BerryDunn

GREATER PORTLAND HEALTH

CARING FOR THE WHOLE COMMUNITY

FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION AND REPORTS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, THE UNIFORM GUIDANCE, AND *MAINE UNIFORM ACCOUNTING AND AUDITING PRACTICES FOR COMMUNITY AGENCIES*

June 30, 2019 and 2018

With Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Portland Community Health Center
d/b/a Greater Portland Health

Report on Financial Statements

We have audited the accompanying financial statements of Portland Community Health Center d/b/a Greater Portland Health (Greater Portland Health), which comprise the balance sheet as of June 30, 2019, and the related statements of operations, functional expenses, changes in net assets and cash flows for the year 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 U.S. generally accepted accounting principles; 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 audit. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Greater Portland Health as of June 30, 2019, and the results of its operations, changes in its net assets and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.

Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2019 Greater Portland Health adopted new accounting guidance, Financial Accounting Standards Board Accounting Standards Updates No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958) and No. 2016-18, *Restricted Cash* (Topic 230). Our opinion is not modified with respect to these matters.

Adjustments to Prior Period Financial Statements

The financial statements of Greater Portland Health as of June 30, 2018 were audited by another auditor whose opinion dated March 11, 2019 on those statements was unmodified. As disclosed in Note 1, Greater Portland Health has restated its 2018 financial statements during 2019 to correct an error in which grant revenue was not accrued in 2018 to match the accrual of grant expenses and to reclassify certain items. The other auditor reported on the 2018 financial statements before the restatement and the retrospective implementation of new accounting pronouncements as described in the preceding paragraph.

As part of our audit of the 2019 financial statements, we also audited adjustments described in Note 1 that were applied to restate the accompanying 2018 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2018 financial statements of Greater Portland Health other than with respect to the adjustments and, accordingly, we do not express an opinion or any form of assurance on the 2018 financial statements as a whole.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of Department agreements is presented for purposes of additional analysis as required by the *Maine Uniform Accounting and Auditing Practices for Community Agencies*, 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 U.S. generally accepted auditing standards. 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 December 17, 2019 on our consideration of Greater Portland Health'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 Greater Portland Health'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 Greater Portland Health's internal control over financial reporting and compliance.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
December 17, 2019

PORTLAND COMMUNITY HEALTH CENTER
D/B/A GREATER PORTLAND HEALTH

Balance Sheets

June 30, 2019 and 2018

ASSETS

	2019	Restated 2018
Current assets		
Cash and cash equivalents	**$ 704,638**	$ 598,400
Patient accounts receivable, net	**758,714**	234,754
340B pharmacy contract receivables	**240,026**	245,095
Grants and other receivables	**199,788**	269,824
Prepaid expenses	**35,500**	57,340
Total current assets	**1,938,666**	1,405,413
Other assets	**131,935**	70,879
Assets limited as to use	**795,998**	40,896
Property and equipment, net	**649,006**	742,455
Total assets	**$ 3,515,605**	$ 2,259,643

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	**$ 400,005**	$ 202,365
Accrued payroll and related expenses	**429,081**	369,246
Current maturities of long-term debt	**-**	50,887
Total current liabilities	**829,086**	622,498
Long-term debt, less current maturities	**-**	134,132
Total liabilities	**829,086**	756,630
Net assets		
Without donor restrictions	**2,545,133**	1,462,117
With donor restrictions	**141,386**	40,896
Total net assets	**2,686,519**	1,503,013
Total liabilities and net assets	**$ 3,515,605**	$ 2,259,643

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

PORTLAND COMMUNITY HEALTH CENTER
D/B/A GREATER PORTLAND HEALTH

Statements of Operations

Years Ended June 30, 2019 and 2018

	2019	Restated 2018
Operating revenue		
Patient service revenue	**$ 5,247,169**	$ 4,131,818
Provision for bad debts	**(816,728)**	(685,890)
Net patient service revenue	**4,430,441**	3,445,928
Grants, contracts and support	**5,006,114**	4,622,155
340B pharmacy contract revenue	**1,719,470**	1,135,294
Other operating revenue	**329,550**	217,596
Net assets released from restriction for operations	**48,678**	86,589
Total operating revenue	**11,534,253**	9,507,562
Operating expenses		
Salaries and wages	**5,940,257**	5,198,752
Employee benefits	**1,035,169**	896,538
Program supplies	**343,488**	324,184
340B pharmacy supplies	**1,043,708**	787,797
Contracted services	**645,697**	618,882
Occupancy	**461,797**	419,235
Other	**879,231**	763,436
Depreciation	**157,151**	148,307
Interest	**7,266**	16,292
Total operating expenses	**10,513,764**	9,173,423
Excess of revenue over expenses	**1,020,489**	334,139
Grants for capital acquisition	**62,527**	370,706
Increase in net assets without donor restrictions	**$ 1,083,016**	$ 704,845

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

PORTLAND COMMUNITY HEALTH CENTER
D/B/A GREATER PORTLAND HEALTH

Statements of Functional Expenses

Years Ended June 30, 2019 and 2018

	2019		
	Healthcare Services	**Support Services**	**Total**
Salaries and wages	**$ 5,139,702**	**$ 800,555**	**$ 5,940,257**
Employee benefits	**895,628**	**139,541**	**1,035,169**
Program supplies	**343,488**	**-**	**343,488**
340B pharmacy supplies	**1,043,708**	**-**	**1,043,708**
Contracted services	**574,275**	**71,422**	**645,697**
Occupancy	**399,547**	**62,250**	**461,797**
Other	**760,710**	**118,521**	**879,231**
Depreciation	**135,967**	**21,184**	**157,151**
Interest	**6,287**	**979**	**7,266**
Total operating expenses	**$ 9,299,312**	**$ 1,214,452**	**$ 10,513,764**

