HOPE FAMILY HEALTH SERVICES, INC.

Financial Statements

December 31, 2022 and 2021

(With Independent Auditor’s Report Thereon)

HOPE FAMILY HEALTH SERVICES, INC.

Table of Contents

Financial Statements:	Page No.
Independent Auditor's Report	1
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8
Supplemental Information	
Schedule of Expenditures of Federal Awards	20
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	22
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	24
Schedule of Findings and Questioned Costs	27
Summary Schedule of Prior Year Audit Findings	30

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Independent Auditor's Report

To the Board of Directors
of HOPE Family Health Services, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of HOPE Family Health Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of HOPE Family Health Services, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HOPE Family Health Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HOPE Family Health Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 HOPE Family Health Services, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about HOPE Family Health Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2023 on our consideration of HOPE Family Health Services, Inc.'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 HOPE Family Health Services, Inc.'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 HOPE Family Health Services, Inc.'s internal control over financial reporting and compliance.

Terry Horne CPA

Lebanon, TN
May 12, 2023

HOPE Family Health Services, Inc.
Statements of Financial Position
December 31, 2022 and 2021

		2022		2021
ASSETS				
Current Assets				
Cash	$	1,205,988	$	2,185,344
Short-Term Investments		744,234		0
Accounts Receivable		250,516		261,693
Contract 340B Receivables		54,637		33,272
Other Contract Receivables		103,545		13,408
Grants Receivable		150,282		288,283
Inventory		168,576		133,970
Prepaid Expenses		5,110		99,869
Total Current Assets		2,682,888		3,015,839
Long-Term Investments		939,970		250,000
Property and Equipment, net		1,468,857		1,477,806
Assets Limited to Use - USDA Escrow		25,601		18,421
Total Assets	**$**	**5,117,316**	**$**	**4,762,066**
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts Payable	$	130,621	$	60,209
Accrued Payroll Liabilities		81,396		70,825
Accrued Compensated Absences		129,113		109,992
Refundable Advance - Provider Relief Funds		45,897		45,897
Current Portion of Long Term Debt		22,183		28,419
Total Current Liabilities		409,210		315,342
Long-Term Liabilities				
Note Payable		1,272,446		1,297,504
Less Current Portion of Long Term Debt		(22,183)		(28,419)
Total Long-Term Liabilities		1,250,263		1,269,085
Total Liabilities		1,659,473		1,584,427
Net Assets				
Net Assets - Without Donor Restrictions		3,422,218		3,112,954
Net Assets - With Donor Restrictions		35,625		64,685
Total Net Assets		3,457,843		3,177,639
Total Liabilities and Net Assets	**$**	**5,117,316**	**$**	**4,762,066**

The accompanying notes are an integral part of this financial statement.

HOPE Family Health Services, Inc.

Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2022 and 2021

	2022	2021
Support and Revenues:		
Patient Revenue	$ 3,866,177	$ 3,056,220
Contract 340B Revenue	671,405	582,791
Other Contract Revenue	170,020	58,711
Federal Grants	3,180,603	3,194,447
Federal Grants - Released from Restriction	6,185	24,740
Other Grants and Contributions	338,325	173,511
Gift In-Kind Contributions	35,280	66,300
Net Assets Released from Restriction	70,375	340,458
Total Support and Revenues	8,338,370	7,497,178
Expenses:		
Program Services	6,303,998	5,255,290
General and Administrative	1,762,104	1,318,816
Total Expenses	8,066,102	6,574,106
Other Income:		
Federal Grant for Capital Expansion	22,938	8,441
Income from Forgiveness of Debt	0	518,609
Other Income	14,058	666
Total Other Income	36,996	527,716
Change in Net Assets Without Donor Restriction	309,264	1,450,788
Net Assets With Donor Restriction		
Contributions	47,500	269,318
Net Assets Released from Restriction	(76,560)	(340,458)
Increase (Decrease) Net Assets With Donor Restriction	(29,060)	(71,140)
Total Change in Net Assets	280,204	1,379,648
Net Assets at Beginning of Year	3,177,639	1,797,991
Net Assets at End of Year	**$ 3,457,843**	**$ 3,177,639**

The accompanying notes are an integral part of this financial statement.

