

HOPE FAMILY HEALTH SERVICES, INC.

Financial Statements

December 31, 2021 and 2020

(With Independent Auditor's Report Thereon)

HOPE FAMILY HEALTH SERVICES, INC.

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TERRY L. HORNE, CPA

732 West Main Street
Lebanon, TN 37087
Office (615) 444-7293
FAX (615) 443-5189

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, 2021 and 2020, and the related statements of activities, 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, 2021 and 2020, 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, except for \$45,897 of provider relief funds expended during the year ended December 31, 2020 that is included on the schedule of expenditures of federal awards, as required by the U.S. Department of Health and Human Services, 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 July 29, 2022 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.



Lebanon, TN
July 29, 2022

HOPE Family Health Services, Inc.
Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
<i>Current Assets</i>		
Cash	\$ 2,185,344	\$ 1,455,483
Accounts Receivable	261,693	257,329
Contract 340B Receivables	33,272	24,675
Grants Receivable	288,283	388,254
Other Receivables	13,408	21,875
Inventory	133,970	115,908
Prepaid Expenses	99,869	119,560
<i>Total Current Assets</i>	<u>3,015,839</u>	<u>2,383,084</u>
Certificate of Deposit	250,000	0
Property and Equipment, net	1,477,806	1,605,781
Assets Limited to Use - USDA Escrow	18,421	11,242
Total Assets	<u>\$ 4,762,066</u>	<u>\$ 4,000,107</u>
LIABILITIES AND NET ASSETS		
<i>Current Liabilities</i>		
Accounts Payable	\$ 60,209	\$ 131,807
Accrued Payroll Liabilities	70,825	74,670
Accrued Compensated Absences	109,992	104,690
Accrued Interest Payable	0	3,989
Current Portion of Long Term Debt	28,419	455,428
<i>Total Current Liabilities</i>	<u>269,445</u>	<u>770,584</u>
<i>Long-Term Liabilities</i>		
Note Payable	1,297,504	1,841,063
Less Current Portion of Long Term Debt	<u>(28,419)</u>	<u>(455,428)</u>
<i>Total Long-Term Liabilities</i>	<u>1,269,085</u>	<u>1,385,635</u>
Total Liabilities	<u>1,538,530</u>	<u>2,156,219</u>
<i>Net Assets</i>		
Net Assets - Without Donor Restrictions	3,158,851	1,708,063
Net Assets - With Donor Restrictions	64,685	135,825
<i>Total Net Assets</i>	<u>3,223,536</u>	<u>1,843,888</u>
Total Liabilities and Net Assets	<u>\$ 4,762,066</u>	<u>\$ 4,000,107</u>

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, 2021 and 2020

	2021	2020
Support and Revenues:		
Patient Revenue	\$ 3,056,220	\$ 2,520,402
Contract 340B Revenue	582,791	553,402
Other Contract Revenue	58,711	54,411
Federal Grants	3,194,447	2,623,316
Federal Grants - Released from Restriction	24,740	0
Other Grants	151,522	133,323
Contributions	88,289	25,862
Net Assets Released from Restriction	340,458	436,719
Total Support and Revenues	7,497,178	6,347,435
Expenses:		
Program Services	5,255,289	4,625,975
General and Administrative	1,318,817	956,425
Total Expenses	6,574,106	5,582,400
Other Income:		
Federal Grant for Capital Expansion	8,441	61,801
Income from Forgiveness of Debt	518,609	0
Other Income	666	1,736
Total Other Income	527,716	63,537
Change in Net Assets Without Donor Restriction	1,450,788	828,572
Net Assets With Donor Restriction		
Contributions	269,318	467,918
Net Assets Released from Restriction	(340,458)	(436,719)
Increase (Decrease) Net Assets With Donor Restriction	(71,140)	31,199
Total Change in Net Assets	1,379,648	859,771
Net Assets at Beginning of Year	1,843,888	984,117
Net Assets at End of Year	\$ 3,223,536	\$ 1,843,888