	Restated 2018		
	Healthcare Services	Support Services	Total
Salaries and wages	$ 4,444,679	$ 754,073	$ 5,198,752
Employee benefits	766,540	129,998	896,538
Program supplies	324,184	-	324,184
340B pharmacy supplies	787,797	-	787,797
Contracted services	551,954	66,928	618,882
Occupancy	358,446	60,789	419,235
Other	652,737	110,699	763,436
Depreciation and amortization	126,802	21,505	148,307
Interest	13,930	2,362	16,292
Total operating expenses	$ 8,027,069	$ 1,146,354	$ 9,173,423

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

PORTLAND COMMUNITY HEALTH CENTER
D/B/A GREATER PORTLAND HEALTH

Statements of Changes in Net Assets

Years Ended June 30, 2019 and 2018

	2019	Restated 2018
Net assets without donor restrictions		
Excess of revenue over expenses	**$ 1,020,489**	$ 334,139
Grants for capital acquisition	**62,527**	370,706
Increase in net assets without donor restrictions	**1,083,016**	704,845
Net assets with donor restrictions		
Contributions	**149,168**	69,050
Net assets released from restriction for operations	**(48,678)**	(86,589)
Increase (decrease) in net assets with donor restrictions	**100,490**	(17,539)
Change in net assets	**1,183,506**	687,306
Net assets, beginning of year	**1,503,013**	815,707
Net assets, end of year	**$ 2,686,519**	$ 1,503,013

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

PORTLAND COMMUNITY HEALTH CENTER
D/B/A GREATER PORTLAND HEALTH

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	Restated 2018
Cash flows from operating activities		
Change in net assets	**$ 1,183,506**	$ 687,306
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Provision for bad debts	**816,728**	685,890
Depreciation	**157,151**	148,307
Equity in earnings of limited liability company	**(59,177)**	(37,914)
Grants for long-term purposes	**(62,527)**	(370,706)
(Increase) decrease in the following assets		
Patient accounts receivable	**(1,340,688)**	(652,887)
Grants and other receivables	**70,036**	(23,713)
340B pharmacy contract receivables	**5,069**	(87,850)
Prepaid expenses	**21,840**	(14,612)
Other assets	**(3,054)**	-
Increase (decrease) in the following liabilities		
Accounts payable and accrued expenses	**197,640**	(106,818)
Accrued payroll and related expenses	**59,835**	67,606
Refundable advances	**-**	(162,611)
Net cash provided by operating activities	**1,046,359**	131,998
Cash flows from investing activities		
Capital expenditures	**(62,527)**	(382,192)
Net cash used by investing activities	**(62,527)**	(382,192)
Cash flows from financing activities		
Grants for long-term purposes	**62,527**	370,706
Payments on line of credit	**-**	(100,000)
Payments on long-term debt	**(185,019)**	(48,377)
Net cash (used) provided by financing activities	**(122,492)**	222,329
Net increase (decrease) in cash and cash equivalents and restricted cash	**861,340**	(27,865)
Cash and cash equivalents and restricted cash, beginning of year	**639,296**	667,161
Cash and cash equivalents and restricted cash, end of year	**$ 1,500,636**	$ 639,296

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

PORTLAND COMMUNITY HEALTH CENTER
D/B/A GREATER PORTLAND HEALTH

Statements of Cash Flows (Concluded)

Years Ended June 30, 2019 and 2018

	2019	Restated 2018
Breakdown of cash and cash equivalents and restricted cash, end of year		
Cash and cash equivalents	**$ 704,638**	$ 598,400
Assets limited as to use	**795,998**	40,896
	$ 1,500,636	$ 639,296
Supplemental disclosure of cash flow information		
Cash paid for interest	**$ 7,266**	$ 16,292

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

1. Summary of Significant Accounting Policies

Organization

Portland Community Health Center d/b/a Greater Portland Health (the Organization) is a not-for-profit corporation organized in Maine. The Organization is a Federally Qualified Health Center (FQHC) providing medical and other health and community services to the residents of Portland, Maine and surrounding communities.

Recently Adopted Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), which makes targeted changes to the not-for-profit financial reporting model. The ASU marks the completion of the first phase of a larger project aimed at improving not-for-profit financial reporting. Under the ASU, net asset reporting is streamlined and clarified. The existing three category classification of net assets is replaced with a simplified model that combines temporarily restricted and permanently restricted into a single category called "net assets with donor restrictions." The guidance simplified the reporting of deficiencies in endowment funds and clarified the accounting for the lapsing of restrictions on gifts to acquire property, plant and equipment. New disclosures which highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements have been added. The ASU also imposes several new requirements related to reporting expenses. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to 2018; however, there was no impact to total net assets, results of operations or cash flows.

In November 2016, FASB issued ASU No. 2016-18, *Restricted Cash* (Topic 230), which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU is effective for fiscal years beginning on or after December 15, 2018. The Organization adopted ASU No. 2016-18 in 2019. The adoption had no effect on the presentation of the statement of cash flows.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which requires the Organization to report information in the financial statements according to the following net asset classifications:

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

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

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of operations and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same year as received are reflected as contributions without donor restrictions in the accompanying financial statements.

