONTRACTS RECEIVABLE

Contracts receivable consisted of the following as of January 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Metropolitan Government of Nashville and Davidson County:		
Downtown Clinic Program	\$ 59,200	\$ 29,600
Tennessee Department of Mental Health and Substance Abuse Services:		
Medication Assisted Treatment for Opioid Use	—	28,045
Adult Continuum of Care	5,895	1,105
Tennessee Department of Health:		
Ryan White HIV Core Medical and Support Services	88,413	71,967
State of Tennessee Health Care Innovation Initiative – Patient Centered Medical Home	1,857	14,218
NPS 340b Pharmacy Program	601	2,460
Nashville CARES – HIV Prevention Services	31,889	29,936
American Cancer Society	27	18,750
	<u>\$ 187,882</u>	<u>\$ 196,081</u>

NOTE 5 PROPERTY AND EQUIPMENT, NET

A summary of the property and equipment as of January 31, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,218,743	\$ 1,218,743
Buildings and building improvements	11,855,883	11,201,612
Medical and dental equipment	1,032,077	1,010,177
Office equipment	969,873	969,873
Automobiles	335,544	324,994
Computer equipment and software	1,131,919	1,131,919
Construction in progress	24,041	—
	<u>16,568,080</u>	<u>15,857,318</u>
Less accumulated depreciation	<u>(8,325,297)</u>	<u>(7,559,838)</u>
	<u>\$ 8,242,783</u>	<u>\$ 8,297,480</u>

In the event the DHHS grants are terminated, the DHHS reserves the right to transfer all property and equipment purchased with grant funds to the Public Health Services (“PHS”) or third parties.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
d/b/a
NEIGHBORHOOD HEALTH

Notes to the Financial Statements

(Continued)

NOTE 6 TENNCARE MANAGED CARE WRAPAROUND PAYMENTS

The State of Tennessee provides additional payments to community health clinics to subsidize the cost of care to TennCare recipients above the payment amount made by the managed care organizations. During the periods ended January 31, 2020 and 2019, the Center received \$1,726,125 and \$1,964,120, respectively.

NOTE 7 CONCENTRATION OF CREDIT RISK

The Center maintains its cash in bank deposit accounts which, at times, may exceed federally-insured limits. Deposits exceeded the federally-insured limits by \$2,303,248 and \$1,304,444 at January 31, 2020 and 2019, respectively. The Center has not experienced any losses in such accounts. Management does not feel these funds are at risk.

NOTE 8 DHHS GRANTS

For the year ended January 31, 2020, the Center received the following grants from the DHHS:

<u>Grant Number</u>	<u>Grant Period</u>	<u>Total Grant</u>	<u>Operating Revenue</u>	<u>Nonoperating Revenue</u>	<u>Revenue Recognized without Donor Restriction</u>
6 H80CS00394-18-09	02/01/19-01/31/20	\$ 10,429,892	\$ 10,110,971	\$ —	\$ 10,110,971
1 C8DCS29717-01-00	05/01/16-04/30/19	600,446	—	—	—
		<u>\$ 11,030,338</u>	<u>\$ 10,110,971</u>	<u>\$ —</u>	<u>\$ 10,110,971</u>

For the year ended January 31, 2019, the Center received the following grants from the DHHS:

<u>Grant Number</u>	<u>Grant Period</u>	<u>Total Grant</u>	<u>Operating Revenue</u>	<u>Nonoperating Revenue</u>	<u>Revenue Recognized without Donor Restriction</u>
6 H80CS00394-17-12	02/01/18-01/31/19	\$ 10,420,265	\$ 10,237,656	\$ —	\$ 10,237,656
1 C8DCS29717-01-00	05/01/16-04/30/19	600,446	—	—	—
		<u>\$ 11,020,711</u>	<u>\$ 10,237,656</u>	<u>\$ —</u>	<u>\$ 10,237,656</u>

Nonoperating revenue represents amounts used for capital expenditures.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
d/b/a
NEIGHBORHOOD HEALTH

Notes to the Financial Statements

(Continued)

NOTE 9 PATIENT SERVICE REVENUE

For the years ended January 31, 2020 and 2019, patient service revenue consisted of the following:

	<u>2020</u>	<u>2019</u>
Patient service revenue:		
Medicare	\$ 1,077,178	\$ 1,110,511
Private insurance	3,424,760	3,058,142
Self-pay	8,197,222	8,788,692
TennCare managed care	3,830,639	3,661,583
Total gross patient services revenue	<u>16,529,799</u>	<u>16,618,928</u>
Less contractual allowance	<u>(10,651,836)</u>	<u>(10,730,890)</u>
Patient service revenue (net of contractual allowances)	5,877,963	5,888,038
Tennessee Department of Health – Primary Care Safety Net Services Accountable care organization payments	<u>679,473</u>	<u>564,436</u>
	<u>472,962</u>	<u>440,839</u>
Total patient service revenue	<u>\$ 7,030,398</u>	<u>\$ 6,893,313</u>

NOTE 10 DONATED IN-KIND REVENUE

The Center occupies four facilities that are separately owned by the Metropolitan Development Housing Agency, HCA Health Services of Tennessee, Inc., Nashville Rescue Mission, and Nashville CARES. Donated space is recorded at fair value of the space donated. For the years ended January 31, 2020 and 2019, donated space amounted to \$220,258 and \$231,073, respectively, and the offsetting expense is included in occupancy expense on the statement of functional expenses.