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, 2021 and 2020

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	\$ 5,255,289	\$ 1,318,817	\$ 6,574,106

2020	Program Services	General and Administrative	2020 Total
Salaries and Wages	\$ 2,366,471	\$ 532,467	\$ 2,898,938
Fringe Benefits	232,108	52,225	284,333
Purchased Services and Professional Fees	572,388	98,910	671,298
Supplies	1,092,675	76,561	1,169,236
Depreciation	130,684	32,671	163,355
Travel, Communication, and Other	231,650	163,590	395,240
Total	\$ 4,625,976	\$ 956,424	\$ 5,582,400

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 1,379,648	\$ 859,771
<i>Adjustments:</i>		
Depreciation	193,656	163,355
Federal Grant for Capital Expansion	(8,441)	(61,801)
Income from Forgiveness of Debt	(516,670)	0
Change in:		
Accounts Receivable	(4,364)	(117,106)
Contract 340B Receivables	(8,597)	13,948
Grants Receivable	99,971	(285,993)
Other Receivable	8,467	(5,402)
Inventory	(18,062)	(6,944)
Prepaid Expenses	19,691	(118,755)
Accounts Payable	(71,600)	33,785
Unearned Grant Revenue	0	(26,997)
Accrued Payroll Liabilities	(3,845)	(52,358)
Accrued Compensated Absences	5,302	40,546
Accrued Interest	(3,989)	(13,488)
Cash Provided by Operating Activities	<u>1,071,167</u>	<u>422,561</u>
Cash Flows From Investing Activities:		
Purchases of Property, Plant and Equipment	(65,680)	(458,377)
Federal Grant for Capital Expansion	8,441	61,801
Purchase of Certificate of Deposit	(250,000)	0
Cash Flows From Investing Activities	<u>(307,239)</u>	<u>(396,576)</u>
Cash Flows From Financing Activities:		
Principal Payment on Capital Leases	0	(28,992)
Issuance of Notes Payable	0	786,544
Principal Payments on Notes Payable	(26,888)	(13,896)
Cash From Financing Activities	<u>(26,888)</u>	<u>743,656</u>
Net Increase (Decrease) in Cash	<u>737,040</u>	<u>769,641</u>
Cash at Beginning of The Year, including restricted cash	1,466,725	697,084
Cash at End of The Year, including restricted cash	<u>\$ 2,203,765</u>	<u>\$ 1,466,725</u>
Supplemental Data:		
Interest Paid in Financing Activities	\$ 57,564	\$ 68,057

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

HOPE FAMILY HEALTH SERVICES, INC.

Notes to Financial Statements

December 31, 2021 and 2020

(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 and Cash Equivalents

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, 2021 and 2020, cash equivalents consisted primarily of money market accounts. At December 31, 2021, cash balances of approximately \$1,977,000 exceeded Federal Deposit Insurance Coverage and was 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 \$18,421 and \$11,242 at December 31, 2021 and 2020, respectively.

HOPE FAMILY HEALTH SERVICES, INC.

Notes to Financial Statements

December 31, 2021 and 2020

(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) 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.

(f) 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.

(g) 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 \$1,000. 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.

(h) 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.

HOPE FAMILY HEALTH SERVICES, INC.

Notes to Financial Statements

December 31, 2021 and 2020

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 2021 and 2020 was \$535,782 and \$379,830, 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.

(i) 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.

HOPE FAMILY HEALTH SERVICES, INC.

Notes to Financial Statements

December 31, 2021 and 2020

(j) 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.

(k) 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.

(l) 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.