Gifts of long-lived assets such as land, buildings or equipment are reported as net assets without donor restrictions, and excluded from the excess of revenue over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Use of Estimates

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

Income Taxes

The Organization is a public charity under Section 501(c)(3) of the Internal Revenue Code. As a public charity, the Organization is exempt from state and federal income taxes on income earned in accordance with its tax-exempt purpose. Unrelated business income is subject to state and federal income tax. Management has evaluated the Organization’s tax positions and concluded that the Organization has no uncertain tax positions that require adjustment to the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of business checking and savings accounts as well as petty cash funds.

The Organization maintains cash balances at several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At various times throughout the year, the Organization's cash balances may exceed FDIC insurance. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant risk.

Patient Accounts Receivable

Patient accounts receivable are stated at the amount management expects to collect from outstanding balances. Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of patient accounts receivable, the Organization analyzes its past history and identifies trends for each individual payer. In addition, self pay and sliding fee scale discount program patient balances are 100% reserved. Management regularly reviews data about revenue in evaluating the sufficiency of the allowance for uncollectible accounts. Amounts not collected after all reasonable collection efforts have been exhausted are applied against the allowance for uncollectible accounts.

340B Pharmacy Contract Receivables and Grants and Other Receivables

340B pharmacy contract receivables and grants and other receivables are stated at the amount management expects to collect from outstanding balances. All such amounts are considered collectible.

The Organization receives a significant amount of grants from the U.S. Department of Health and Human Services (DHHS). As with all government funding, these grants are subject to reduction or termination in future years. For the years ended June 30, 2019 and 2018, grants from DHHS (including both direct awards and awards passed through other organizations) represented approximately 90% and 94%, respectively, of the total of grants, contracts and support revenue and grants for capital acquisition.

Assets Limited as to Use

Assets limited as to use include cash and cash equivalents designated by the Board of Directors and donor-restricted contributions as discussed further in Note 8.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method.

Patient Service Revenue

Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

340B Drug Pricing Program

The Organization, as an FQHC, is eligible to participate in the 340B Drug Pricing Program. The program requires drug manufacturers to provide outpatient drugs to FQHCs and other identified entities at a reduced price. The Organization contracts with local pharmacies under this program. The local pharmacies dispense drugs to eligible patients of the Organization and bill Medicare and commercial insurances on behalf of the Organization. Reimbursement received by the pharmacies is remitted to the Organization, less dispensing and administrative fees, in accordance with contracts with the pharmacies. Revenue is reported net of dispensing and administrative fees. The cost of drug replenishments related to the program is included in operating expenses.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting functions of the Organization. Expenses are allocated between program services and administrative support based on the percentage of direct care wages to total wages.

Excess of Revenue Over Expenses

The statements of operations reflect the excess of revenue over expenses. Changes in net assets without donor restrictions which are excluded from the excess of revenue over expenses include contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring such assets).

Prior Period Adjustment for Grant Revenue and Related Receivables and Reclassifications

Through the Organization's review of the grant revenue it was determined that revenue for certain grants was not accrued in 2018 to match the accrual of grant expenses. As a result of the adjustment, the following amounts previously reported have been restated as of June 30, 2018 and for the year then ended:

	Balance as Previously Reported	Recognition of Grant Revenue	Balance as Restated
Other receivables (see note below)	$ 362,166	$ 152,753	$ 514,919
Federal grant revenue (see note below)	4,565,983	152,753	4,718,736

Additionally, the Organization reclassified certain prior year amounts to be consistent with current year presentations as follows

	Balance as Previously Reported or Restated	Reclassification	Balance as Reclassified
Assets			
Cash and cash equivalents	$ 639,296	$ (40,896)	$ 598,400
Assets limited as to use	-	40,896	40,896
Other receivables (see above)	514,919	(514,919)	-
340B pharmacy contract receivables	-	245,095	245,095
Grants and other receivables	-	269,824	269,824
Liabilities			
Accounts payable	141,172	(141,172)	-
Accrued expenses	61,193	(61,193)	-
Accounts payable and accrued expenses	-	202,365	202,365
Accrued payroll	222,856	(222,856)	-
Accrued vacation	146,390	(146,390)	-
Accrued payroll and related expenses	-	369,246	369,246
Revenue			
Federal grants (see above)	4,718,736	(4,718,736)	-
State grants	201,709	(201,709)	-
Other grants	18,007	(18,007)	-
Contributions	228,885	(228,885)	-
Grants, contracts and support	-	4,622,155	4,622,155
Miscellaneous revenue	352,703	(352,703)	-
Income from investment in CCPM LLC	37,914	(37,914)	-
340B pharmacy contract revenue	-	1,135,294	1,135,294
Other operating revenue	-	217,596	217,596
Expense			
Operating expenses	8,385,626	787,797	9,173,423
Increase in net assets without donor restrictions			
Grants for capital acquisition	-	370,706	370,706

Subsequent Events

For purposes of the preparation of these financial statements, management has considered transactions or events occurring through December 17, 2019, the date that the financial statements were available to be issued. Management has not evaluated subsequent events after that date for inclusion in the financial statements.

