

CORNELL SCOTT - HILL HEALTH CORPORATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

CORNELL SCOTT - HILL HEALTH CORPORATION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Cornell Scott - Hill Health Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Cornell Scott - Hill Health Corporation, which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Cornell Scott - Hill Health Corporation as of June 30, 2019 and 2018 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019 on our consideration of Cornell Scott - Hill Health Corporation'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 Cornell Scott-Hill Health Corporation'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 Cornell Scott - Hill Health Corporation's internal control over financial reporting and compliance.

Marcum LLP

Hartford, CT
December 19, 2019

CORNELL SCOTT - HILL HEALTH CORPORATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 10,634,318	\$ 9,463,888
Investments	149,894	162,052
Receivables		
Grants and contracts	805,699	893,399
Patient fees, less allowance for uncollectible accounts	1,084,928	1,455,298
Other receivables	283,143	352,692
Prepaid expenses and other assets	290,451	546,370
Pharmaceutical inventory	136,646	170,474
Total Current Assets	<u>13,385,079</u>	<u>13,044,173</u>
Property and Equipment - net	<u>16,042,525</u>	<u>14,564,578</u>
Other Non-Current Assets		
Restricted cash	2,208,190	657,256
Investment in Community Health Network	83,333	83,333
Other assets	42,543	42,543
Total Other Non-Current Assets	<u>2,334,066</u>	<u>783,132</u>
Total Assets	<u>\$ 31,761,670</u>	<u>\$ 28,391,883</u>

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

CORNELL SCOTT - HILL HEALTH CORPORATION

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2019 AND 2018

	2019	2018
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 2,240,331	\$ 1,682,464
Accrued expenses	4,429,321	4,270,289
Current maturities of long-term debt	249,131	257,366
Deferred grants and other revenues	<u>2,472,002</u>	<u>2,948,712</u>
Total Current Liabilities	<u>9,390,785</u>	<u>9,158,831</u>
Non-Current Liabilities		
Estimated amounts due to third parties	980,000	830,000
Long-term debt - net of current portion and deferred financing fees	<u>6,962,672</u>	<u>5,505,491</u>
Total Non-Current Liabilities	<u>7,942,672</u>	<u>6,335,491</u>
Total Liabilities	17,333,457	15,494,322
Net Assets without Donor Restrictions	<u>14,428,213</u>	<u>12,897,561</u>
Total Liabilities and Net Assets	<u><u>\$ 31,761,670</u></u>	<u><u>\$ 28,391,883</u></u>

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

CORNELL SCOTT - HILL HEALTH CORPORATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Revenues		
Patient service revenue	\$ 45,880,026	\$ 43,309,254
Provision for uncollectible accounts	<u>(1,142,094)</u>	<u>(631,380)</u>
Net patient service revenue after provision for uncollectible accounts	<u>44,737,932</u>	<u>42,677,874</u>
Grants and contracts	12,550,850	11,877,494
Women, infants and children food benefits	920,161	945,230
Vaccines and donated pharmaceuticals	483,856	541,659
Contract revenue	2,239,266	1,695,764
Other	<u>372,807</u>	<u>348,992</u>
Total Revenues	<u>61,304,872</u>	<u>58,087,013</u>
Expenses		
Salaries and wages	34,944,029	33,338,997
Employee benefits and payroll taxes	6,563,954	6,395,931
Supplies and other	14,422,067	13,386,255
Women, infants and children food benefits	920,161	945,230
Vaccines and donated pharmaceuticals	483,856	541,659
Professional fees	290,313	381,196
Depreciation	1,724,927	1,706,915
Interest	<u>412,372</u>	<u>425,147</u>
Total Expenses	<u>59,761,679</u>	<u>57,121,330</u>
Income from Operations	<u>1,543,193</u>	<u>965,683</u>
Non-operating Expense		
Net unrealized loss on investments	<u>(12,541)</u>	<u>(15,499)</u>
Total Non-operating Expense	<u>(12,541)</u>	<u>(15,499)</u>
Change in Net Assets without Donor Restrictions	1,530,652	950,184
Net Assets - Beginning	<u>12,897,561</u>	<u>11,947,377</u>
Net Assets - Ending	<u>\$ 14,428,213</u>	<u>\$ 12,897,561</u>

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

CORNELL SCOTT - HILL HEALTH CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets without donor restrictions	\$ 1,530,652	\$ 950,184
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Provision for uncollectible accounts	1,142,094	631,380
Depreciation	1,724,927	1,706,915
Amortization of deferred financing fees	19,726	10,555
Net unrealized loss on investments	12,541	15,499
Changes in assets and liabilities:		
Grants and contracts receivable	87,700	319,694
Patient fees receivable	(771,724)	(496,228)
Other receivables	69,549	(56,692)
Prepaid expenses and other assets	255,919	(280,766)
Pharmaceutical inventory	33,828	(22,344)
Other assets	(383)	5,933
Accounts payable	557,867	(559,927)
Accrued expenses	159,032	411,769
Deferred grant and other revenues	(476,710)	1,536,648
Estimated amounts due to third parties	150,000	--
Net Cash Provided by Operating Activities	4,495,018	4,172,620
Cash Flows from Investing Activities		
Restricted cash	(1,550,934)	(2,964)
Purchase of property and equipment	(3,202,874)	(1,392,261)
Net Cash Used in Investing Activities	(4,753,808)	(1,395,225)
Cash Flows from Financing Activities		
Repayment through refinancing	(6,371,288)	--
Bond issuance proceeds	8,000,000	--
Principal payments on long-term debt	(199,492)	(262,686)
Net Cash Provided by (Used in) Financing Activities	1,429,220	(262,686)
Net Change in Cash and Cash Equivalents	1,170,430	2,514,709
Cash and Cash Equivalents - Beginning of year	9,463,888	6,949,179
Cash and Cash Equivalents - End of year	\$ 10,634,318	\$ 9,463,888
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 332,497	\$ 414,592