HOPE Family Health Services, Inc.
Statements of Functional Expenses
For the Years Ended December 31, 2022 and 2021

2022	**Program Services**	**General and Administrative**	**2022 Total**
Salaries and Wages	$ 2,880,421	$ 997,320	$ 3,877,741
Fringe Benefits	378,879	237,934	616,813
Purchased Services and Professional Fees	914,314	281,192	1,195,506
Supplies	1,666,084	40,752	1,706,836
Depreciation	136,609	34,152	170,761
Travel, Communication, and Other	327,691	170,754	498,445
Total	**$ 6,303,998**	**$ 1,762,104**	**$ 8,066,102**

2021	**Program Services**	**General and Administrative**	**2021 Total**
Salaries and Wages	$ 2,504,175	$ 673,193	$ 3,177,368
Fringe Benefits	192,675	51,796	244,471
Purchased Services and Professional Fees	783,370	235,429	1,018,799
Supplies	1,369,864	138,357	1,508,221
Depreciation	154,925	38,731	193,656
Travel, Communication, and Other	250,281	181,310	431,591
Total	**$ 5,255,290**	**$ 1,318,816**	**$ 6,574,106**

The accompanying notes are an integral part of this financial statement.

HOPE Family Health Services, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Change in Net Assets	$ 280,204	$ 1,379,648
Adjustments:		
Depreciation	170,761	193,656
Federal Grant for Capital Expansion	(22,938)	(8,441)
Income from Forgiveness of Debt	0	(516,670)
Change in:		
Short-Term Investments	(744,234)	0
Accounts Receivable	11,177	(4,364)
Contract 340B Receivables	(21,365)	(8,597)
Grants Receivable	138,001	99,971
Other Receivable	(90,137)	8,467
Inventory	(34,606)	(18,062)
Prepaid Expenses	94,759	19,691
Accounts Payable	70,412	(71,600)
Accrued Payroll Liabilities	10,571	(3,845)
Accrued Compensated Absences	19,121	5,302
Accrued Interest	0	(3,989)
Cash Flows From Operating Activities	(118,274)	1,071,167
Cash Flows From Investing Activities:		
Purchases of Property and Equipment	(161,812)	(65,680)
Federal Grant for Capital Expansion	22,938	8,441
Purchases of Long-Term Investments	(689,970)	(250,000)
Cash Flows From Investing Activities	(828,844)	(307,239)
Cash Flows From Financing Activities:		
Principal Payments on Notes Payable	(25,058)	(26,888)
Cash Flows From Financing Activities	(25,058)	(26,888)
Net Increase (Decrease) in Cash	(972,176)	737,040
Cash at Beginning of The Year, including Restricted Cash	2,203,765	1,466,725
Cash at End of The Year, including Restricted Cash	**$ 1,231,589**	**$ 2,203,765**
Supplemental Data:		
Interest Paid in Financing Activities	$ 50,827	$ 57,564

The accompanying notes are an integral part of this financial statement.

(1) Nature of Activities and Summary of Significant Accounting Policies

(a) Nature of The Business

HOPE Family Health Services, Inc. (the Organization) is a not-for-profit corporation organized under the laws of the State of Tennessee. The Organization provides outpatient health care services and qualifies as a Federally Qualified Health Center (FQHC). The Organization is principally funded through payments from Medicare, Medicaid, private insurance and patients. Funding is also obtained through support provided by the Department of Health and Human Services, Health Resource and Services Administration (HRSA) and through other third-party grants and contributions.

(b) Basis of Presentation

The financial statements of the Organization have been prepared on an accrual basis and in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets with donor restrictions are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Net assets for which the restriction is met in the same year of receipt are reported in the statements of activities as unrestricted.

(c) Cash

The Organization considers all liquid investments, other than those limited as to use, with original maturities of three months or less to be cash equivalents. At December 31, 2022 and 2021, the Organization's cash balances did not contain cash equivalents. At December 31, 2022, cash balances of approximately $1.2 million exceeded Federal Deposit Insurance Coverage and were not secured by federal securities.

The Organization also has cash that is restricted under loan covenants with the United States Department of Agriculture. These restricted cash balances were $25,601 and $18,421 at December 31, 2022 and 2021, respectively.

(d) Accounts Receivable

Patient accounts receivable include amounts due from federal and state agencies (under the Medicare and Medicaid programs), commercial insurance companies, and patients. These receivables are subject to explicit and implicit discounts based on contractual agreements, discount policies, and management's assessment of historical experience. These discounts are reflected in the period of services.