(m) Reclassifications

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

(2) Fair Value of Financial Instruments

Fair values of the Organization's financial instruments (principally cash and cash equivalents, 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, 2021 and 2020:

	2021	2020
Cash and Cash Equivalents	\$ 2,185,344	\$ 1,455,483
Accounts Receivable	261,693	257,329
Contract 340B Receivables	33,272	24,675
Grants Receivable	288,283	388,254
Other Receivables	13,408	21,875
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,782,000</u>	<u>\$ 2,147,616</u>

HOPE FAMILY HEALTH SERVICES, INC.

Notes to Financial Statements

December 31, 2021 and 2020

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$1.6 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, 2021 and 2020, the Organization's accounts receivables were comprised of balances due from the following sources:

	2021	2020
Medicare	\$ 50,172	\$ 50,006
Medicaid	45,624	14,771
Commercial Insurance	134,236	137,487
Self Pay	31,661	55,065
Total Accounts Receivable	<u>\$ 261,693</u>	<u>\$ 257,329</u>

(5) Grants Receivable

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

	2021	2020
Federal Grants	\$ 198,512	\$ 203,717
Pass Through Federal Grants	0	118,769
State of Tennessee SafetyNet	89,771	65,768
Total Grants Receivable	<u>\$ 288,283</u>	<u>\$ 388,254</u>

All other receivables are due within one year. Therefore, there is no discount related to these receivables at December 31, 2021 and 2020. In addition, management has determined that there is no allowance for uncollectible receivables related to these balances at December 31, 2021 or December 31, 2020.

(6) Property and Equipment

A summary of property and equipment at December 31, 2021 and 2020 is as follows:

	2021	2020
Building and building improvements	\$ 1,489,548	\$ 1,483,818
Furniture and equipment	810,647	750,697
	2,300,195	2,234,515
Less accumulated depreciation	(822,389)	(628,734)
Property and equipment, net	<u>\$ 1,477,806</u>	<u>\$ 1,605,781</u>

Property and equipment is depreciated on a straight-line basis over the estimated useful life. The depreciation for the years ended December 31, 2021 and 2020 was \$193,656 and \$163,355.

HOPE FAMILY HEALTH SERVICES, INC.

Notes to Financial Statements

December 31, 2021 and 2020

(7) Notes Payable

The Organization issued a note payable to the USDA/Rural Development on February 22, 2015 with a principal 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, 2021 and 2020, the balances of this note were \$283,049 and \$287,304, 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, 2021 and 2020, the balances of this note were \$1,003,757 and \$1,017,672, 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, 2021 and 2020, the balances of this note were \$10,698 and \$26,551, 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. At December 31, 2020, the balance of this note was \$516,670. During the year ended December 31, 2021, the note was fully forgiven. The income from forgiveness is included in the accompanying statements of activities.

Interest of \$53,575 and \$54,569 was incurred and expensed during the years ended December 31, 2021 and 2020, respectively. The minimum obligations on notes payable are as follows for the years ending December 31:

2022	\$	28,419
2023		20,251
2024		20,194
2025		21,045
2026		22,123
Thereafter		<u>1,185,472</u>
Total		<u>\$ 1,297,504</u>

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, 2021 and 2020, the minimum required balances held in an escrow account were \$18,421 and \$11,242, respectively. At December 31, 2021 and 2020, the balances in the escrow account met or exceeded the combined minimum required balance.

HOPE FAMILY HEALTH SERVICES, INC.

Notes to Financial Statements

December 31, 2021 and 2020

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, 2021 and 2020, the outstanding balances on the line of credit were \$0.

(8) Provider Relief Funds

During the year ended December 31, 2020, the Organization received \$45,897 of Provider Relief Funds 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. Based on the Organization's revenues and expenses, including COVID-19-related expenses reimbursed by other sources, the Organization earned the \$45,897 during the fiscal year ended December 31, 2020. The revenue is included with federal grant revenue in the accompanying statements of activities and changes in net assets.

The extent of the COVID-19 pandemic on the Organization will continue to be affected by many factors, most of which are outside the Organization's control. The Organization cannot determine the effect that the pandemic will have on its operations or on significant accounting estimates within its financial statements.