2. Availability and Liquidity of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and a line of credit.

The Organization had working capital of $1,109,580 and $782,915 at June 30, 2019 and 2018, respectively. The Organization had average days (based on normal expenditures) cash and cash equivalents (including board-designated cash and cash equivalents) on hand of 39 and 24 at June 30, 2019 and 2018, respectively.

Financial assets available for general expenditure within one year were as follows as of June 30:

	2019	2018
Cash and cash equivalents	**$ 704,638**	$ 598,400
Patient accounts receivable, net	**758,714**	234,754
340B pharmacy contract receivables	**240,026**	245,095
Grants and other receivables	**199,788**	269,824
Assets limited as to use designated by the board of directors	**405,321**	-
Financial assets available for general expenditures within one year	**$ 2,308,487**	$ 1,348,073

The Organization has certain board-designated assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. The Organization has other assets limited to use for donor-restricted and board designated purposes, which are more fully described in Note 8,are not available for general expenditure within the next year and are not reflected in the amounts above.

The Organization's goal is generally to have, at the minimum, the Health Resources and Services Administration recommended days cash and cash equivalents on hand for operations of 30 days and 90 days cash in reserve (includes board-designated cash and cash equivalents).

The Organization has an available $250,000 line of credit, as discussed in more detail in Note 6.

3. Accounts Receivable

Patient accounts receivable consisted of the following:

	2019	2018
Patient accounts receivable	**$ 1,377,714**	$ 728,754
Allowance for doubtful accounts	**(619,000)**	(494,000)
Patient accounts receivable, net	**$ 758,714**	$ 234,754

A reconciliation of the allowance for uncollectible accounts follows:

	2019	2018
Balance, beginning of year	**$ 494,000**	$ 372,000
Provision for bad debts	**816,728**	685,890
Write-offs	**(691,728)**	(563,890)
Balance, end of year	**$ 619,000**	$ 494,000

The increase in the allowance and provision for bad debts is due to an increase in patient accounts receivable balances due to bringing billing in-house in April 2019.

The Organization grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. Primary payers representing 10% or more of the Organization's gross patient accounts receivable are as follows:

	2019	2018
Medicare	**22%**	14%
Medicaid	**18%**	16%

4. Community Care Partnership of Maine, LLC

In July 2015, the Organization became a participating member of Community Care Partnership of Maine, LLC (the Company). The Company's purposes are to participate in cost savings and other arrangements with government programs, commercial insurers and other payers; develop a network of health care providers for the delivery of health care services according to applicable rules, regulations and contractual obligations for the purpose of improving the quality and efficiency of health care and the patient care experience; and to promote evidence-based medicine, patient engagement, reporting on quality and cost, care coordination and distribution of shared savings.

The Company is considered an Accountable Care Organization and as such has applied with the Office for MaineCare Services to participate in the MaineCare Accountable Community Program and with the Centers for Medicare and Medicaid Services to participate in the Medicare Shared Savings Program.

Participating members are required to make initial and annual capital contributions and are entitled to distributions of contract distributable cash according to its applicable percentage interest in each contract, as outlined in the Company's operating agreement.

As of June 30, 2019 and 2018, the Organization's capital account balance was $98,272 and $39,095, respectively, and is reflected as other assets in the balance sheets. Distributions from the Company are reflected in other operating revenue in the statements of operations and were not significant for the years ended June 30, 2019 and 2018.

5. Property and Equipment

Property and equipment consists of the following:

	2019	2018
Leasehold improvements	**$ 400,859**	$ 400,859
Furniture and equipment	**964,804**	902,277
Total cost	**1,365,663**	1,303,136
Less accumulated depreciation	**716,657**	560,681
Property and equipment, net	**$ 649,006**	$ 742,455

6. Line of Credit

The Organization has a $250,000 line of credit demand note with a local banking institution maturing in August 2020. The line of credit is collateralized by the Organization's business assets with interest at the bank's Cost of Funds Index (6.25% at June 30, 2019). There was no outstanding balance on the line of credit at June 30, 2019 and 2018.

7. Long-Term Debt

Long-term debt consisted of a note payable to local banking institution, payable in monthly installments of $4,910, including interest at 5.0%, through November 2021. The note was paid in full in May 2019.

8. Net Assets

Net assets without donor restrictions were designated by the Organization's Board of Directors for the following purposes:

	2019	Restated 2018
Undesignated	**$ 1,890,521**	$ 1,462,117
Board-designated for		
Reserve for future working capital needs	**405,321**	-
Incentive program	**249,291**	-
Total	**$ 2,545,133**	$ 1,462,117

Net assets with donor restrictions were restricted for the following specific purposes:

	2019	2018
Temporary in nature:		
Pediatric trauma screenings	**$ -**	$ 23,421
Sunshine fund	**4,872**	1,245
Scholarship fund	**2,592**	4,350
Telehealth	**22,237**	-
Medical and dental equipment and furnishings	**78,995**	-
Other program services	**32,690**	11,880
Total	**$ 141,386**	$ 40,896

9. Patient Service Revenue

Patient service revenue was as follows:

	2019	2018
Gross charges		
Medicare	**$ 1,489,259**	$ 1,333,088
Medicaid	**5,945,327**	5,074,079
Other payers	**1,035,954**	1,020,766
Self-pay and sliding fee	**3,334,679**	3,043,266
Total gross charges	**11,805,219**	10,471,199
Contractual adjustments	**(4,319,115)**	(3,879,063)
Sliding fee scale discounts	**(2,238,935)**	(2,460,318)
Total patient service revenue	**$ 5,247,169**	$ 4,131,818

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Organization believes that it is in compliance with all laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in patient service revenue in the year that such amounts become known.