(e) Investments

Investments are reported at fair value in accordance with the fair value measurement and disclosure topic of the Financial Accounting Standards Board, which establishes a framework for measuring value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs.

The three levels of the fair value hierarchy are as follows: Level 1 – inputs to the valuation are unadjusted quoted prices for identical assets in active markets, Level 2 – inputs to the valuation are quoted prices or observable inputs for similar assets in active or inactive markets, and Level 3 – inputs to the valuation are unobservable. Changes in valuation techniques could result in transfers in or out of an assigned level within the hierarchy. There were no changes in the Organization's valuation techniques during the years ended December 31, 2022 and 2021.

Investment income, including unrealized gains or losses earned on investments, is recognized as income without donor restriction unless specifically restricted by the donor.

(f) Grants and Contributions Receivable

Receivables for grants, such as Federal grants and other grants and contributions, are recognized as support if the donor communicates an unconditional promise to give to the Organization. Conditional promises to give are not recognized as support until the donor's conditions are substantially met. Contributions that are restricted by the donor (e.g., as to the passage of time or use for a specific purpose), are reported as increases in net assets with donor restrictions. Upon satisfaction or expiration of a donor restriction, the applicable net assets are reclassified to net assets without donor restrictions.

Contributions are recorded at fair value on the date received. The fair value of an unconditional promise to give to the Organization that is expected to be received after one year is deemed to be equal to its estimated present value based on a risk-free interest rate for issues with a similar maturity.

(g) Inventories

The Organization records all pharmaceuticals as inventory items when purchased. On a monthly basis, inventory is adjusted for the items dispensed to patients. The value of the inventory is determined on the First in, First Out Basis (FIFO) using the lower of cost or net realizable value. Generally, medical supplies are not considered to be material and are expensed as they are purchased.

(h) Property and Equipment

Property and equipment acquired with DHHS funds are considered to be owned by the Organization while used in the program or in future authorized programs. However, DHHS retains a reversionary interest in these assets as well as the right to determine the use of any proceeds from the sale of such assets. Accordingly, the Organization may not transfer, mortgage, assign, lease or in any other manner encumber certain property items without the prior approval of DHHS.

Property and equipment are depreciated on the straight-line method over estimated useful lives of the assets, which range from five to seven years for furniture and equipment and forty years for buildings. Expenditures for maintenance and repairs are expenses when incurred. Expenditures for renewals or betterments are capitalized. The threshold for capitalization is $5,000. When property is retired or sold, the cost and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in operations.

(i) Revenue

To determine the appropriate revenue recognition policy, the Organization assesses whether the transaction is an exchange or non-exchange transaction in accordance with accounting standards. In general, an exchange transaction consists of an exchange of goods and/or services for commensurate value. Transactions that consist of transferring goods and/or services without receiving commensurate value in return are considered non-exchange transactions.

Revenue from Non-Exchange Transactions: Non-exchange transactions include contributions and grants for which the transferor does not receive commensurate value in return for the funding. Revenue recognized as non-exchange transactions primarily include Federal grant revenue and other grants and contributions revenue.

Revenue from Exchange Transactions: Revenue related to exchange transactions is recognized as goods and/or services are provided and is based on the amount expected to be received in exchange for those goods and/or services. Revenue recognized as exchange transactions primarily includes net patient service revenue and pharmacy revenue.

The Organization recognizes patient service revenue in the period in which performance obligations under its contracts are satisfied by transferring services to patients. All services are performed in an outpatient setting, and the Organization measures the performance obligation on the date of the outpatient visit. Bills to patients and third-party payers are generally sent within a few days or weeks of the outpatient visit.

The Organization maintains agreements with The Centers for Medicare and Medicaid Services under the programs that govern payments for services rendered to patients covered by these agreements. The agreements generally provide for per case or per diem rates or payments based on discounted charges or fee schedules. Certain contracts also provide for payments that are contingent upon meeting agreed upon quality and efficiency measures.

The Organization recognizes net patient service revenue associated with services provided to patients who have third-party payer coverage based on contractual rates for the services rendered.