The Center receives donated vaccines during the year. Donated vaccines are recorded at the fair market value of the vaccines that were received. For the years ended January 31, 2020 and 2019, vaccines contributed to the Center amounted to \$743,548 and \$466,581, respectively, and the offsetting expense is included in pharmaceuticals on the statement of functional expenses.

The Center receives an in-kind donation of lab services for its indigent patients from the lab supplier through waiver of the fees for certain patients who qualify. There is no cost or revenue recorded for these services but the estimated value is approximately \$300,000.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
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NEIGHBORHOOD HEALTH

Notes to the Financial Statements

(Continued)

NOTE 11 DEFINED CONTRIBUTION PLANS

The Center sponsors a 403(b) defined-contribution plan covering substantially all employees. Employees may make contributions to the plan which are limited to a maximum annual amount as set periodically by the Internal Revenue Service. All employee contributions vest immediately. The Center is permitted to make non-elective contributions, but has not made any such contributions as of January 31, 2020 and 2019. Effective March 1, 2017, the 403(b) plan was restated to allow employer matching contributions to be made into the plan. For the years ended January 31, 2020 and 2019, employer matching contributions amounted to \$191,542 and \$97,063, respectively, and are included in fringe benefits expense on the statements of functional expenses.

NOTE 12 CONTRACT SERVICES

For the years ended January 31, 2020 and 2019, contract services revenue consisted of the following:

	<u>2020</u>	<u>2019</u>
Metropolitan Government of Nashville and Davidson County:		
Downtown Clinic Program	\$ 355,200	\$ 355,200
Tennessee Department of Mental Health and Substance Abuse Services:		
Adult Continuum of Care Program	141,838	8,476
Medication Assisted Treatment for Opioid Use	32,780	169,150
Nashville CARES – HIV Prevention Services	143,486	182,866
Tennessee Department of Health:		
Ryan White HIV Core Medical and Support Services	532,018	422,834
Tennessee Breast and Cervical Screening Program	24,420	—
Tennessee Comprehensive Cancer Prevention and Control Services	20,000	—
Direct Relief Grant	5,833	29,167
NPS 340b Pharmacy Program	21,194	103,073
Interfaith Dental	—	25,000
Other	121,096	105,500
	<u>\$ 1,397,865</u>	<u>\$ 1,401,266</u>

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
d/b/a
NEIGHBORHOOD HEALTH

Notes to the Financial Statements

(Continued)

NOTE 13 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure within one year are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,083,916	\$ 4,636,616
Patient accounts receivable, net	776,186	660,457
Contracts receivable	187,882	196,081
Other receivables	<u>1,167,034</u>	<u>1,364,093</u>
	<u>\$ 6,215,018</u>	<u>\$ 6,857,247</u>

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Center has a policy to maintain a balance of cash to meet 45 days of operating expenses.

NOTE 14 COMMITMENTS AND CONTINGENCIES

The Center has contracted with various funding agencies to perform certain healthcare services, and receives Medicare and other revenue from the federal government. Reimbursements received under these contracts and payments under Medicare are subject to audit by federal and state governments and other agencies. Upon audit, if discrepancies are discovered, the Center could be held responsible for reimbursing the agencies for the amounts in question.

The Center maintains medical malpractice coverage, through an insurer, that complies with the Federal Tort Claims Act ("FTCA"). FTCA limits malpractice awards to eligible PHS-supported programs and applies to the Center and its employees while providing services within the scope of their responsibilities under grant-related activities.

The Attorney General, through the U.S. Department of Justice, has the responsibility for the defense of the individual and/or grantee for malpractice cases approved for FTCA coverage.

The Center leases space under various operating leases. Rent expense for the years ended January 31, 2020 and 2019, respectively, amounted to \$242,941 and \$383,512, and is included in occupancy expense on the statement of functional expenses.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
d/b/a
NEIGHBORHOOD HEALTH

Notes to the Financial Statements

(Continued)

NOTE 15 SUBSEQUENT EVENTS

The Center evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation was performed through the date the financial statements were available to be issued, which is July 27, 2020.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. Specific to the Center, COVID-19 may impact various parts of its FYE 2021 operations and financial results including but not limited to additional costs for emergency preparedness, potential shortages of healthcare personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Center is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing. In April 2020, as part of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), the Center applied for and received a Paycheck Protection Program loan totaling \$2,038,300. Section 1106 of the CARES Act provides for forgiveness of up to the full principal amount of qualifying loans including accrued interest to the extent the Center incurs certain qualifying expenses and maintains a certain level of average full-time equivalent employees during the measurement period following closing of the loan. Any portion of the loan that is not forgiven has a term of two years with an interest rate of 1%. The Center has also received additional funding from DHHS in the amount of approximately \$1,566,000.