A summary of the payment arrangements with major third-party payers follows:

Medicare

The Organization is reimbursed for the medical care of qualified patients on a prospective basis, with retroactive settlements related to vaccine costs only. The prospective payment is based on a geographically-adjusted rate determined by Federal guidelines. Overall, reimbursement is subject to a maximum allowable rate per visit. The Organization's Medicare cost reports have been audited by the Medicare administrative contractor through June 30, 2017.

Medicaid and Other Payers

The Organization is reimbursed by Medicaid for the medical care of qualified patients on a prospective basis. Overall, reimbursement is subject to a maximum allowable rate per visit. The Organization also has entered into payment agreements with Medicaid for dental services and certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. Under these arrangements, the Organization is reimbursed based on contractually obligated payment rates which may be less than the Organization's public fee schedule.

Charity Care

The Organization provides care to patients who meet certain criteria under its sliding fee discount policy without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue. The Organization estimates the costs associated with providing charity care by calculating the ratio of total cost to total charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for free care. The estimated cost of providing services to patients under the Organization sliding fee discount policy amounted to $1,899,010 and $1,945,000 for the years ended June 30, 2019 and 2018, respectively. The Organization is able to provide these services with a component of funds received through local community support and federal and state grants.

10. Medical Malpractice Insurance

The Organization is protected from medical malpractice risk as an FQHC under the Federal Tort Claims Act (FTCA). The Organization has additional medical malpractice insurance, on a claims-made basis, for coverage outside the scope of the protection of the FTCA. As of the year ended June 30, 2019, there were no known malpractice claims outstanding which, in the opinion of management, will be settled for amounts in excess of both FTCA and additional medical malpractice insurance coverage, nor are there any unasserted claims or incidents which require loss accrual. The Organization intends to renew the additional medical malpractice insurance coverage on a claims-made basis and anticipates that such coverage will be available.

11. Retirement Plan

During 2019, the Organization adopted a defined contribution plan under Internal Revenue Code Section 403(b) that covers substantially all employees. The Organization contributed $11,161 to the plan for the year ended June 30, 2019.

12. Lease Commitments

The Organization leases office space and certain other office equipment under noncancelable operating leases. Future minimum lease payments under these leases are:

2020	$ 354,881
2021	364,800
2022	375,248
2023	318,182
2024	261,289
Thereafter	876,147
Total	$ 2,550,547

Rent expenses amounted to $307,315 and $300,793 for the years ended June 30, 2019 and 2018, respectively.

SUPPLEMENTARY INFORMATION

PORTLAND COMMUNITY HEALTH CENTER
D/B/A GREATER PORTLAND HEALTH

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Contract Number	Total Federal Expenditures
U.S. Department of Health and Human Services			
Direct			
Health Center Program Cluster			
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224		$ 1,021,082
Affordable Care Act (ACA) Grants for New and Expanded Services Under the Health Center Program	93.527		2,740,423
Total Health Center Program Cluster			3,761,505
Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures	93.501		25,813
Affordable Care Act (ACA) Grants for Capital Development in Health Centers	93.526		26,188
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		510,988
Pass-through:			
Family Planning Association of Maine, Inc.			
Family Planning Services	93.217	FPA-2019-PORTLAND-A	50,000
University of New England			
Nurse Education, Practice Quality and Retention Grants	93.359	n/a	30,000
Grants for Primary Care Training and Enhancement	93.884	n/a	18,750
State of Maine Department of Health and Human Services			
Opioid STR	93.788	OSA-18-4074/OSA-19-4074	232,228
Total Expenditures of Federal Awards, All Programs			$ 4,655,472

The accompanying notes are an integral part of this schedule.

PORTLAND COMMUNITY HEALTH CENTER
D/B/A GREATER PORTLAND HEALTH

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

1. Summary of Significant Accounting Policies

Expenditures reported in the schedule of expenditures of federal awards (the Schedule) are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. De Minimis Indirect Cost Rate

Portland Community Health Center d/b/a Greater Portland Health (the Organization) has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Basis of Presentation

The Schedule includes the federal grant activity of the Organization. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

4. Prior Period Restatement

The Organization restated its 2018 financial statements to correct an error related to grant expenditures and related revenue. As a result, the 2018 Schedule under-reported grant expenditures which have been included in the attached Schedule as follows:

Program Title	Federal CFDA Number	Federal Expenditures
Health Center Program Cluster		
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	$ 28,709
Affordable Care Act (ACA) Grants for New and Expanded Services Under the Health Center Program	93.527	77,050
Total Health Center Program Cluster		$ 105,759
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	$ 46,994

PORTLAND COMMUNITY HEALTH CENTER
D/B/A GREATER PORTLAND HEALTH

Schedule of Expenditures of Department Agreements

Year Ended June 30, 2019

Department Office		Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expenses	State Expenses	Department Expenses
DHHS Direct:									
CDC		CD2-19-4512	$ 12,000	7/01/2018-6/30/2019	Clinical Dental Services	Final	$ -	$ 12,000	$ 12,000
OMS	*	OMS-18-4003B	283,967	01/21/2018-6/30/2019	Opioid Health Home	Final	-	112,273	112,273
OSAMHS	*	OSA-18-4074	298,176	3/19/2018-3/18/2019	Medication Assisted Treatment (MAT)	Final	165,215	-	165,215
OSAMHS	*	OSA-19-4074	399,924	4/1/2019-3/31/2020	Medication Assisted Treatment (MAT)	Interim	67,013	-	67,013
CDC	*	CD2-19-4476	191,400	09/01/2018-6/30/2019	School Based Health Center	Final	-	191,400	191,400
						Subtotal (Direct)	232,228	315,673	547,901
DHHS Indirect:									
CDC		CDO-19-2153	23,000	7/01/2018-6/30/2019	CHC Investment Funds	Final	-	23,000	23,000
						Subtotal (Indirect)	-	23,000	23,000
						Total	$ 232,228	$ 338,673	**$ 570,901**

* Department agreement tested as major

The accompanying notes are an integral part of this schedule.