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

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 - NATURE OF OPERATIONS

GENERAL

Cornell Scott - Hill Health Corporation (the Corporation) is a private, non-profit federally qualified community health center established in 1968 that provides primary health care to low income and disadvantaged individuals in New Haven, Connecticut and surrounding locations.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ADOPTION OF ACCOUNTING GUIDANCE

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, and consistency in information about liquidity and availability of resources, expenses, and investment return. The changes of the ASU affecting the Corporation include (a) requiring the presentation of two classes of net assets entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) requiring the qualitative and quantitative information regarding the liquidity and availability of resources, and (c) enhanced disclosures regarding functional expense reporting. ASU 2016-14 has been applied retrospectively to all periods presented. The application of the ASU did not affect the change in net assets for the years June 30, 2019 and 2018.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by management include contractual and bad debt allowances against patient fee revenues and related receivables and the liability for estimated amounts due to third parties. Actual events and results could differ from those assumptions and estimates.

NET ASSETS

The Corporation follows the provisions of FASB ASC 958, *Not-for-Profit Entities*. FASB ASC 958 establishes standards for external financial reporting by not-for-profit organizations. Resources are reported for accounting purposes, in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics are combined into the following categories:

Net Assets Without Donor Restrictions – Net assets without donor restrictions consist of the net assets over which the governing board has control to use in carrying out the operations of the Corporation in accordance with its charter and by-laws and are not restricted by donor-imposed restrictions.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of net assets whose use is limited by donor-imposed restrictions which either expire with the passage of time (time restriction) or can be fulfilled and removed by actions of the Corporation pursuant to the restrictions (purpose restrictions). When donor-imposed restrictions expire, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities and changes in net assets as net assets released from restrictions. As of June 30, 2019 and 2018, the Corporation did not have any net assets with donor restrictions.

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PERFORMANCE INDICATOR

The statements of activities and changes in net assets include income from operations before non-operating activity as a performance indicator. Changes in net assets, which are excluded from the performance indicator, include net unrealized gain and loss on investments.

CASH AND CASH EQUIVALENTS

The Corporation considers all highly liquid securities, with maturities of three months or less, when purchased, to be cash equivalents.

PATIENT ACCOUNTS RECEIVABLE

The collection of receivables from third-party payors and patients is the Corporation's primary source of cash for operations and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts for which the primary insurance payor has paid, but patient responsibility amounts (deductibles and copayments) remain outstanding. Patient accounts receivable result from the various health care services provided by the Corporation. Patient accounts receivable from third-party payors are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided by third-party payors. Receivables due directly from patients are carried at the original charge for the service provided, less discounts provided under the Corporation's charity care policy, less amounts covered by third-party payors and less an estimated allowance for uncollectible accounts. In evaluating the collectability of patient accounts receivable, the Corporation analyzes and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts. As of June 30, 2019 and 2018, the allowance for uncollectible accounts was \$866,812 and \$1,024,926, respectively.

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost, net of accumulated depreciation. Betterments and major renewals are capitalized and maintenance and repairs are charged to expense as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from three to twenty-five years. The Corporation's capitalization threshold is \$2,500 of assets with an economic useful life of more than one year. Additions and improvements which extend the life of the assets are capitalized, and normal repairs and maintenance are charged to current operations. The costs and related accumulated depreciation of assets retired or disposed of are removed from the related accounts and the resulting gain or loss is reflected in non-operating income or expense.

In connection with Federal and State financial assistance, certain capitalized property and equipment acquired through grant funding are subject to liens by the Federal Government and the State of Connecticut.

IMPAIRMENT OF LONG-LIVED ASSETS

The Corporation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operations to which the assets relate to the carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, the intangible assets are written down first, followed by other long-lived assets of the operations to fair value.

Fair value is determined based on undiscounted cash flows or appraised values, depending on the nature of the assets. As of June 30, 2019 and 2018, there were no impairment losses recognized for long-lived assets.

DEFERRED FINANCING FEES

Costs incurred to obtain long-term debt financing have been capitalized and are being amortized on the straight-line basis over the life of the related debt. Unamortized debt issuance costs of \$594,064 and \$184,509 as of June 30, 2019 and 2018, respectively, are netted against long term debt on the accompanying statements of financial position. Amortization expense for the years ended June 30, 2019 and 2018 was \$19,726 and \$10,555, respectively and is included within interest on the accompanying statements of activities and changes in net assets.

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PHARMACY PROGRAM

The Corporation participates in Section 340B of the Public Health Service Act (PHS Act), *Limitation on Prices of Drugs Purchased by Covered Entities*. Participation in this program allows the Corporation to purchase pharmaceuticals at discounted rates for prescription to eligible patients. The Corporation has outsourced the administration of this program to commercial pharmacies and records revenue based on the price of the pharmaceuticals dispensed.

PHARMACEUTICAL INVENTORY

Inventories for the pharmacy are recorded at net realizable value and maintained on the First-In-First-Out (FIFO) basis.

INVESTMENTS

Investments are measured at fair value in the statements of financial position. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in income from operations unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are included in non-operating income (expense).