The Organization also provides either full or partial charity care to patients who cannot afford to pay for their medical services based on income and family size. Charity care is generally available to qualifying patients for medically necessary services. As there is no expectation of collection, there is no net patient service revenue recorded related to charity care. The cost of providing charity care for the fiscal years ended 2022 and 2021 was $919,226 and $535,782, respectively.

For uninsured patients who do not qualify for charity care, the Organization recognizes revenue based on its standard rates (subject to discounts) for services provided. Based on historical experience, a significant portion of uninsured patients are unable or fail to pay for the services provided. Consequently, the Organization determined it has provided implicit discounts to uninsured patients. These discounts represent the difference between amounts billed to patients and amounts expected to be collected based on historical experience.

(j) Gift In-Kind Contributions and Change in Accounting Principle

In 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets,* on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the statements of activities and changes in net assets and disclosures within the notes to the financial statements about the valuation methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets.

In addition to cash contributions, the Organization may receive gift in-kind nonfinancial contributions of pharmaceuticals, buildings, furniture and equipment, and clinic space. It is the policy of the Organization to record the estimated fair value of these gift in-kind contributions as contribution revenue and related expenses when received. The Organization evaluates current market values for similar items to estimate the fair value of gift in-kind contributions received. Additionally, it is the policy of the Organization to utilize all gift in-kind contributions received in its program services.

(k) Lease Accounting and Change in Accounting Principle

Effective January 1, 2022, the Organization adopted the FASB's ASU No. 2016-02, Leases (as amended) (Topic 842). ASC 842 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the provisions of ASC 842, a lessee is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the remaining lease payments, in the statements of financial position. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Organization's leasing activities. The Organization also elected the package of practical expedients, which permits the Organization to not reassess prior conclusions about lease identification, classification, and initial direct costs. In addition, the Organization elected the short-term lease recognition exemption for all leases with initial terms of 12 months or less that qualify under Topic 842. Short-term lease expense during the years ended December 31, 2022 and 2021 was $36,066 and $41,984, respectively.

In order to determine if a contract contains a lease, the Organization assesses whether it has the right to control the use of identified assets within the contract. This determination is made if the Organization has both the right to obtain substantially all of the economic benefits from use of the identified assets and the right to direct the use of the identified assets. The Organization allocates the consideration within a contract to respective lease and nonlease components based on relative standalone prices. Leases are classified as either finance or operating, and a lease liability and right-of-use asset are recognized for all leases with a term greater than 12 months. All lease liabilities are measured as the present value of the future lease payments using a discount rate. The future lease payments used to measure the lease liability include fixed payments, as well as the exercise price of any options to purchase the underlying asset that have been deemed reasonably certain to be exercised, if applicable.

The Organization makes certain assumptions and judgements in determining the discount rate, as most leases do not provide an implicit rate. The Organization uses a risk-free discount rate based on information available at the commencement date in determining the present value of lease payments for all classes of underlying leased assets.

The Organization assesses lease renewal options using a "reasonably certain" threshold, which is understood to be a high threshold, and therefore the majority of its leases' terms do not include renewal periods for accounting purposes. For leases where the Organization is reasonably certain to exercise its renewal option, the option periods are included within the lease term and, therefore, the measurement of the right-of-use asset and lease liability.

Subsequent to the lease commencement date, the Organization reassesses lease classification when there is a contract modification that is accounted for as a separate contract, a change in the lease term, or a change in the assessment of whether the lessee is reasonably certain to exercise an option to purchase the underlying asset or terminate the lease.

(l) Expense Allocation

Some expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

(m) Income Taxes

The Organization is a non-profit corporation as described in Section 501c(3) of the Internal Revenue Code and is exempt from Federal income taxes on related income pursuant to Section 501 (1) of the Code. As of the date of this report the current and two most recent prior years are available for IRS audit.

(n) Estimated Amounts

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and such differences could be material. Significant estimates used by management in preparing these financial statements principally include those assumed in establishing the implicit discounts associated with accounts receivable and the estimated useful lives of property and equipment.

(o) Concentration of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of patient accounts receivable, which consists of amounts owed by various governmental agencies, insurance companies, and self-pay patients. The Organization manages credit risk related to receivables by recording revenue net of implicit discounts.

(p) Reclassifications and Prior Period Adjustment

Certain prior year amounts have been reclassified to conform to the current year presentation.

