

**RUTHERFORD COUNTY PRIMARY  
CARE CLINIC, INC.  
d/b/a PRIMARY CARE AND HOPE CLINIC**  
Financial Statements

June 30, 2016 and 2015

(With Independent Auditor's Report Thereon)

# RUTHERFORD COUNTY PRIMARY CARE CLINIC, INC.

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## Independent Auditor's Report

The Governing Board  
Rutherford County Primary Care Clinic, Inc.  
d/b/a/ Primary Care and Hope Clinic

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Rutherford County Primary Care Clinic, Inc. (the Organization) which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities, and cash flows for the years then ended and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rutherford County Primary Care Clinic, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 information 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 October 3, 2016 on our consideration of Rutherford County Primary Care Clinic, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* considering Rutherford County Primary Care Clinic, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Jenny Hume CPA". The signature is written in a cursive, flowing style.

Lebanon, TN  
October 3, 2016

# RUTHERFORD COUNTY PRIMARY CARE CLINIC, INC.

## Statement of Financial Position

June 30, 2016 and 2015

### ASSETS

	<u><b>2016</b></u>	<u><b>2015</b></u>
<i>Current Assets</i>		
Cash (Note 3)	\$ 1,585,572	\$ 1,904,199
Accounts Receivable Net (Note 4)	169,427	154,091
Grants and Contracts Receivable (Note 5)	502,963	401,013
Prepaid Expenses	60,224	31,777
<i>Total Current Assets</i>	<u>2,318,186</u>	<u>2,491,080</u>
<i>Property and Equipment</i>		
Property and Equipment, at Cost,		
Net of Accumulated Depreciation (Note 6)	<u>5,124,745</u>	<u>4,682,473</u>
<i>Total Property and Equipment</i>	<u>5,124,745</u>	<u>4,682,473</u>
 <b>Total Assets</b>	 <u><u><b>\$ 7,442,931</b></u></u>	 <u><u><b>\$ 7,173,553</b></u></u>

### LIABILITIES AND NET ASSETS

<i>Current Liabilities</i>		
Accounts Payable	\$ 51,134	\$ 39,830
Accrued Compensated Absences	162,468	129,273
Accrued Payroll Liabilities	190,813	129,296
Deferred Revenue	-	308,116
<i>Total Current Liabilities</i>	<u>404,415</u>	<u>606,515</u>
 <b>Total Liabilities</b>	 <u>404,415</u>	 <u>606,515</u>
 Net Assets - Unrestricted	 <u>7,038,516</u>	 <u>6,567,038</u>
<b>Total Net Assets</b>	<u>7,038,516</u>	<u>6,567,038</u>
 <b>Total Liabilities and Net Assets</b>	 <u><u><b>\$ 7,442,931</b></u></u>	 <u><u><b>\$ 7,173,553</b></u></u>

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

**RUTHERFORD COUNTY PRIMARY CARE CLINIC, INC.**

**Statement of Activities**

**For the Years Ended June 30, 2016 and 2015**

**Support and Revenues:**

	<b><u>2016</u></b>	<b><u>2015</u></b>
Net Patient Revenue (Note 7)	\$ 1,923,105	\$ 1,516,812
Public Support - U.S. Department of Health and Human Services Operational Grant (Note 8)	1,300,906	998,827
Other Grants and Contracts (Note 9)	737,451	517,638
PPS and Safety Net Revenue	1,070,546	799,304
Contributions (Note 10)	4,102,146	1,049,085
Rent and Other Revenue	12,425	11,319
<b><i>Total Support and Revenues</i></b>	<b><u>9,146,579</u></b>	<b><u>4,892,985</u></b>

**Expenses:**

Program Services Expenses	6,822,103	3,108,417
General and Administrative Expenses	1,852,998	1,615,862
Fundraising	-	6,493
<b><i>Total Expenses</i></b>	<b><u>8,675,101</u></b>	<b><u>4,730,772</u></b>
<b>Excess (Deficiency) of Support and Revenues Over Expenses from Operations</b>	<b><u>\$ 471,478</u></b>	<b><u>\$ 162,213</u></b>

**Net Assets:**

Beginning of Year	\$ 6,567,038	\$ 6,404,825
Change in Unrestricted Net Assets	471,478	162,213
<b>End of Year</b>	<b><u><u>\$ 7,038,516</u></u></b>	<b><u><u>\$ 6,567,038</u></u></b>