REVENUE RECOGNITION

NET PATIENT SERVICE REVENUE

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, including retroactive adjustment under reimbursement agreements with third-party payers. Revenue under third-party payer agreements is subject to audit and retroactive adjustment. Provisions for third-party payer settlements are provided in the period the related services are rendered and adjusted in the future periods, as final settlements are determined. See Note 5 for additional information relative to net patient service revenue recognition and third-party payer programs.

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

CHARITY CARE AND COMMUNITY BENEFIT

The Corporation is open to all patients, regardless of their ability to pay. In the ordinary course of business, the Corporation renders services to patients who are financially unable to pay for healthcare. The Corporation provides care to these patients who meet certain criteria under its sliding fee discount policy without charge or at amounts less than the established rates. Charity care services are computed using a sliding fee scale based on patient income and family size. The Corporation maintains records to identify and monitor the level of sliding fee discount it provides. For uninsured self-pay patients that do not qualify for charity care, the Corporation recognizes revenue on the basis of its standard rates for services provided or on the basis of discounted rates, if negotiated or provided by policy. On the basis of historical experience, a significant portion of the Corporation's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Corporation records a significant provision for uncollectible amounts related to uninsured patients in the period the services are provided.

GRANTS AND CONTRACTS

Grants and contracts revenue from government grants and contracts designated for use in specific activities are recognized in the period when expenditures have been incurred in compliance with the specific grantor's requirements. Grants and contracts awarded for the acquisition of long-lived assets are reported as unrestricted operating income, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as refundable advances (when applicable).

These grants and contracts require the Corporation to provide certain healthcare services during specified periods. If such services are not provided during the periods, the governmental entities are not obligated to expend the funds allocated under the grants and contracts.

Revenue is recognized ratably over the period of the grant or contract and is recognized based upon actual expenses incurred for prepayment and other reimbursement grants or contracts. Any unexpended and unexpired amounts are recorded as deferred revenue. Such grant and contract revenues are treated as unrestricted for financial statement presentation because the grant and contract requirements are satisfied in the year in which the revenue is recognized.

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ESTIMATED MEDICAL MALPRACTICE AND WORKERS' COMPENSATION COSTS

Provisions for estimated medical malpractice and workers' compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported. The Corporation accounts for its insurance claims and related insurance recoveries in accordance with the provisions of FASB ASC 954-450-25-2, *Health Care Entities*, which indicates that health care entities should not net insurance recoveries against a related claim liabilities. The Corporation recorded \$29,893 and \$86,245 as an insurance recoverable and claims payable as of June 30, 2019 and 2018, respectively, which are included within prepaid expenses and other assets and accrued expenses on the statements of financial position.

INCOME TAXES

The Corporation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Corporation is also exempt from state income taxes. Accordingly, no provision for taxes is included.

Management has analyzed the tax positions taken and has concluded that as of June 30, 2019 and 2018, there are no uncertain tax positions taken or expected to be taken in that would require recognition of a liability (or asset) or disclosure in the financial statements. The Corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

RISKS AND UNCERTAINTIES

The Corporation invests in certain investment securities which are exposed to various risks. Due to the level of risk associated with investment securities, coupled with the economic events, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Corporation's financial statements.

Financial instruments that potentially subject the facility to concentrations of credit risk consist principally of cash accounts with financial institutions, which from time to time exceed the Federal depository insurance coverage limit. The Corporation believes it is not exposed to any significant credit risk on cash and cash equivalents.

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTEREST INCOME

Interest earned on nonfederal funds is recorded as income on the accrual basis of accounting. Interest earned on federal funds is not recorded as income as it is returned to the granting agency in compliance with federal grant guidelines.

ADVERTISING

Advertising costs, which are expensed as incurred, for the years ended June 30, 2019 and 2018 amounted to \$78,477 and \$65,192, respectively.

DONATED GOODS AND SERVICES

The Corporation administers vaccines distributed through the State of Connecticut Department of Public Health. Accordingly, the value of the vaccines provided to the patient population is reported as both revenue and expense in the statements of activities and changes in net assets. For the years ended June 30, 2019 and 2018, the value of vaccines recognized was \$483,856 and \$541,659, respectively.

In addition, the Corporation administers The Women, Infants and Children Food Benefits Program wherein eligible participants receive vouchers to purchase certain food items. Accordingly, the value of food benefits provided to participants, as determined by the State of Connecticut, is reported as both revenue and expense in the statements of activities and changes in net assets. For the years ended June 30, 2019 and 2018, the food benefits were \$920,161 and \$945,230, respectively.

A number of unpaid volunteers have made contributions of their time to the Corporation. The value of this contributed time is not recorded in the financial statements since the criteria for recognition under FASB ASC Topic 958-605, *Not-for-Profit Entities*, has not been satisfied.

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 3 - PATIENT FEES RECEIVABLE

The Corporation grants credit without collateral to its patients, most of whom are local residents. The mix of receivables from patients and third-party payors as of June 30, 2019 and 2018 is as follows:

	2019		2018	
Medicare	\$ 592,003	30 %	\$ 658,341	27 %
Medicaid	929,538	48 %	1,267,869	51 %
Other third party	149,527	8 %	152,899	6 %
Self-pay	<u>280,672</u>	<u>14 %</u>	<u>401,115</u>	<u>16 %</u>
	1,951,740	<u>100 %</u>	2,480,224	<u>100 %</u>
Less allowance for uncollectible accounts	<u>(866,812)</u>		<u>(1,024,926)</u>	
	<u>\$ 1,084,928</u>		<u>\$ 1,455,298</u>	

NOTE 4 - GRANTS AND CONTRACTS REVENUE AND RECEIVABLES

Grants and contracts receivable are evidenced by contracts with a variety of federal and state government agencies and, based on historical experience, management believes that these receivables represent negligible credit risk. Accordingly, management has not established a provision for uncollectible accounts for these balances.