During the year ended December 31, 2020, the Organization received $45,897 of Provider Relief Funds (PRF) as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. These funds are not subject to repayment, provided that the Organization is able to demonstrate that the distributions received have been used for qualifying expenses or lost profit attributable to COVID-19 and provided that appropriate reporting was submitted in accordance with requirements set forth by HRSA. Based on the Organization's revenues and expenses, including COVID-19-related expenses reimbursed by other sources, the Organization earned the PRF during the fiscal year ended December 31, 2020. Subsequent to the year ended December 31, 2022, the Organization was notified by HRSA that the Organization would be required to remit the $45,897 to HRSA as a result of the Organization's failure to properly submit required reporting related to the PRF. The Organization has appealed for relief, but a determination has not yet been received from HRSA. As a result, beginning net assets in the accompanying statement of activities and changes in net assets for the year ended December 31, 2021 have been decreased by $45,897, and refundable advance – provider relief funds has been increased in the accompanying statement of financial position for the year ended December 31, 2021.

(2) Fair Value of Financial Instruments

Fair values of the Organization's financial instruments (principally cash, investments, accounts receivable, and grants receivable) are summarized in the accompanying Statements of Financial Position. Significant fair value measurement principles and assumptions used by the Organization are described in Note 1.

(3) Availability and Liquidity

The following represents the Organization's financial assets at December 31, 2022 and 2021:

	2022	2021
Cash	$ 1,205,988	$ 2,185,344
Investments	1,684,204	250,000
Accounts Receivable	250,516	261,693
Contract 340B Receivables	54,637	33,272
Other Contract Receivables	103,545	13,408
Grants Receivable	150,282	288,283
Financial assets available to meet general expenditures over the next twelve months	$ 3,449,172	$ 3,032,000

The Organization’s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately $1.9 million). As part of its liquidity plan, excess cash may be invested in short-term investments, including money market accounts and certificates of deposit.

(4) Accounts Receivable

At December 31, 2022 and 2021, the Organization’s accounts receivables were comprised of balances due from the following sources:

	2022	2021
Medicare	$ 46,416	$ 50,172
Medicaid	24,914	45,624
Commercial Insurance	157,846	134,236
Self Pay	21,340	31,661
Total Accounts Receivable	$ 250,516	$ 261,693

(5) Investments

At December 31, 2022 and 2021, the Organization held certificates of deposit (CDs) with interest at rates ranging from 0.45% to 4.02%. The methodologies used for fair value measurements of CDs are based on cost, which approximates fair value. These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within fair value hierarchy, the Organization’s investments at fair value as of December 31, 2022 and 2021:

	Level 1	**Level 2**	**Level 3**	**Total**
December 31, 2022				
CDs	$ 1,684,204	$ 0	$ 0	$ 1,684,204
Total	$ 1,684,204	$ 0	$ 0	$ 1,684,204
December 31, 2021				
CDs	$ 250,000	$ 0	$ 0	$ 250,000
Total	$ 250,000	$ 0	$ 0	$ 250,000

(6) Grants Receivable

The Organization has grant receivable balances at December 31 as follows:

	2022	2021
Federal Grants	$ 0	$ 198,512
State of Tennessee SafetyNet	134,348	89,771
Other Grants Receivable	15,934	0
Total Grants Receivable	$ 150,282	$ 288,283

All other receivables are due within one year. Therefore, there is no discount related to these receivables at December 31, 2022 and 2021. In addition, management has determined that there is no allowance for uncollectible receivables related to these balances at December 31, 2022 or December 31, 2021.

(7) Property and Equipment

A summary of property and equipment at December 31, 2022 and 2021 is as follows:

	2022	2021
Building and building improvements	$ 1,666,794	$ 1,489,548
Furniture and equipment	787,714	810,647
Construction in Process	7,500	0
	2,462,008	2,300,195
Less accumulated depreciation	(993,151)	(822,389)
Property and equipment, net	$ 1,468,857	$ 1,477,806

Property and equipment is depreciated on a straight-line basis over the estimated useful life. The depreciation for the years ended December 31, 2022 and 2021 was $170,761 and $193,656.

(8) Notes Payable

The Organization issued a note payable to the USDA/Rural Development on February 22, 2015 with an available principal balance of $310,000. This note matures in November 2054 and requires monthly installments of $1,250, accrues interest at 3.75%, and is collateralized by the Organization's building at its westside location. At December 31, 2022 and 2021, the balances of this note were $278,920 and $283,049, respectively.