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

**RUTHERFORD COUNTY PRIMARY CARE CLINIC, INC.**Statement of Functional Expenses  
For the Years Ended June 30, 2016 and 2015

	<b><u>Program Services</u></b>	<b><u>General and Administrative</u></b>	<b><u>2016 Total</u></b>	<b><u>2015 Total</u></b>
Personnel	\$ 1,784,200	\$ 1,172,911	\$ 2,957,111	\$ 2,393,547
Fringe Benefits	373,026	245,222	618,248	449,774
Contractual Services	126,193	175,761	301,954	303,347
Supplies	148,383	41,190	189,573	146,690
Donated Supplies	4,010,470	-	4,010,470	926,235
Travel and Training	15,804	9,662	25,466	47,022
Insurance	34,897	11,632	46,529	33,781
Communications and Postage	28,415	9,472	37,887	31,373
Building Rent	43,025	-	43,025	44,043
Utilities	62,677	20,892	83,569	82,390
Depreciation	103,559	98,772	202,331	165,989
Maintenance and Repairs	33,399	11,133	44,532	39,836
Dues, Printing and Other	58,056	56,350	114,406	66,745
<b>Total</b>	<b><u>\$ 6,822,103</u></b>	<b><u>\$ 1,852,998</u></b>	<b><u>\$ 8,675,101</u></b>	<b><u>\$ 4,730,772</u></b>

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

# **RUTHERFORD COUNTY PRIMARY CARE CLINIC, INC.**

## **Statement of Cash Flows**

**For the Years Ended June 30, 2016 and 2015**

### **Cash Flows from Operating Activities:**

	<b><u>2016</u></b>	<b><u>2015</u></b>
Excess (Deficiency) of Support and Revenues Over Expenses from Operations	\$ 471,478	\$ 162,213
Adjustments to Reconcile Net Income to Cash Provided from Operations:		
Depreciation	202,331	165,988
(Increase) Decrease in Accounts Receivable	(15,336)	(80,006)
(Increase) Decrease in Other Receivables	(101,950)	(256,535)
(Increase) Decrease in Prepaid Items	(28,447)	(2,104)
Increase (Decrease) in Accounts Payable	11,304	3,903
Increase (Decrease) in Accrued Payroll Liabilities	61,517	37,304
Increase (Decrease) in Deferred Revenue	(308,116)	308,116
Increase (Decrease) in Accrued Compensated Absences	33,195	18,497
Net Cash Provided by Operating Activities:	<u>325,976</u>	<u>357,376</u>

### **Cash Flows Used in Investing Activities:**

Purchases of Property, Plant and Equipment	(644,603)	(62,321)
Cash Used in Investing Activities	<u>(644,603)</u>	<u>(62,321)</u>
Net Increase (Decrease) in Cash	<u>(318,627)</u>	<u>295,055</u>
Cash at Beginning of The Year	1,904,199	1,609,144
Cash at End of The Year	<u><u>\$ 1,585,572</u></u>	<u><u>\$ 1,904,199</u></u>

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

# **RUTHERFORD COUNTY PRIMARY CARE CLINIC, INC.**

## **Notes to Financial Statements**

June 30, 2016 and 2015

### **(1) Summary of Significant Accounting Policies**

The financial statements of Rutherford County Primary Care Clinic, Inc. (the Organization) have been prepared on accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### **(a) Nature of The Business**

Rutherford County Primary Care Clinic, Inc. is a not-for-profit corporation organized under the laws of the State of Tennessee doing business as Primary Care and Hope Clinic. The Organization provides outpatient health care services. Funding is obtained from various grants and contracts, and reimbursements from Medicare, Medicaid, private insurance, and payments from patients.

#### **(b) Financial Statement Presentation**

The Organization presents its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations* as promulgated by the Financial Accounting Standards Board. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, as required by SFAS No. 117, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

#### **(c) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of 90 days or less.

#### **(d) Accounts Receivable**

Included in patient receivables are amounts due from Medicare and Medicaid agencies. These payments are generally less than established billing rates, the difference being charged against revenue as revenue adjustments at the time the fee for service is recorded. Amounts from these agencies are determined under cost reimbursement formulas and redetermination by the agencies. Accounts receivables from patient fees, other than the above, may be reduced using a sliding fee scale due to a patient's inability to pay. These adjustments are based on income level and number of family members applied to the Federal poverty guidelines.