Grants and contracts receivable at June 30, 2019 and 2018 are as follows:

	2019	2018
Federal	\$ 435,675	\$ 218,301
State	282,850	491,265
Local and Foundations	<u>87,174</u>	<u>183,833</u>
	<u>\$ 805,699</u>	<u>\$ 893,399</u>

The Corporation receives a significant amount of grants and contracts from DHHS. As with all government funding, these grants and contracts are subject to reduction or termination in future years.

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 5 - NET REVENUE FROM PATIENT SERVICES

The Corporation recognizes patient service revenue associated with services provided to patients who have Medicaid, Medicare and third-party payor plan coverage on the basis of contractual rates for services rendered. Revenue from the Medicare and Medicaid programs account for a significant portion of the Corporation's net patient fee revenue. Laws and regulations governing those programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Patient service revenue (net of contractual allowances and discounts) recognized during the years ended June 30, 2019 and 2018, is as follows:

	2019	2018
Medicare	\$ 5,712,427	\$ 5,852,365
Medicaid	36,233,184	33,823,430
Other third party	3,436,196	2,977,692
Self-pay	<u>498,219</u>	<u>655,767</u>
	<u>\$ 45,880,026</u>	<u>\$ 43,309,254</u>

NOTE 6 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.
- Level 2: Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability; and
 - inputs that are derived principally from or corroborated by observable and market data by correlation or other means.

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

- Level 1: The fair value of common stock is based on quoted market prices of the shares held by the Corporation at year-end.
- Level 3: The investment in Community Health Network (CHN) is not actively traded and significant other observable inputs are not available. Thus, the fair value of the investment in CHN is recorded at cost, which is believed to best approximate fair value.

The following table summarizes fair value measurements, by level, at June 30, 2019 and 2018:

June 30, 2019	Fair Value Measurements		
	Total	(Level 1)	(Level 3)
Common stock	\$ 149,894	\$ 149,894	\$ --
Investment in CHN	<u>83,333</u>	<u>--</u>	<u>83,333</u>
Total	<u>\$ 233,227</u>	<u>\$ 149,894</u>	<u>\$ 83,333</u>
June 30, 2018	Total	(Level 1)	(Level 3)
Common stock	\$ 162,052	\$ 162,052	\$ --
Investment in CHN	<u>83,333</u>	<u>--</u>	<u>83,333</u>
Total	<u>\$ 245,385</u>	<u>\$ 162,052</u>	<u>\$ 83,333</u>

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2019 and 2018:

	2019	2018
Land	\$ 2,098,028	\$ 2,098,028
Buildings and improvements	26,044,513	25,890,174
Furniture and equipment	12,276,441	11,813,007
Construction in progress	<u>2,992,187</u>	<u>747,234</u>
	43,411,169	40,548,443
Less accumulated depreciation	<u>(27,368,644)</u>	<u>(25,983,865)</u>
Property and equipment, net	<u>\$ 16,042,525</u>	<u>\$ 14,564,578</u>

The depreciation charged to operations for the years ended June 30, 2019 and 2018 was \$1,724,927 and \$1,706,915, respectively. Construction in progress include costs incurred through June 30, 2019 and 2018 for ongoing renovations for medical facilities and expansion of existing locations.

NOTE 8 - RETIREMENT PLAN

The Corporation amended and restated its defined contribution retirement plan, effective January 1, 2012, to provide for both employee salary deferrals and employer matching contributions under Section 401(k) of the Internal Revenue Code. Employer contributions for the year ended June 30, 2019 and 2018 totaled \$732,239 and \$713,739, respectively.

The Corporation also has a defined contribution 403(b) plan that was frozen effective January 1, 2010; consequently, there were no employer contributions made for the years ended June 30, 2019 and 2018.

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 9 - SHORT-TERM BORROWINGS AND LINE OF CREDIT

In September 2014, the Corporation entered into a commercial note and business line of credit agreement with Webster Bank for borrowings up to \$1,500,000. There were no outstanding borrowings at June 30, 2019 and 2018. The line of credit is in effect until December 26, 2018. Interest accrues at the lender's prime rate (5.0% at June 30, 2019 and 2018, respectively), which is equivalent to the Wall Street Journal prime rate. During 2019, the line of credit expired and was not renewed.

In April 2019, the Corporation entered into a commercial note and business line of credit arrangement with Capital One for borrowings up to \$2,000,000. There were no outstanding borrowings at June 30, 2019. The line of credit is in effect until April 2020. Interest accrues at LIBOR plus 2.5%, which was 4.9% at June 30, 2019.

NOTE 10 - LONG-TERM DEBT AND LEASES

During 2006, the City of New Haven issued \$8,000,000 of Hill Health Corporation Issue, Connecticut Facility Revenue Bonds – Series 2006 (the 2006 Bonds) to provide funds for several capital projects and to refinance the Corporation's Series 1992 Bonds. The proceeds from the bond issuance were loaned to the Corporation and are evidenced by a note. The 2006 Bonds bore interest at 6.50% at June 30, 2018, and were scheduled to mature serially in varying amounts through the year 2036. Interest was payable semiannually through 2036. Annual sinking fund principal payments were also required in amounts ranging from \$110,000 to \$510,000 through 2036.