PORTLAND COMMUNITY HEALTH CENTER
D/B/A GREATER PORTLAND HEALTH

Notes to Schedule of Expenditures of Department Agreements

Year Ended June 30, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of Department agreements includes the Department agreement activity of Portland Community Health Center d/b/a Greater Portland Health (the Organization) under programs of the State of Maine Department of Health and Human Services, and is presented in accordance with *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Basis of Settlement

Grants which are cost settled include an estimated settlement of state funds based upon the available grant revenue and other revenue based upon allowable costs.

2. Summary of Significant Accounting Policies for State Agreement Expenditures

Expenditures reported on the Schedule consist of direct and indirect costs which are recognized as incurred using the accrual method of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and MAAP, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Other Disclosures

Is your Agency required to have a federal Uniform Guidance audit? __X__ yes _____ no

Percentage of major agreements tested in relation to total Department expenses: 94%

Expenditures reported for OMS-18-4003B Opioid Health Home have been reduced by the questioned costs identified in Finding 2019-004 in the schedule of findings and questioned costs related to Department agreements.

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

Board of Directors
Portland Community Health Center
d/b/a Greater Portland Health

We have audited, in accordance with U.S. generally accepted auditing standards 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 Portland Community Health Center d/b/a Greater Portland Health (the Organization), which comprise the balance sheet as of June 30, 2019, and the related statements of operations, functional expenses, 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 17, 2019.

Internal Control Over Financial Reporting

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

Board of Directors
Portland Community Health Center
d/b/a Greater Portland Health

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
December 17, 2019

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Portland Community Health Center
d/b/a Greater Portland Health

Report on Compliance for the Major Federal Program

We have audited Portland Community Health Center d/b/a Greater Portland Health's (the Organization) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2019. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs related to federal awards.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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 the Organization'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 the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major Federal Program

In our opinion, Portland Community Health Center d/b/a Greater Portland Health complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs related to federal awards as item 2019-001. Our opinion on the major federal program is not modified with respect to this matter.

The Organization's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs related to federal awards. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Organization 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, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 Organization'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
December 17, 2019

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *MAINE UNIFORM ACCOUNTING AND AUDITING PRACTICES FOR COMMUNITY AGENCIES*

Board of Directors
Portland Community Health Center
d/b/a Greater Portland Health

Report on Compliance for Each Major Department Program

We have audited Portland Community Health Center d/b/a Greater Portland Health's (the Organization) compliance with the types of compliance requirements described in the *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP), and with the requirements identified in the Contract Compliance Rider(s) of the Organization's agreements with the Maine Department of Health and Human Services (the Department) that could have a direct and material effect on each of the Organization's major Department agreements for the year ended June 30, 2019. The Organization's major Department agreements are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs related to Department agreements.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major Department agreements based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and MAAP. These standards 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 Department agreement occurred. An audit includes examining, on a test basis, evidence about the Organization'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 Department agreement. However, our audit does not provide a legal determination of the Organization's compliance.

Basis for Qualified Opinion on OMS-18-4003B Opioid Health Home

As described in the accompanying schedule of findings and questioned costs related to Department agreements, the Organization did not comply with requirements regarding agreement number OMS-18-4003B Opioid Health Home as described in finding number 2019-004 for Eligibility. Compliance with such requirement is necessary, in our opinion, for the Organization to comply with the requirements applicable to that Department agreement.

Qualified Opinion on OMS-18-4003B Opioid Health Home

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the agreement number OMS-18-4003B Opioid Health Home for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other Department Agreements

In our opinion, the Organization 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 other major Department agreements identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs related to Department agreements for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with MAAP and which are described in the accompanying schedule of findings and questioned costs related to Department agreements as findings 2019-002 and 2019-003. Our opinion on each major Department agreement is not modified with respect to these matters.

The Organization's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs related to Department agreements. The Organization's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Organization 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major Department agreement to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major Department agreement and to test and report on internal control over compliance in accordance with MAAP, 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 Organization'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 Department agreement 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 Department agreement 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 Department agreement 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 preceding paragraph 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 and significant deficiencies may exist that were not identified. We did identify a deficiency in internal control over compliance that we consider to be a material weakness. We consider the deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs related to Department agreements as item 2019-004, that we consider to be a material weakness.