#### **(e) Allowance for Uncollectible Receivables**

The provision for uncollectible receivables is not recorded as an expense, but is treated as a reduction of the related revenue in the statement of activities. Based on computations within industry standards applied to test the reserve for uncollectible patient accounts, the estimates appear reasonable.

# **RUTHERFORD COUNTY PRIMARY CARE CLINIC, INC.**

## **Notes to Financial Statements**

June 30, 2016 and 2015

(f) 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.

(g) Recognition of Grant Income

Grant income is recognized over the grant period in relation to the expenditures incurred and services provided, as outlined in the grant documents. Cash received in excess of grant expenditures to date is recorded as deferred revenue, and an account receivable is recorded when allowable expenditures exceed cash received.

(h) Patient Service Revenue

Patient service revenue is recorded at amounts that the Organization anticipates collecting from Medicare, Medicaid, insurance, or individuals less a provision for uncollectible accounts. The rates charged individuals are determined by an income discount scale, which is based on the Federal poverty level guidelines.

(i) Contributions

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities. Contributed property and equipment is recorded at fair value at the date of donation.

(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.

# RUTHERFORD COUNTY PRIMARY CARE CLINIC, INC.

## Notes to Financial Statements

June 30, 2016 and 2015

### (2) Fair Value of Financial Instruments

- A. Cash – The carrying amount reported is the reconciled bank account balances, which are considered to be fair values.
- B. Accounts Receivable – The carrying amount reported is the estimated net collectible amount, which is considered the fair value.
- C. Accounts Payable and Other Liabilities – The carrying amounts reported are the amounts equaled to the required payments. The reported amounts are considered the fair values.

### (3) Cash and Cash Equivalents

Cash, as presented in the statement of cash flows, consist of amounts on hand and in demand bank accounts without restricted access. The carrying amount of the Organization's cash accounts as of June 30, 2016, was \$1,585,572 and the bank balances totaled \$1,588,512. As of June 30, 2016, bank deposits in the amount of \$1,555,756 were insured by Federal Deposit Insurance Coverage and \$32,756 was uninsured.

### (4) Accounts Receivable

Included in patient receivables are amounts due from Patients, Medicare, Medicaid, and private insurance companies. These payments are generally less than established billing rates, the difference being recorded as revenue adjustments.

Accounts receivable balances as of June 30, 2016 and 2015 are:

	<u>2016</u>	<u>2015</u>
Patients Fees	\$ 304,499	\$ 253,123
Less Allowance for Uncollectible Accounts	<u>(135,072)</u>	<u>(99,032)</u>
Accounts Receivable, Net	<u>\$ 169,427</u>	<u>\$ 154,091</u>

### (5) Grants and Contracts Receivable

The Organization is funded through grants and contracts with various organizations. As of June 30, 2016 and 2015 the contracts receivable consisted of the following:

	<u>2016</u>	<u>2015</u>
Prospective Payment System	\$439,164	\$343,077
Tennessee Safetynet Contract	51,495	49,795
Other Grants and Contracts	<u>12,304</u>	<u>8,141</u>
Grants and Contracts Receivable	<u>\$502,963</u>	<u>\$401,013</u>

# **RUTHERFORD COUNTY PRIMARY CARE CLINIC, INC.**

## **Notes to Financial Statements**

June 30, 2016 and 2015

### **(6) Property, Plant and Equipment**

A summary of fixed assets at June 30, 2016 and 2015 is as follows:

	<b><u>2016</u></b>	<b><u>2015</u></b>
Building and Improvements	\$5,147,713	\$4,558,941
Land	762,300	762,300
Furniture and Equipment	619,563	568,407
Electronic Medical Records	<u>136,335</u>	<u>136,335</u>
Total	6,665,911	6,025,983
Less Accumulated Depreciation	<u>(1,541,166)</u>	<u>(1,343,510)</u>
Property, Plant and Equipment, Net	<u>\$5,124,745</u>	<u>\$4,682,473</u>

Property and equipment is depreciable on a straight line basis over the estimated useful life. The depreciation for the fiscal years ended June 30, 2016 and 2015 was \$202,331 and \$165,988.