The Organization issued a second note payable to the USDA/Rural Development on June 12, 2019 with an available principal balance of $1,020,000. The note was issued for the purchase of the building that the Organization uses for its main site. The cost of this building required the Organization to draw $750,126 of these funds. The Organization received approval from the USDA/Rural Development to defer principal payments and accrue interest for one year, upon issuance of the loan. The note also includes provisions for additional draws up to the $1,020,000 for additional renovations of the building. During the year ended December 31, 2020, the Organization drew the remainder of these funds for renovations to the building. The note matures in June 2054 and requires monthly installments of $4,730.56, accrues interest at 4.25%, and is collateralized by the Organization's building at its main location. At December 31, 2022 and 2021, the balances of this note were $990,875 and $1,003,757, respectively.

The Organization issued a note payable to a vendor during January 2018 for the purchase of various office equipment for $39,636. The note requires 60 monthly installments of $882 and accrues interest at 12.0%. The note is collateralized by the related equipment. At December 31, 2022 and 2021, the balances of this note were $2,651 and $10,698, respectively.

The Organization issued a $516,670 note payable to U.S. Bank on April 17, 2020 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses that include a provision of forgiveness whereby borrowers will not be responsible for any loan payment if the proceeds are utilized for forgivable purposes described in the CARES Act. During the year ended December 31, 2021, the note was fully forgiven. The income from forgiveness is included in the accompanying statements of activities and changes in net assets.

Interest of $55,560 and $53,575 was incurred and expensed during the years ended December 31, 2022 and 2021, respectively. The minimum obligations on notes payable are as follows for the years ending December 31:

2023	$ 22,183
2024	20,354
2025	21,211
2026	22,105
2027	22,301
Thereafter	1,164,292
Total	$ 1,272,446

In addition, the Organization is required under the 2015 and 2019 USDA loan agreements to deposit ten-percent (10%) of the annual installments due into an escrow account. At December 31, 2022 and 2021, the minimum required balances held in an escrow account were $25,601 and $18,421, respectively. At December 31, 2022 and 2021, the balances in the escrow account met or exceeded the combined minimum required balance.

The Organization has an unsecured revolving line of credit with a limit of $10,000. The line of credit accrues interest at 7.0% and has a maturity of February 26, 2025. At both December 31, 2022 and 2021, the outstanding balances on the line of credit were $0.

(9) Net Assets With Donor Restriction

The Organization held net assets with donor restriction for the following purposes at December 31:

	2022	2021
COVID-19	$ 0	$ 21,000
Nurse Practitioner Residency (Federal Pass Through)	0	6,185
Patient Health Services	35,625	37,500
Total Net Assets With Donor Restriction	$ 35,625	$ 64,685

(10) Patient Revenue

The following summarizes net patient service revenue, net of contractual allowances and discounts by significant payer for the years ended December 31, 2022 and 2021:

	2022	2021
Medicare	$ 428,376	$ 262,573
Medicaid	477,855	395,886
Commercial Insurance	2,728,221	2,091,059
Self-Pay	231,725	306,702
Total Patient Revenue	$ 3,866,177	$ 3,056,220

(11) Contract 340B Revenue

The Organization has a network of participating pharmacies that dispense the pharmaceuticals to its patients under contract arrangement with the Organization. The Organization participates in the 340B "Drug Discount Pricing Program" which enables qualifying health care providers to purchase drugs from pharmaceutical suppliers at a substantial discount. The 340B Drug Discount Pricing Program is managed by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs. The Organization earns revenue under this program by purchasing pharmaceuticals at a reduced cost to fill prescriptions to qualified patients.

The following summarizes net contract 340B revenue, net of drug replenishment costs and administrative costs for the years ended December 31, 2022 and 2021:

	2022	2021
Gross Receipts	$ 671,405	$ 582,791
Administrative Costs	(172,605)	(161,539)
Net Contract 340B Profit (Before Supply Costs)	$ 498,800	$ 421,252

(12) Federal Grant Support

The Organization earned grants received from the U.S. Department of Health and Human Services and the U.S. Department of Agriculture with combined totals of $3,209,726 ($3,150,756 direct and $58,970 pass through) and $3,227,628 ($3,202,888 direct and $24,740 pass through) of which all was obligated for the fiscal years ended December 31, 2022 and 2021, respectively. Under the terms of these grants the Organization is required to comply with certain federal and state guidelines and the grantors retain a residual interest in assets acquired with grant funds.