The Organization's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs related to Department agreements. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Berry Dunn McNeil & Parker, LLC

Portland, Maine
December 17, 2019

PORTLAND COMMUNITY HEALTH CENTER
D/B/A GREATER PORTLAND HEALTH

Schedule of Findings and Questioned Costs Related to Federal Awards

Year Ended June 30, 2019

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:		Unmodified		
Internal control over financial reporting:				
Material weakness(es) identified?	☐	Yes	☑	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	☐	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 that are not considered to be material weakness(es)?	☐	Yes	☑	None reported
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	☐	No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
	Health Center Program Cluster

Dollar threshold used to distinguish between Type A and Type B programs:		$750,000		
Auditee qualified as low-risk auditee?	☑	Yes	☐	No

2. Financial Statement Findings

None

3. Federal Award Findings and Questioned Costs

Finding Number:	**2019-001**
Information on the Federal Program:	Program Name: Health Center Program Cluster (CFDA numbers 93.224 and 93.527) Federal Award: H80CS25680 for the grant period January 1, 2019 through December 31, 2019 Federal Agency: U.S. Department of Health and Human Services, Health Resources and Services Administration
Criteria:	In accordance with 42 USC 254(k)(3)(F), as an FQHC, the Organization must prepare and apply a sliding fee discount schedule so that the amounts charged by the Organization for services provided to eligible patients are adjusted (discounted) based on the patient's ability to pay.
Condition Found and Context:	In one instance in our sample of 25 items tested, the Organization did not apply the correct sliding fee discount to patient charges, based on its sliding fee discount policy. The total difference between the discount and the policy was less than 1% of the sample tested.
Cause and Effect:	The error was a result of human error in the review and approval of the patient's sliding fee discount application. Three dependents were not taken into consideration for family size and the patient's application was approved based on a family size of one rather than a family size of four. The error resulted in the patient paying more for services than was required under the Organization sliding fee discount policy.
Questioned Costs:	None
Repeat Finding:	No
Recommendation:	We recommend management strengthen its monitoring processes for the sliding fee discount program, including, but not limited to, testing samples of discounts applied to patient balances throughout the year to help ensure compliance with the sliding fee discount policy.
Views of a Responsible Official and Corrective Action Plan:	Management agrees with the finding. The policy will be revised to establish documented reviews of sliding fee scale adjustments throughout the year to help ensure compliance with the Organization's sliding fee discount policy

PORTLAND COMMUNITY HEALTH CENTER
D/B/A GREATER PORTLAND HEALTH

Schedule of Findings and Questioned Costs Related to Department Agreements

Year Ended June 30, 2019

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:			Unmodified	
Internal control over financial reporting:				
Material weakness(es) identified?	☐	Yes	☑	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	☐	Yes	☑	None reported
Noncompliance material to financial statements noted?	☑	Yes	☐	No

State Agreements

Internal control over programs tested:				
Material weakness(es) identified:	☑	Yes	☐	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	☐	Yes	☑	None reported
Type of auditor's report issued on compliance for programs tested:			OMS-18-4003B - qualified Others - unmodified	
Any audit findings disclosed that are required to be reported in accordance with MAAP regulations?	☑	Yes	☐	No

Identification of programs tested:

CD2-19-4476 - School Based Health Center

OSA-18/19-4074 - Medication Assisted Treatment (MAT)

OMS-18-4003B - Opioid Health Home

Section II. Financial Statement Findings

None

Section III. Department Agreement Findings and Questioned Costs

Finding Number:	**2019-002**
Finding Type:	Compliance
Program Affected:	CD2-19-4476 School Based Health Center
Criteria:	According to Rider A, Part IV, C-1 of the Department agreement, to be deemed eligible for the program, the Organization must ensure parents/guardians of students enrolled in the school where the School Based Health Center (SBHC) is located have the opportunity to enroll their child in SBHC services. Enrollment shall include written permission from the student's parents or guardians, consenting for their child to receive care at the SBHC, and should include appropriate consent to treatment and HIPAA-compliant notification information.
Condition Found and Context:	For 12 of the 40 students included in our testing, management was not able to provide documentation of the written permission from the student's parents or guardians, consenting for their child to receive care at the SBHC.
Cause and Effect:	It is the Organization's policy to maintain the documentation electronically in its electronic medical record system (EMR). It is also the Organization's policy to shred the original documentation after being scanned and saved in the EMR. As a result of staffing transitions during the year, the supporting documentation was scanned but an error occurred and the documents were not actually saved in the EMR for some of the students. Identification of the error did not occur until after the original documentation was shredded. Without documentation of parental consent maintained in the EMR, it is possible the Organization could have provided services to patients without parental consent.
Questioned Costs:	None
Repeat Finding:	No
Recommendation:	We recommend the Organization review the policies and procedures over scanning documentation into the EMR and implement verification processes to ensure that the documentation scanned is saved in the EMR and is legible before shredding the original documentation.

Section III. Department Agreement Findings and Questioned Costs (Continued)

Finding Number: **2019-002 (Concluded)**

Views of a Responsible Official and Corrective Action Plan:

Management agrees with the finding. Management has sent letters out to all patients in which the signed parental consent and enrollment forms for the program are missing requesting the parents sign and return an affidavit which confirms that the parent gave permission for their child to enroll in the SBHC run by the Organization during the 2018-2019 school year. Management will also review the policies and procedures related to scanning documentation into the EMR and update them accordingly.