### **(7) Net Patient Revenue**

A summary of net patient revenue at June 30, 2016 and 2015 is as follows:

	<b><u>2016</u></b>	<b><u>2015</u></b>
Patient Fees	\$4,878,783	\$3,313,099
Less Sliding Fee and Other Adjustments	<u>(2,955,678)</u>	<u>(1,796,287)</u>
Net Revenue	<u>\$1,923,105</u>	<u>\$1,516,812</u>

### **(8) Grant Support**

The Organization received grants from the U.S. Department of Health and Human Services in the amount of \$1,300,906 and \$998,827 of which all was obligated for the years ended June 30, 2016 and 2015, respectively. Under the terms of this grant the Organization is required to comply with certain federal guidelines and the grantor retains a residual interest in assets acquired with grant funds.

# RUTHERFORD COUNTY PRIMARY CARE CLINIC, INC.

## Notes to Financial Statements

June 30, 2016 and 2015

### (9) Other Grant and Contracts Support

The Organization received funding from various sources for the fiscal year ended June 30, 2016 and 2015. A summary of non-federal grants and contracts are as follows:

	<u>2016</u>	<u>2015</u>
State of Tennessee- Meaningful Use	\$ 59,500	\$ 102,000
Middle Tennessee Medical Center	-	57,000
HCA Foundation	50,000	50,000
Rutherford County Grant	52,500	52,500
United Way Grant	67,904	70,316
Baptist Healing Trust	80,000	80,000
Christy Houston Foundation Grant	308,116	41,884
Walgreens Pharmacy Revenue	63,073	15,015
Komen Foundation	9,834	10,999
Middle Tenn Electric Community Cares Grant	15,000	10,000
City of Murfreesboro	26,224	26,224
Other Sources	<u>5,300</u>	<u>1,700</u>
Total	<u>\$737,451</u>	<u>\$517,638</u>

### (10) Contributions

The Organization received contributions of \$4,102,146 and \$1,049,085 for the years ended June 30, 2016 and 2015. A summary of the contributions are as follows:

The Organization received donated pharmaceuticals to be disbursed to indigent patients. The fair market value of these donations is the actual amounts reported by the donor. The value of these donations for the years ended June 30, 2016 and 2015 was \$4,011,320 and \$926,235, respectively.

The Organization also received cash donations for the years ended June 30, 2016 and 2015 of \$12,423 and \$32,645 from individuals and other organizations.

In addition the Organization received donated labor and services which are valued at the prevailing wage rate for similar services provided in the community. The fair market value for these donated services for the years ended June 30, 2016 and 2015 was \$78,403 and \$90,205, respectively.

### (11) Operating Lease

The Organization has two leases with Thompson Properties of Middle Tennessee for clinic space. These leases are on a 12 and 36 month term with payments totaling \$3,600 per month.

# RUTHERFORD COUNTY PRIMARY CARE CLINIC, INC.

## Notes to Financial Statements

June 30, 2016 and 2015

The balance of lease obligations due over the next three years is as follows:

<u>Year Ending</u>	<u>Lease Obligations</u>
June 30, 2017	\$ 41,979
June 30, 2018	38,604
June 30, 2019	39,601
Thereafter	<u>-</u>
Total	<u>\$120,184</u>

### (12) 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.

### (13) Retirement Plan

The Organization sponsors a 401k retirement plan. All employees are eligible to participate after attainment of age 21 and one year of service. The Organization matches employee contributions up to 3% of eligible employee wages to the plan. The retirement expenses for the years ended June 30, 2016 and 2015 were \$72,413 and \$37,195, respectively.

### (14) Significant Source of Revenue

Approximately 14% of revenue was attributable to the U.S. Department of Health and Human Services grant award for the audit period.

### (15) Charity Care

The Organization provides medical services to patients who qualify under federal guidelines and other corporate policies of the Organization at fees less than established rates. The amount of charity care is reduced from the amount of fees for services presented in the statement of activities. The charity amount calculation is based on the Organization’s standard billing rates for services provided. These fees approximate the total cost of providing charity care. The amount of charity care for the fiscal year ended 2016 and 2015 was \$1,081,493 and \$859,359 respectively.