(13) Contributions

During the years ended December 31, 2022 and 2021, the Organization received cash contributions of $40,831 and $21,989, respectively. The Organization also received gift in kind contributions of supplies with an estimated value of approximately $35,280 and $66,300 during the years ended December 31, 2022 and 2021.

(14) Medical Malpractice Coverage

The Bureau of Primary Health Care, in accordance with Section 224 of the Public Health Service Act, provides liability protection to the Organization under the Federal Tort Claims Act (FTCA) for damage for personal injury, including death, resulting from the performance of medical, surgical, dental, and related functions. The FTCA coverage is comparable to an “occurrence” policy without a monetary cap.

(15) Significant Source of Revenue

Approximately 38% and 43% of the Organization’s revenue for the years ended December 31, 2022 and 2021, respectively, was provided by grants from the U.S. Department of Health and Human Services and the U.S. Department of Agriculture. The Organization is dependent on this continued funding and the absence of these grants could possibly have a negative effect on operations.

(16) Related Party Transactions

The Organization is required by its federal grantor to maintain a governing board of individuals of which more than 50% are users of the Organization. Therefore, the Organization does have related party transactions with those directors. These transactions were not material to the operation of the Organization and were conducted at “arms-length.”

(17) Subsequent Events

Management has evaluated the events and transactions subsequent to the statement of financial position through the date of the auditor’s report (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure other than the disclosure below.

As disclosed in Note 1, the Organization received notification from HRSA that indicated that $45,807 of Provider Relief Funds (PRF) were due from the Organization as a result of the failure to properly file the required reporting for the PRF.

SUPPLEMENTAL SCHEDULES

HOPE FAMILY HEALTH SERVICES, INC.

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services				
Health Center Program Cluster Grants for New and Expanded Service Under the Health Center Program *Grant No. H80CS 24109*	93.527	N/A	N/A	$ 1,572,537
Grants for New and Expanded Service Under the Health Center Program *Grant No. H80CS 24109*	93.224	N/A	N/A	517,450
COVID-19 Consolidated Health Center (Community Health Centers, Migrant Health, Health Care for the Homeless, and Public Housing Primary Care) *Grant No. H8FCS 41133*	93.224	N/A	N/A	1,030,978
Total Health Center Program Cluster				3,120,965
U.S. Department of Agriculture				
Community Facilities Loans and Grants	10.766	N/A	N/A	29,791
Total Direct Federal Grants				3,150,756
Pass Through				
State of Tennessee Department of Health Maternal and Child Health Services Block Grant to the States	93.994	N/A	N/A	27,545
The Vanderbilt University Advanced Education Nursing Grant Program	93.247	N/A	N/A	31,425
Total Federal Expenditures				$ 3,209,726

HOPE FAMILY HEALTH SERVICES, INC.

Note to Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2022

Note A- Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award (the "Schedule") of HOPE Family Health Services, Inc. under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of HOPE Family Health Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of HOPE Family Health Services, Inc.

Note B-Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. HOPE Family Health Services, Inc. has elected not to use the 10 percent de minimus indirect cost rate allowed under Uniform Guidance.

Note C - Loans Outstanding

HOPE Family Health Services, Inc. had the following loan balances outstanding at December 31, 2022:

Program Title	Federal CFDA Number	Amount Outstanding
Community Facilities Loan	10.766	$ 278,920
Community Facilities Loan	10.766	$ 990,875

TERRY L. HORNE, CPA

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*

To the Board of Directors
of HOPE Family Health Services, 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 financial statements of HOPE Family Health Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 12, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered HOPE Family Health Services, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 HOPE Family Health Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of HOPE Family Health Services, 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether HOPE Family Health Services, 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 financial statements. 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.

Lebanon, TN
May 12, 2023

TERRY L. HORNE, CPA

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
of HOPE Family Health Services, Inc.