During August 2018, the Connecticut Health and Educational Facilities Authority issued \$8,000,000 of Series A issue bonds (the Series A Bonds) to refinance the remaining balance on the 2006 Bonds and to finance renovations and improvements to properties owned or leased by the Corporation. The Series A Bonds are scheduled to mature in August 1, 2038 and bear interest at a fixed rate of 5% for the first ten years. On August 1, 2028, the Series A Bonds are subject to a mandatory tender provision whereby the bond holder has the option to waive the provision or call for repayment of any unpaid interest and principal at that time. In addition, the interest rate will be reevaluated and adjusted based on market conditions at that time. The Series A Bonds are secured by certain assets of the Corporation. The outstanding balance as of June 30, 2019 is \$7,805,867.

The Series A Bonds include provisions for reporting and financial covenants including a minimum debt service coverage ratio and day's cash on hand. The Corporation is required to measure compliance with these covenants quarterly for the previous twelve-month period. For the year ended June 30, 2019, the Corporation believes it is in compliance with all reporting and financial covenants.

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 10 - LONG-TERM DEBT AND LEASES (CONTINUED)

A summary of scheduled future aggregate principal payments on long-term debt at June 30, 2019 is as follows:

2020	\$	249,131
2021		261,877
2022		275,276
2023		289,359
2024		304,163
Thereafter		<u>6,426,061</u>
		7,805,867
Less current portion		<u>(249,131)</u>
		7,556,736
Less debt issuance costs		<u>594,064</u>
	\$	<u><u>6,962,672</u></u>

The aforementioned bond agreements include requirements for escrow funds restricted for payment of principal and interest on the underlying debt. A summary of such restricted cash balances is as follows:

	<u>2019</u>	<u>2018</u>
Restricted for interest payment	\$ 5,336	\$ 3,656
Restricted for repayment of principal	<u>2,202,854</u>	<u>653,600</u>
	<u>\$ 2,208,190</u>	<u>\$ 657,256</u>

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 10 - LONG-TERM DEBT AND LEASES (CONTINUED)

OPERATING LEASES

The Corporation is committed under non-cancellable operating leases for occupancy expiring through 2038. Future minimum lease payments under noncancellable operating leases as of June 30, 2019 is as follows:

2020	\$	573,201
2021		473,003
2022		484,538
2023		366,354
2024		281,717
Thereafter		<u>4,652,286</u>
	\$	<u>6,831,099</u>

Occupancy rental expense for noncancellable operating leases for the years ended June 30, 2019 and 2018 was \$529,966 and \$503,924, respectively.

The Corporation also leases certain equipment under operating leases expiring through 2023. Future minimum lease payments under these leases for the year ending June 30 is as follows:

2020	\$	188,532
2021		113,670
2022		32,206
2023		<u>222</u>
	\$	<u>334,630</u>

Equipment rental expense for the years ended June 30, 2019 and 2018 was \$214,103 and \$181,645, respectively.

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 11 - CONTINGENCIES AND COMMITMENTS

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Government activity continues to increase with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Corporation is in compliance with fraud and abuse regulations, as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

The Corporation maintains its medical malpractice coverage under the Federal Tort Claims Act (the FTCA). The FTCA provides malpractice coverage to eligible Public Health Service supported programs and applies to the Corporation and its employees while providing services within the scope of employment included under grant-related activities. The Attorney General, through the U.S. Department of Justice, has the responsibility for the defense of the individual and/or grantee for malpractice cases approved for FTCA coverage. The Corporation maintains gap insurance for claims that are not covered by the FTCA. The gap insurance is on a claims-made basis and the coverage limits are \$1,000,000 per occurrence and \$3,000,000 in the aggregate.

The Corporation is involved in legal proceedings related to matters which are incidental to its business. In the opinion of management, based on consultation with counsel, the outcome of such proceedings will not significantly affect the Corporation's financial position or results of operations, based on existing insurance coverage and contingency reserves provided by the Corporation.

The Corporation has received federal, state and other grants and payments for specific purposes that are subject to review, audit and adjustment by various agencies. Such audits could lead to requests for reimbursement to such agencies for any expenditures or claims disallowed under the terms of the agreements. The Corporation has included a reserve of approximately \$980,000 and \$830,000 as of June 30, 2019 and 2018, respectively, which is included within third-party reserves on the statements of financial position as of June 30, 2019 and 2018 and represents estimated recoupments for services already rendered.

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 12 - COMMUNITY HEALTH NETWORK - A RELATED PARTY

In 1995, the Corporation contributed \$83,333 for the formation of an HMO, Community Health Network of Connecticut, Inc. (CHN) along with seven other equal share members. CHN, a nonstock, not-for-profit corporation was formed in order to enable the members to better compete in the managed care arena.

The contribution agreement includes provisions for the repayment of this contribution at the discretion of CHN. The investment in CHN is accounted for using the cost method as the Corporation does not exercise significant influence over CHN's operating and financial activities. The Corporation's Chief Executive Officer is a Board member of CHN.