### (16) 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.

**SUPPLEMENTAL SCHEDULES**

# RUTHERFORD COUNTY PRIMARY CARE CLINIC, INC.

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. Department of Health and Human Services</u>		
Health Center Cluster	93.527	<u>\$1,300,906</u>
Affordable Care Act-Grants for Expanded Service Under Health Center Program <i>Grant No. H80CS24156</i>		
Total Federal Grants		<u>\$1,300,906</u>

## Note to Schedule of Expenditures of Federal Awards

### Note A- Basis of Presentation

The accompanying schedule of federal awards includes the federal grant activity of Rutherford County Primary Care Clinic, Inc. and is presented in the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

# RUTHERFORD COUNTY PRIMARY CARE CLINIC, INC.

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2016

### Section A-Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unmodified  
Internal control over financial reporting:  
    Significant Deficiency disclosed? \_\_\_\_\_yes\_\_ X \_\_\_\_no  
    Significant Deficiencies reported  
    as Material Weaknesses? \_\_\_\_\_yes\_\_ X \_\_\_\_no  
Noncompliance material to financial statements noted? \_\_\_\_\_yes\_\_ X \_\_\_\_no

#### Federal Awards

Internal Control over major programs:  
    Significant Deficiency identified? \_\_\_\_\_yes\_\_ X \_\_\_\_no  
    Significant Deficiencies reported  
    as Material Weaknesses? \_\_\_\_\_yes\_\_ X \_\_\_\_no

Type of auditor's report issued on compliance  
    for major programs: Unmodified  
Any audit findings disclosed that are required  
    to be reported in accordance with 2 CFR  
    200.516(a)? \_\_\_\_\_yes\_\_ X \_\_\_\_no

Identification of major programs:

CFDA Number

Name of Federal Program

93.527

Health Center Cluster  
Affordable Care Act-Grants for  
Expanded Service Under Health Center Program

Dollar threshold used to distinguish  
    between Type A and Type B programs: \$750,000

Auditee qualified as **low-risk** auditee? \_\_\_\_\_X\_\_\_\_yes\_\_\_\_no

# **RUTHERFORD COUNTY PRIMARY CARE CLINIC, INC.**

## **Schedule of Findings and Questioned Costs**

**For the Year Ended June 30, 2016**

### **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.

None

### **Questioned Costs-None**



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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

Independent Auditor's Report

The Governing Board  
Rutherford County Primary Care Clinic, Inc.  
d/b/a/ Primary Care and Hope Clinic

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 Rutherford County Primary Care Clinic, Inc. which comprise the statement of financial position as of June 30, 2016, 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 October 3, 2016.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

We noted certain matters that we reported to management of Rutherford County Primary Care Clinic, Inc. in a separate letter dated October 3, 2016.

## 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lebanon, TN  
October 3, 2016



TERRY L. HORNE, CPA

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Report on Compliance for Each Major Federal Program; Report on Internal Control  
Over Compliance And Report Required by the Uniform Guidance

Independent Auditor's Report

The Governing Board  
Rutherford County Primary Care Clinic, Inc.  
d/b/a/ Primary Care and Hope Clinic

**Report on Compliance for Each Major Federal Program**

We have audited Rutherford County Primary Care Clinic, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Rutherford County Primary Care Clinic, Inc.'s major federal programs for the year ended June 30, 2016. Rutherford County Primary Care Clinic, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Rutherford County Primary Care Clinic, Inc.'s compliance.

***Opinion on Each Major Federal Program***

**In our opinion, Rutherford County Primary Care Clinic, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.**

## Report on Internal Control Over Compliance

Management of Rutherford County Primary Care Clinic, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rutherford County Primary Care Clinic, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rutherford County Primary Care Clinic, Inc.'s internal control over compliance.

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

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

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Lebanon, TN  
October 3, 2016

## **RUTHERFORD COUNTY PRIMARY CARE CLINIC, INC.**

### **Summary Schedule of Prior Year Audit Findings**

**June 30, 2016**

There were no findings in the prior year audit. However, there were certain matters involving internal controls that were reported to the management of Rutherford County Primary Care Clinic, Inc. in a separate letter. These matters were reviewed and it was determined that the necessary corrective action had been taken to improve these related controls.