(9) Net Assets With Donor Restriction

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

	2021	2020
Pharmacy Services	\$ 0	\$ 67,575
COVID-19	21,000	21,000
Nurse Practitioner Residency (Federal Pass Through)	6,185	0
Patient Health Services	37,500	47,250
Total Net Assets With Donor Restriction	<u>\$ 64,685</u>	<u>\$ 135,825</u>

(10) 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 \$3,227,628 (\$3,202,888 direct and \$24,740 pass through) and \$2,685,117 (\$2,566,348 direct and \$118,769 pass through) of which all was obligated for the fiscal years ended December 31, 2021 and 2020, 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.

HOPE FAMILY HEALTH SERVICES, INC.

Notes to Financial Statements

December 31, 2021 and 2020

(11) Patient Revenue

The following summarizes net patient service revenue, net of contractual allowances and discounts by significant payer for the years ended December 31, 2021 and 2020:

	2021	2020
Medicare	\$ 495,311	\$ 411,625
Medicaid	395,886	332,995
Commercial Insurance	1,858,320	1,533,873
Self-Pay	306,703	241,909
Total Patient Revenue	<u>\$ 3,056,220</u>	<u>\$ 2,520,402</u>

(12) 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, 2021 and 2020:

	2021	2020
Gross Receipts	\$ 582,791	\$ 553,402
Administrative Costs	(161,539)	(146,691)
Net Contract 340B Profit (Before Supply Costs)	<u>\$ 421,252</u>	<u>\$ 406,711</u>

(13) Contributions

During the years ended December 31, 2021 and 2020, the Organization received cash contributions of \$21,989 and \$13,062, respectively. The Organization also received gift in kind contributions of supplies with an estimated value of approximately \$66,300 and \$12,800 during the years ended December 31, 2021 and 2020.

(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

HOPE FAMILY HEALTH SERVICES, INC.

Notes to Financial Statements

December 31, 2021 and 2020

(15) Significant Source of Revenue

Approximately 43% and 41% of the Organization's revenue for the years ended December 31, 2021 and 2020, 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.

(18) Future Accounting Changes

The Financial Accounting Standards Board issued Accounting Standards Update 2016-02, *Leases (Topic 842)*, which it believes will improve the current reporting requirements. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The new standard is effective for annual periods beginning after December 15, 2021. The Organization has not yet determined the effect these changes will have on its financial statements.

SUPPLEMENTAL SCHEDULES

HOPE FAMILY HEALTH SERVICES, INC.

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2021

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>U.S. Department of Health and Human Services</u>				
Health Center Program Cluster				
Grants for New and Expanded Service				
Under the Health Center Program	93.527	N/A	N/A	\$ 2,138,045
<i>Grant No. H80CS 24109</i>				
Grants for New and Expanded Service				
Under the Health Center Program	93.224	N/A	N/A	505,426
<i>Grant No. H80CS 24109</i>				
COVID-19				
Consolidated Health Center (Community Health				
Centers, Migrant Health, Health Care for the				
Homeless, and Public Housing Primary Care)	93.224	N/A	N/A	<u>550,976</u>
<i>Grant No. H8CCS 35305, H8DCS 36229</i>				
<i>H8ECS 37912 and H8FCS 41133</i>				
Total Health Center Program Cluster				3,194,447
COVID-19				
Provider Relief Funds	93.498	N/A	N/A	45,897
<u>U.S. Department of Agriculture</u>				
Community Facilities Loans and Grants	10.766	N/A	N/A	<u>8,441</u>
Total Direct Federal Grants				3,248,785
<u>Pass Through</u>				
The Vanderbilt University				
Advanced Education Nursing				
Grant Program	93.247	N/A	N/A	<u>24,740</u>
Total Federal Expenditures				<u>\$ 3,273,525</u>

HOPE FAMILY HEALTH SERVICES, INC.