Report on Compliance for Each Major Federal Program

Qualified Opinion on Each Major Federal Program

We have audited HOPE Family Health Services, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of HOPE Family Health Services, Inc.'s major federal programs for the year ended December 31, 2022. HOPE Family Health Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Each Major Federal Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, HOPE Family Health Services, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of HOPE Family Health Services, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on compliance for each major federal program. Our audit does not provide a legal determination of HOPE Family Health Services, Inc.'s compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion

As described in the accompanying schedule of findings and questioned costs, HOPE Family Health Services, Inc. did not comply with requirements regarding CFDA 93.224 and 93.527 Health Center Cluster as described in finding number 2022-001 for Special Tests and Provisions.

Compliance with such requirements is necessary, in our opinion, for HOPE Family Health Services, Inc. to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable HOPE Family Health Services, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on HOPE Family Health Services, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about HOPE Family Health Services, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding HOPE Family Health Services, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of HOPE Family Health Services, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, 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 HOPE Family Health Services, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on HOPE Family Health Services, Inc.'s response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. HOPE Family Health Services, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on HOPE Family Health Services, Inc.'s response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. HOPE Family Health Services, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Terry Hame CPA

Lebanon, TN
May 12, 2023

HOPE FAMILY HEALTH SERVICES, INC.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2022

Section A-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material Weakness(es) identified?	____ yes	X no
Significant Deficiency(ies) identified?	____ yes	X none reported
Noncompliance material to financial statements noted?	____ yes	X no

Federal Awards

Internal Control over major programs:		
Material Weakness(es) identified?	X yes	____ no
Significant Deficiency(ies) identified?	____ yes	X none reported
Type of auditor's report issued on compliance for major programs:	Qualified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X yes	____ no

Identification of major programs:

CFDA Number	Name of Federal Program
93.224 & 93.527	Health Center Program Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	____ yes	X no

Section B- Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting.

None

Section C-Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by 2 CFR 200.516(a), significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and material abuse.

Material Weakness

Finding**: 2022-001 Sliding Fee Discounts**

Federal Programs: Department of Health and Human Services
Health Center Program Cluster
CFDA 93.224 and 93.527

Criteria**:** Uniform Guidance, Special Tests & Provisions, Sliding Fee Discounts, 42 CFR, 56.303

Condition**:** Health centers that receive funding under the Health Center Program Cluster must prepare and apply a sliding fee discount so that the amounts owed for health center services by eligible patients are discounted based on the patient's ability to pay. During compliance testing, it was determined that the Organization did not obtain and properly document all necessary elements required by the Organization's policy.

Cause**:** There were deficiencies in internal controls over the Organization's sliding fee program. For certain patient accounts that were tested as part of the audit, the Organization was unable to substantiate that proper documentation was obtained and that proper sliding fee discounts were applied to patient accounts in accordance with the Organization's sliding fee scale.

Effect**:** Proper documentation was unavailable to substantiate that discounts were properly applied to patient accounts.

Questioned Costs**:** None.

Context/Sampling**:** For 3 of 48 patients selected for testing, incorrect discounts were provided. This sample was not, and was not intended to be, a statistically valid sample. The finding appears to be a systemic issue.

Repeat Finding from Prior Year**:** Yes

Recommendation**:** It is recommended that employees are properly trained to document and apply the sliding fee discounts in accordance with the Organization's sliding fee policy. It is also recommended that sliding fee discounts are reviewed by a supervisor on a periodic basis to ensure compliance with the sliding fee scale.

***Finding*: 2022-001 Sliding Fee Discounts (continued)**

***Views of Responsible Officials*:** Management concurs. These errors are a result of significant turnover within the Organization during the pandemic. Efforts will be made to implement corrective actions as recommended above.

Contact Person: Jennifer Dittes, CEO

Anticipated Date of Completion: July 31, 2023

HOPE FAMILY HEALTH SERVICES, INC.

Summary Schedule of Prior Year Audit Findings

December 31, 2022

***Finding*: 2021-001 Internal Control Over Financial Reporting**

The Organization's financial statements required adjustments to be in conformity with accounting principles generally accepted in the United States of America (GAAP).

Status of Finding: Resolved

***Finding*: 2021-002 Sliding Fee Discounts**

Health Centers receiving funding under the Health Center Program Cluster must prepare and apply a sliding fee discount so that the amounts owed for health center services by eligible patients are discounted based on the patient's ability to pay.

Status of Finding: Unresolved. Revised and reported as current year Finding 2022-001.