On March 3, 2020, the Center lost one of its largest medical and dental clinics as a result of a tornado. Since the tornado occurred, the Center has received approximately \$600,000 of insurance proceeds. Renovations are taking place to fix the damage caused. Management is evaluating its options in relation to reopening the clinic or selling the property.

INTERNAL CONTROL AND COMPLIANCE SECTION

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
United Neighborhood Health Services, Inc. d/b/a Neighborhood Health

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 United Neighborhood Health Services, Inc. d/b/a Neighborhood Health (the "Center"), a nonprofit organization, which comprise the balance sheets as of January 31, 2020 and 2019, and the related statements of operations and change in net assets without donor restriction, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated July 27, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting ("internal control") 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 the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Center'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.



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* (CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

We noted certain matters that we reported to management of the Center in a separate letter dated July 27, 2020.

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 result of that testing, and not to provide an opinion on the effectiveness of the Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mathew Stees & Associates, P.C.

July 27, 2020
Chattanooga, Tennessee





INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM
GUIDANCE

To the Board of Directors
United Neighborhood Health Services, Inc. d/b/a Neighborhood Health

Report on Compliance for Each Major Federal Program

We have audited the compliance of United Neighborhood Health Services, Inc. d/b/a Neighborhood Health (the "Center"), with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended January 31, 2020. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above.

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM
GUIDANCE (CONTINUED)

Opinion on Each Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended January 31, 2020.

Report on Internal Control over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing 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 Center's internal control over compliance.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM
GUIDANCE (CONTINUED)

Report on Internal Control over Compliance (continued)

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

Mathew Stees & Associates, P.C.

July 27, 2020
Chattanooga, Tennessee



UNITED NEIGHBORHOOD HEALTH SERVICES, INC.

d/b/a

NEIGHBORHOOD HEALTH

Schedule of Findings and Questioned Costs

Year Ended January 31, 2020

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

- Are any material weaknesses identified? Yes ✓ No
- Are any significant deficiencies identified? Yes ✓ None Reported
- Is any noncompliance material to financial statements noted? Yes ✓ No

Federal Awards

Internal control over major programs:

- Are any material weaknesses identified? Yes ✓ No
- Are any significant deficiencies identified? Yes ✓ None Reported

Type of auditors’ report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 Yes ✓ No

Identification of major program(s):

CFDA Number(s)

Name of Federal Program or Cluster

Health Centers Cluster:

93.224

United States Department of Health and Human Services:

Consolidated Health Centers Program

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
d/b/a
NEIGHBORHOOD HEALTH

Schedule of Findings and Questioned Costs (Continued)

Year Ended January 31, 2020

Dollar threshold used to distinguish between type
A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes

No

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.

d/b/a

NEIGHBORHOOD HEALTH

Summary Schedule of Prior Year's Findings

Year Ended January 31, 2020

PRIOR YEAR FINDINGS

No prior year findings were noted.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
d/b/a
NEIGHBORHOOD HEALTH

Schedule of Expenditures of Federal Awards

Year Ended January 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass- Through Grantor's Number	Federal Expenditures
U.S Department of Health and Human Services:			
Direct programs:			
Health Center Cluster Program	93.224	N/A	\$ 10,110,971
Total Direct Programs			<u>10,110,971</u>
Passed through Tennessee Department of Health:			
Ryan White HIV Core Medical and Support Services	93.917	N/A	532,018
Passed through Tennessee Department of Mental Health and Substance Abuse Services:			
Adult Continuum of Care	93.959	N/A	141,838
Medication Assisted Treatment for Opioid Use	93.788	N/A	<u>32,780</u>
Total Federal Awards			<u><u>\$ 10,817,607</u></u>

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 FEDERAL EXPENDITURES

Of the federal expenditures presented in this schedule, the Center did not expend any federal awards in the form of non-cash assistance, insurance in effect during the period and loans or loan guarantees, including interest subsidies, outstanding at year end.

NOTE 3 SUBRECIPIENTS

The Center provided no federal awards to subrecipients.

NOTE 4 INDIRECT COST RATE

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

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.
d/b/a
NEIGHBORHOOD HEALTH

Schedule of State Financial Assistance

January 31, 2020 and 2019

<u>State Grantor</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Beginning Receivable</u>	<u>Cash Receipts</u>	<u>Expenditures/ Revenues</u>	<u>Ending Receivable</u>
State Financial Assistance: U.S. Department of Health and Human Services: Passed through Tennessee Department of Health: Primary Care Services to Uninsured Adults (1)	N/A	Z-19-81439-00	\$ 170,953	\$ 170,953	\$ —	\$ —
	N/A	Z-20-201207-01	—	436,901	679,473	242,572
			<u>\$ 170,953</u>	<u>\$ 607,854</u>	<u>\$ 679,473</u>	<u>\$ 242,572</u>

(1) Based on revenues earned per award.

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