Note to Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2021

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, 2021. 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, 2021:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
Community Facilities Loan	10.766	\$ 283,049
Community Facilities Loan	10.766	\$ 1,003,757



TERRY L. HORNE, CPA

732 West Main Street
Lebanon, TN 37087
Office (615) 444-7293
FAX (615) 443-5189

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, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 29, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

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*.

HOPE Family Health Services, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on HOPE Family Health Services, Inc.'s response to the findings identified in our audit and 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 the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Jenny Home CPA". The signature is written in a cursive, flowing style.

Lebanon, TN
July 29, 2022



TERRY L. HORNE, CPA

732 West Main Street
Lebanon, TN 37087
Office (615) 444-7293
FAX (615) 443-5189

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, 2021. 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, 2021.

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 2021-002 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.

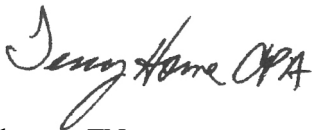
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 2021-002 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.



Lebanon, TN
July 29, 2022

HOPE FAMILY HEALTH SERVICES, INC.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2021

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?

X yes 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

HOPE FAMILY HEALTH SERVICES, INC.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2021

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.

Material Weakness

Finding: 2021-001 Internal Controls Over Financial Reporting

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting.

Condition: The Organization's financial statements required adjustments to be in conformity with accounting principles generally accepted in the United States of America (GAAP). Areas in which adjustments were proposed and recorded include:

- Federal grants receivable and related revenue
- Pharmacy accounts receivable and related revenue
- Other grants receivable and related revenue
- Prepaid expenses and related expenses
- Fixed assets and depreciation expense
- Pharmacy inventory and related expense
- Gift in kind revenue and expenditures

Context: The Organization's financial statements should be prepared in conformity with GAAP. Timely and thorough account reconciliations and review of general ledger detail are critical to identify necessary adjustments. The Organization should record financial transactions through the use of the general ledger system modules.

Cause: The Organization failed to identify certain necessary adjustments required to present the financial statements in accordance with GAAP. Management should review existing policies and procedures for necessary changes and formalize the journal entry review process.

Effect: Adjusting journal entries were proposed during the financial statement audit.

Recommendation: Management should take steps to resolve the causes described for the monthly and year-end adjustments.

Auditee's Response and Corrective Action Plan: Management concurs and will review the policies and procedures for necessary changes and formalize the journal entry review process and ensure that transactions are recorded within the general ledger system modules.

Contact Person: Jennifer Dittes, CEO

Anticipated Date of Completion: September 30, 2022

HOPE FAMILY HEALTH SERVICES, INC.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2021

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: 2021-002 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 2 of 20 patients selected for testing, documentation provided by the Organization did not include all necessary elements required by the Organization's sliding fee policy. 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: No

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.

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: September 30, 2022

HOPE FAMILY HEALTH SERVICES, INC.

Summary Schedule of Prior Year Audit Findings

December 31, 2021

Finding: 2020-001 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: Unresolved. Repeated as current year Finding 2021-001.

Finding: 2020-002 Financial Reporting Accuracy

The Organization's electronic medical records system was not appropriately utilized by management to produce accurate financial reporting due to delayed billings and other system errors.

Status of Finding: Resolved

Finding: 2020-003 Uniform Data System Report

The Uniform Data System report submitted to DHHS for the year ended December 31, 2020 contained incorrect data for patient revenue.

Status of Finding: Resolved

Finding: 2020-004 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. Repeated as current year Finding 2021-002.

Finding: 2020-005 Cash Management

During the year, the Organization drew federal funds that were not disbursed for program expenses in a timely manner. The Organization is required to minimize the time elapsing between the transfer of funds to the Organization from the U.S. Treasury and the issuance of payments for program purposes by the Organization.

Status of Finding: Resolved