NOTE 13 - FUNCTIONAL EXPENSES

The Corporation reports its expenses in the statement of activities and changes in net assets using their natural classification. The expenses by functional classifications are as follows:

2019	Program	Fundraising	Management and General	Total
Salaries and wages	\$ 27,329,203	\$ 72,798	\$ 7,542,028	\$ 34,944,029
Employee benefits and payroll taxes	5,235,090	13,636	1,315,228	6,563,954
Supplies and other	11,160,656	2,895	3,258,516	14,422,067
Women, infants and children food benefits	920,161	--	--	920,161
Vaccines and donated pharmaceuticals	483,856	--	--	483,856
Professional fees	--	--	290,313	290,313
Depreciation	920,240	1,808	802,879	1,724,927
Interest	--	--	412,372	412,372
	<u>\$ 46,049,206</u>	<u>\$ 91,137</u>	<u>\$ 13,621,336</u>	<u>\$ 59,761,679</u>

2018	Program	Fundraising	Management and General	Total
Salaries and wages	\$ 27,197,099	\$ 69,975	\$ 6,071,923	\$ 33,338,997
Employee benefits and payroll taxes	5,283,501	14,475	1,097,955	6,395,931
Supplies and other	8,850,231	12,911	4,523,113	13,386,255
Women, infants and children food benefits	945,230	--	--	945,230
Vaccines and donated pharmaceuticals	541,659	--	--	541,659
Professional fees	--	--	381,196	381,196
Depreciation	1,073,304	--	633,611	1,706,915
Interest	--	--	425,147	425,147
	<u>\$ 43,891,024</u>	<u>\$ 97,361</u>	<u>\$ 13,132,945</u>	<u>\$ 57,121,330</u>

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 14 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Corporation's primary sources of support are derived from patient service revenues and grant programs.

The following table reflects the Corporation's available financial assets as of June 30, 2019 and 2018. None of the financial assets included within the table are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

	2019	2018
Cash and cash equivalents	\$ 10,634,318	\$ 9,463,888
Investments	149,894	162,052
Receivables	<u>2,173,770</u>	<u>2,354,360</u>
	<u>\$ 12,957,982</u>	<u>\$ 11,980,300</u>

The Corporation has a goal to maintain cash on hand to meet no less than 35 days of normal operating expenses in accordance with the requirements of its Series A Bond agreements, which are further described in Note 10. The Corporation has a policy to structure its financial assets to be available as general expenditures, liabilities, or other obligations come due. The Corporation also has available \$2,000,000 under a line of credit agreement (see Note 9).

NOTE 15 - SUBSEQUENT EVENTS

In preparing these financial statements, management evaluated subsequent events through December 19, 2019, which represents the date the financial statements were available to be issued. All subsequent events requiring recognition or disclosure as of June 30, 2019, have been incorporated into these financial statements.

CORNELL SCOTT - HILL HEALTH CORPORATION

**REPORT ON EXAMINATION IN ACCORDANCE
WITH UNIFORM GUIDANCE**

FOR THE YEAR ENDED JUNE 30, 2019

CORNELL SCOTT - HILL HEALTH CORPORATION

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

Board of Directors
Cornell Scott - Hill Health Corporation

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 Cornell Scott - Hill Health Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019 and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Cornell Scott - Hill Health Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cornell Scott - Hill Health Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Cornell Scott - Hill Health Corporation'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 Cornell Scott - Hill Health Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cornell Scott - Hill Health Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cornell Scott - Hill Health Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Hartford, CT
December 19, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Cornell Scott - Hill Health Corporation

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Cornell Scott - Hill Health Corporation's (Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Cornell Scott - Hill Health Corporation's major federal programs for the year ended June 30, 2019. Cornell Scott - Hill Health Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

AUDITORS' RESPONSIBILITY

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

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

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, Cornell Scott - Hill Health Corporation 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, 2019.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation'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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

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

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

PURPOSE OF THIS REPORT

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.

REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

We have audited the financial statements of Cornell Scott - Hill Health Corporation as of and for the year ended June 30, 2019, and have issued our report thereon dated December 19, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects in relation to the financial statements as a whole.

Marcum LLP

Hartford, CT
December 19, 2019

CORNELL SCOTT - HILL HEALTH CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Health Center Program Cluster				
Consolidated Health Center:				
Community Health Centers	93.224		\$ --	\$ 866,475
Health Care for the Homeless	93.224		--	188,162
Public Housing Primary Care	93.224		--	96,854
AIMS - BH	93.224		--	21,392
Oral Health Service Expansion	93.224		--	57,653
Expanded Services - SUD-MH	93.224		--	104,196
Community Health Centers HIV Supplemental	93.224		--	37,202
Substance Abuse Service Expansion	93.224		--	73,213
Affordable Care Act Grants for New and Expanded Services under the Health Center Program:				
Community Health Centers	93.527		--	2,923,880
Health Care for the Homeless	93.527		--	634,942
Public Housing Primary Care	93.527		--	326,829
Oral Expanded Services	93.527		--	194,548
Expanded Services - SUD-MH	93.527		--	54,453
Behavioral Health Workforce Education	93.527		--	123,901
Substance Abuse Service Expansion	93.527		--	247,053
AIMS - BH	93.527		--	72,184
Health Infrastructure West Rock	93.527		--	1,745
Health Center Quality Improvement	93.527		--	173,714
Total Health Center Program Cluster			<u>--</u>	<u>6,198,396</u>
Medication Assisted Treatment-Prescription Drug and Opioid Addiction	93.243		--	145,355
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		--	645,220
Family Planning Services	93.217		110,486	311,117
Passed through the State of Connecticut Department of Mental Health and Addiction Services:				
Block Grants for Prevention and				
Methadone Recovery Coach	93.959	18MHA6031	--	84,484
LEAD Engagement Specialist	93.959	18MHA6026	--	177,674
CBEMAT	93.959	18MHA6049	--	296,129
South Central Rehabilitation Center	93.959	19MHA2054	--	894,611

See notes to schedule of expenditures of federal awards.