Section III. Department Agreement Findings and Questioned Costs (Continued)

Finding Number:	**2019-003**
Finding Type:	Compliance
Program Affected:	OSA-18/19-4074 Medication Assisted Treatment (MAT)
Criteria:	According to Rider A, Part IV, E-1 of the Department agreement, to be deemed eligible for the program, the Organization must complete a comprehensive assessment for each individual, in accordance with 10-144 C.M.R ch. 101, ch. 2, § 65.02-13. 10-144 C.M.R ch. 101, ch. 2, § 65.06 addresses the required components of the individualized treatment plan (ITP) established as part of the comprehensive assessment, including that the ITP be signed by the medical director, clinician and patient.
Condition Found and Context:	ITPs were not signed by the patient for each of the five patients included in our testing. Upon further investigation, it was determined that none of the ITPs for the patients included in the program were signed by the patients.
Cause and Effect:	Although it is the Organization's practice to have patient signed ITPs in their medical records, some behavioral health providers were not sufficiently clear about all of the steps to complete, sign, scan, upload, and properly store ITPs within the EMR. The ITP specifies the services and support that are to be furnished to meet the preferences, choices, abilities, and needs of the patient. Patient involvement in the treatment is critical to the successful treatment of the patient. Without documentation that the patient has agreed to the treatment and support needed, it is possible that treatment will not be successful for the patient which could undermine the goals of the program.
Questioned Costs:	None
Repeat Finding:	No
Recommendation:	We recommend management develop a plan to obtain all patient signatures on the ITP in each patient's record.

Section III. Department Agreement Findings and Questioned Costs (Continued)

Finding Number:	**2019-003 (Concluded)**
Views of a Responsible Official and Corrective Action Plan:	Management agrees with the finding. Management has implemented the ability to e-sign treatment plans within the electronic medical record and have trained the social work team on this new process. The Organization has already agreed upon a plan of correction with the Maine Department of Health and Human Services Office of Substance Abuse and Mental Services and submitted it to them in a letter dated November 15, 2019.

Section III. Department Agreement Findings and Questioned Costs (Continued)

Finding Number:	**2019-004**
Finding Type:	Material Weakness and Compliance
Program Affected:	OMS-18-4003B Opioid Health Home
Criteria:	According to Rider A, Part IV, C-1 of the Department agreement, to be deemed eligible for the program, the patient must meet the eligibility requirements set forth in 10-144 C.M.R ch. 101, ch. 2, § 93.03-2, which indicates all diagnoses and qualifying risk factors must be documented in the patient's plan of care/ITP. 10-144 C.M.R ch. 101, ch. 2, § 93.05-7B addresses the required components of the ITP, including that the ITP must be consented to by the patient, as evidenced by the patient's signature and included in the patient's medical record.
Condition Found and Context:	The results of our testing identified the following conditions: 1. One of four patients tested did not have an ITP in the patient's medical record 2. For the remaining three patients, one ITP was not signed by the patient. Upon further investigation, it was determined 11 of 31 patients enrolled in the program did not have an ITP in the patient's medical record and of the 20 ITPs that were in the patient's medical record, six were not signed by the patients.
Cause and Effect:	Although it is the Organization's practice to have patient signed ITPs in their medical record, some behavioral health providers were not sufficiently clear about all of the steps to complete, sign, scan, upload, and properly store ITPs within the EMR. The ITP specifies the services and support that are to be furnished to meet the preferences, choices, abilities, and needs of the patient. Patient involvement in the treatment is critical to the successful treatment of the patient. Without documentation that the patient has agreed to the treatment and support needed, it is possible that treatment will not be successful for the patient which could undermine the goals of the program.

Section III. Department Agreement Findings and Questioned Costs (Concluded)

Finding Number:	**2019-004 (Concluded)**
Questioned Costs:	$39,051
Repeat Finding:	No
Recommendation:	We recommend management develop a plan to obtain all patient signatures and ensure that there is an up to date ITP in each patient's record.
Views of a Responsible Official and Corrective Action Plan:	Management agrees with the finding. Management has implemented the following action plan:

- Clarification of the role of ITPs relative to other required behavioral health documentation (such as Individual Action Plans) in patient charts.
- Implementation of the ability to e-sign treatment plans within the electronic medical record and have trained the social work team on this new process.
- Reviewed the requirements with the team and are now doing ongoing tracking and follow up to ensure that all patients who need an ITP in their chart indeed have it in their chart moving forward.

GREATER PORTLAND HEALTH

CARING FOR THE WHOLE COMMUNITY

Corrective Action Plan

Finding Number: 2019-001

Condition Found: In one instance in a sample of 25 items tested, the Organization did not apply the correct sliding fee discount to patient charges, based on its sliding fee discount policy. The total difference between the discount and the policy was less than 1% of the sample tested.

Cause and Effect: The error was a result of human error in the review and approval of the patient's sliding fee discount application. Three dependents were not taken into consideration for family size and the patient's application was approved based on a family size of one rather than a family size of four. The error resulted in the patient paying more for services than was required under the Organization sliding fee discount policy.

Individual Responsible for Corrective Action: Douglas Mpay, Financial Assistance Manager

Corrective Action Planned:

The Financial Counselor Manager has designed a process of running a report and selecting a set of sliding scale applications to verify that the correct sliding fee scale was assign to patients and that the family size and income combination matches the category of the sliding fee scale. This internal review process will be completed multiple times per year. The first review is underway.

Additionally, while managers already review and approve each new sliding fee scale application in the NextGen Electronic Health Record (EHR), the list of items to be verified has been expanded to include items on the Practice Management (PM) side of NextGen. Those additional PM checks include verification that the sliding fee scale is correctly applied to charges in the patient account, based on income and family size.

Anticipated Completion Date: February 2020