CORNELL SCOTT - HILL HEALTH CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Expenditures
Passed through Planned Parenthood of Southern New England:				
Social Services Block Grant	93.667	12DSS5001VG	\$ --	\$ 17,229
Passed through the Community Foundation of Greater New Haven:				
Healthy Start	93.926	H49MC0095-10-00	--	54,855
Passed through State of Connecticut Department of Public Health:				
HIV Surveillance & Prevention	93.940	2013-0125	--	10,231
Passed through Community Health Center Association of CT:				
ACA - Transforming Clinical Practice Initiative:				
Practice Transformation Networks	93.638	1L1CMS331459-02- 00 & -03-00	--	238,681
Coordinated Services and Access to Research for Women, Infants, Children, and Youth (Ryan White Program Part D)	93.153	H12HA00008EO	--	99,000
Passed through Yale University:				
HIV Emergency Relief Project Grants	93.914	A 13-0315	--	173,266
Total Department of Health and Human Services			<u>110,486</u>	<u>9,346,248</u>
DEPARTMENT OF AGRICULTURE				
Passed through State of Connecticut Department of Public Health:				
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557	2008-0175-4	--	267,927
Special Supplemental Nutrition Program for Women, Infants and Children (Non-Cash)	10.557	HEF6026	--	920,161
Total Department of Agriculture			--	1,188,088
Total Federal Awards			<u>\$ 110,486</u>	<u>\$ 10,534,336</u>

See notes to schedule of expenditures of federal awards.

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Cornell Scott - Hill Health Corporation, under programs of the federal government for the year ended June 30, 2019. The information in the schedule is presented in accordance with the requirements of the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Cornell Scott - Hill Health Corporation, it is not intended to and does not present the financial position, changes in net assets or cash flows of Cornell Scott - Hill Health Corporation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, 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. For performance-based awards, expenditures reported represent amounts earned.

NOTE 3 - INDIRECT COST RATE

Cornell Scott - Hill Health Corporation has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CORNELL SCOTT - HILL HEALTH CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

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

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

Name of Federal Program or Cluster	CFDA #
Health Center Program Cluster	93.224 / 93.527
Family Planning Services	93.217

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

Auditee qualified as low-risk auditee? Yes No

CORNELL SCOTT - HILL HEALTH CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

SECTION II - FINANCIAL STATEMENTS FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Financial Statements Findings

No matters were reported.

Federal Award Findings and Questioned Costs

Finding No. 2018-001

Grantor:

Department of Health and Human Services

Federal Program Names and CFDA Numbers:

Special Supplemental Nutrition Program for Women, Infants and Children (CFDA 10.557)

Health Center Program Cluster (CFDA 93.224/93.527)

Condition:

The Corporation did not comply with the requirements of allowable costs/cost principles as certain personnel files tested lacked approved pay rate support for certain individuals charged to the grant program.

Current Status:

Remediated based on testing performed in 2019.

CORNELL SCOTT - HILL HEALTH CORPORATION

**REPORT ON EXAMINATION IN ACCORDANCE
WITH THE STATE OF CONNECTICUT
SINGLE AUDIT ACT**

FOR THE YEAR ENDED JUNE 30, 2019

CORNELL SCOTT - HILL HEALTH CORPORATION

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

The Board of Directors
Cornell Scott - Hill Health Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Cornell Scott - Hill Health Corporation, which comprise the statement of financial position as of June 30, 2019 and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Cornell Scott - Hill Health Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cornell Scott - Hill Health Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Cornell Scott - Hill Health Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 Cornell Scott - Hill Health Corporation'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 that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cornell Scott - Hill Health Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cornell Scott - Hill Health Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Hartford, CT
December 19, 2019

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

The Board of Directors
Cornell Scott - Hill Health Corporation

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM

We have audited Cornell Scott - Hill Health Corporation's compliance with the types of compliance requirements described in the *Office of Policy and Management's Compliance Supplement* that could have a direct and material effect on Cornell Scott - Hill Health Corporation's major state programs for the year ended June 30, 2019. Cornell Scott - Hill Health Corporation's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of Cornell Scott - Hill Health Corporation's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act 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 state program occurred. An audit includes examining, on a test basis, evidence about Cornell Scott - Hill Health Corporation'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 state program. However, our audit does not provide a legal determination of Cornell Scott - Hill Health Corporation's compliance.

OPINION ON EACH MAJOR STATE PROGRAM

In our opinion, Cornell Scott - Hill Health Corporation, 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 state programs for the year ended June 30, 2019.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Cornell Scott - Hill Health Corporation 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 Cornell Scott - Hill Health Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, 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 Cornell Scott - Hill Health Corporation'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 state 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 state 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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 State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

REPORT ON SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

We have audited the financial statements of Cornell Scott - Hill Health Corporation as of and for the year ended June 30, 2019, and have issued our report thereon dated December 19, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated, in all material respects in relation to the financial statements as a whole.

Marcum LLP

Hartford, CT
December 19, 2019

CORNELL SCOTT - HILL HEALTH CORPORATION

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2019

State Grantor and Program Title	State Grant Program Core - CT Number	Passed through to Subrecipients	Expenditures
Department of Mental Health and Addiction Services			
Mental Health Service Grants - Access Homeless	11000-MHA53000-16003		\$ 46,448
Mental Health Service Grants - Access Homeless	11000-MHA53000-16053		29,531
Managed Service System - ALSO-Cornerstone (A)	11000-MHA53000-12157		42,000
Managed Service System - Latino Behavioral Health System (B)	11000-MHA53000-12157		<u>86,341</u>
Total Department of Mental Health and Addiction Services			<u>204,320</u>
Department of Public Health			
School-Based Health Clinics (C)	11000-DPH48500-17019		275,434
School-Based Health Clinics (F)	11000-DPH48500-17019		115,919
HIV Services - Expanded Testing Initiative	11000-DPH48500-12236		89,629
Connecticut Vaccine Program (Non-Cash)	11000-DPH48500-12563		<u>65,851</u>
Total Department of Public Health			<u>546,833</u>
Department of Children and Families			
Grants for Outpatient Psychiatric Clinics for Children - CBT - Trauma Focused	11000-DCF91100-16024		21,583
Grants for Outpatient Psychiatric Clinics for Children - MATCH	11000-DCF91100-16024		15,522
Grants for Outpatient Psychiatric Clinics for Children - Child Guidance Clinic	11000-DCF91100-16024		<u>518,688</u>
Total Department of Children and Families			<u>555,793</u>
Office of Policy and Management			
Connecticut Keep Kids Safe			<u>3,198</u>
Total Office of Policy and Management			<u>3,198</u>
Judicial Branch			
Adult Behavioral Health Services	11000-JUD96114-12043		<u>269,149</u>
Total Judicial Branch			<u>269,149</u>
Office of Early Childhood			
Birth-To-Three Program	11000-OEC64855-12192		381,916
Birth-To-Three Program	12060-OEC64855-26315		211,121
Nurturing Families Network	11000-OEC64800-12603		<u>197,038</u>
Total Office of Early Childhood			<u>790,075</u>
Department of Social Services			
Medicaid Outreach Program (E)	11000-DSS60000-16020		20,000
Medication Therapy Management - Greater New Haven Pilot model (D)	11000-DSS60000-30579		<u>44,500</u>
Total Department of Social Services			<u>64,500</u>
Total State Financial Assistance			<u>\$ 2,433,868</u>

- (A) Passed through the Connection, Inc.
 (B) Passed through Communicare.
 (C) Passed through City of New Haven Department of Education.
 (D) Passed through Community Health Network of CT
 (E) Passed through Community Health Center Association of Connecticut.
 (F) Passed through Quinnipiac Valley Health District

See notes to the schedule of expenditures of state financial assistance.

CORNELL SCOTT - HILL HEALTH CORPORATION

NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2019

The accompanying schedule of expenditures of state financial assistance includes state grant activity of Cornell Scott - Hill Health Corporation under programs of the State of Connecticut for the year ended June 30, 2019. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Cornell Scott - Hill Health Corporation conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

BASIS OF ACCOUNTING

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

CORNELL SCOTT - HILL HEALTH CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' opinion issued on whether
the financial statements audited were prepared
in accordance with GAAP

Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

____ Yes X No
____ Yes X None Reported

Noncompliance material to financial statements noted?

____ Yes X No

STATE FINANCIAL ASSISTANCE

Internal control over major state programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

____ Yes X No
____ Yes X None Reported

Type of auditors' opinion issued on compliance for major
programs

Unmodified Opinion

Any audit findings disclosed that are required to be
reported in accordance with Section 4-236-24 of
the Regulations to the State Single Audit Act?

____ Yes X No

CORNELL SCOTT - HILL HEALTH CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS (CONTINUED)

The following schedule reflects the major programs included in the audit:

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core - CT Number</u>	<u>Expenditures</u>
Department of Mental Health and Addiction Services		
Managed Services Systems	11000-MHA53000-12157	\$ 128,341
Department of Public Health		
School-Based Health Clinics	11000-DPH48500-17019	391,353
Office of Early Childhood		
Birth to Three	11000-OEC64855-12192	381,916
Birth to Three	12060-OEC64855-26315	211,121
Department of Children and Families		
Grants for Outpatient Psychiatric Clinics for Children	11000-DCF91100-16024	555,793
Dollar threshold used to distinguish Type A and Type B programs		<u>\$ 200,000</u>

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

CORNELL SCOTT - HILL HEALTH CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters to report

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Financial Statements

No matters were reported.

State Program Findings

Finding No. 2018-001

Grantor:
Department of Public Health (DPH)

State Program Name:
School-Based Health Clinics

State Grant Program CORE-CT Number:
11000-DPH48500-17019

Condition:

The Corporation was not in compliance with this special reporting requirement as two reports were not submitted timely.

Current Status:

Remediated based on testing performed in 2019.

CORNELL SCOTT - HILL HEALTH CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

Finding No. 2018-002

Grantor:
Department of Public Health (DPH)

State Program Name:
School-Based Health Clinics

State Grant Program CORE-CT Number:
11000-DPH48500-17019

Condition:
The Corporation did not comply with the requirements of allowable costs/cost principles as certain personnel files tested lacked approved pay rate support for the individual.

Current Status:
Remediated based on testing performed in 2019.

Finding No. 2018-003

Grantor:
Department of Children and Families (DCF)

State Program Name:
Grants for Outpatient Psychiatric Clinics for Children – Child Guidance Clinic

State Grant Program CORE-CT Number:
11000-DCF91110-16024

Condition:
The Corporation did not comply with the requirements of allowable costs/cost principles as certain personnel files tested lacked the proper pay rate support for the individual.

Current Status:
Remediated based on testing performed in 2019.