

MAPLE CITY
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C E N T E R

ANNUAL REPORT
December 31, 2017

**MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
VISTA COMMUNITY HEALTH CENTER**

Goshen, Indiana

ANNUAL REPORT

December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Maple City Health Care Center, Inc. d/b/a Vista Community Health Center
Goshen, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Maple City Health Care Center, Inc. d/b/a Vista Community Health Center, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 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 Maple City Health Care Center, Inc. d/b/a Vista Community Health Center as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

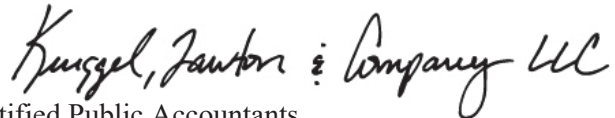
Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2018, on our consideration of Maple City Health Care Center, Inc. d/b/a Vista Community Health Center'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 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 Maple City Health Care Center, Inc. d/b/a Vista Community Health Center'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 Maple City Health Care Center, Inc. d/b/a Vista Community Health Center's internal control over financial reporting and compliance.

Respectfully submitted,



Certified Public Accountants

Elkhart, Indiana
April 25, 2018

**MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
VISTA COMMUNITY HEALTH CENTER**

Goshen, Indiana

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	198,181	64,482
Patient receivables, net	1,372,393	516,519
Grants receivable	156,051	76,704
Contributed rent receivable, current portion	204,890	204,890
Notes receivable	50,801	47,405
Prepaid expenses	14,135	50,952
Other receivable	0	7,677
Total Current Assets	1,996,451	968,629
PROPERTY AND EQUIPMENT		
Land and land improvements	586,752	468,827
Buildings and building improvements	1,075,579	1,069,537
Furniture and equipment	168,497	168,497
Total	1,830,828	1,706,861
Accumulated depreciation	(493,657)	(418,303)
Net Property and Equipment	1,337,171	1,288,558
OTHER ASSETS		
Contributed rent receivable, net of current portion	1,155,058	1,318,660
Notes receivable, net of current portion	234,638	282,960
TOTAL ASSETS	4,723,318	3,858,807
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	148,450	191,950
Accrued expenses	274,724	235,620
Note payable	200,000	0
Total Current Liabilities	623,174	427,570
TOTAL LIABILITIES	623,174	427,570
NET ASSETS		
Unrestricted	2,740,196	1,896,687
Temporarily restricted	1,359,948	1,534,550
TOTAL NET ASSETS	4,100,144	3,431,237
TOTAL LIABILITIES AND NET ASSETS	4,723,318	3,858,807

The Notes to Financial Statements are an integral part of this statement.

**MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
VISTA COMMUNITY HEALTH CENTER**

Goshen, Indiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Federal grants	2,383,050	0	2,383,050
Grants and contracts	1,164,893	0	1,164,893
Net patient service fees	3,653,744	0	3,653,744
Contributions	129,828	0	129,828
In-kind contributions	343,530	0	343,530
Other income	22,913	0	22,913
Total Revenue	7,697,958	0	7,697,958
Net assets released from restrictions:			
Satisfaction of restrictions	174,602	(174,602)	0
EXPENSES			
Salaries and wages	3,520,125	0	3,520,125
Payroll taxes	271,801	0	271,801
Retirement plan contributions	234,027	0	234,027
Employee benefits	890,383	0	890,383
Medical expenses	855,557	0	855,557
Miscellaneous patient services	22,316	0	22,316
Professional fees	22,795	0	22,795
Computer equipment and support	160,367	0	160,367
Occupancy	364,448	0	364,448
Conference and meetings	42,292	0	42,292
Depreciation	75,354	0	75,354
Malpractice insurance	73,133	0	73,133
Office expenses	67,033	0	67,033
Charitable contributions	6,000	0	6,000
In kind expenses	343,530	0	343,530
Bad debt expense	39,678	0	39,678
Dues and subscriptions	39,479	0	39,479
Interest expense	733	0	733
Total Expenses	7,029,051	0	7,029,051
CHANGE IN NET ASSETS	843,509	(174,602)	668,907
NET ASSETS, BEGINNING OF YEAR	1,896,687	1,534,550	3,431,237
NET ASSETS, END OF YEAR	2,740,196	1,359,948	4,100,144

The Notes to Financial Statements are an integral part of this statement.

**MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
VISTA COMMUNITY HEALTH CENTER**

Goshen, Indiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Federal grants	3,278,007	0	3,278,007
Grants and contracts	340,635	10,000	350,635
Net patient service fees	2,552,832	0	2,552,832
Contributions	106,322	0	106,322
In-kind contributions	326,577	0	326,577
Other income	41,748	0	41,748
Total Revenue	6,646,121	10,000	6,656,121
Net assets released from restrictions:			
Satisfaction of restrictions	159,286	(159,286)	0
EXPENSES			
Salaries and wages	3,194,363	0	3,194,363
Payroll taxes	246,127	0	246,127
Retirement plan contributions	169,202	0	169,202
Employee benefits	757,381	0	757,381
Medical expenses	851,954	0	851,954
Miscellaneous patient services	19,417	0	19,417
Professional fees	45,174	0	45,174
Computer equipment and support	178,940	0	178,940
Occupancy	361,141	0	361,141
Conference and meetings	25,265	0	25,265
Depreciation	64,904	0	64,904
Malpractice insurance	59,802	0	59,802
Office expenses	100,833	0	100,833
Charitable contributions	5,500	0	5,500
In kind expenses	326,577	0	326,577
Bad debt expense	1,693	0	1,693
Dues and subscriptions	27,719	0	27,719
Interest expense	1,931	0	1,931
Total Expenses	6,437,923	0	6,437,923
CHANGE IN NET ASSETS	367,484	(149,286)	218,198
NET ASSETS, BEGINNING OF YEAR	1,529,203	1,683,836	3,213,039
NET ASSETS, END OF YEAR	1,896,687	1,534,550	3,431,237

The Notes to Financial Statements are an integral part of this statement.

**MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
VISTA COMMUNITY HEALTH CENTER**

Goshen, Indiana

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	668,907	218,198
Adjustments to reconcile net change in net assets to net cash from operating activities:		
Depreciation	75,354	64,904
Loans forgiven	25,000	8,334
Adjustments for changes in operating assets and liabilities:		
Patient receivables	(855,874)	(179,410)
Grants receivable	(79,347)	(17,109)
Contributed rent receivable	163,602	159,286
Prepaid expenses	36,817	(11,067)
Other receivable	7,677	(7,677)
Accounts payable	(43,500)	115,271
Accrued expenses	39,104	53,320
Net Cash Flows from Operating Activities	37,740	404,050
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(123,967)	(310,558)
Loans made	(18,508)	(115,695)
Collections on loans	38,434	8,439
Net Cash Flows used in Investing Activities	(104,041)	(417,814)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	400,000	0
Payments on note payable	(200,000)	0
Net Cash Flows from Financing Activities	200,000	0
CHANGE IN CASH AND CASH EQUIVALENTS	133,699	(13,764)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	64,482	78,246
CASH AND CASH EQUIVALENTS AT END OF YEAR	198,181	64,482
SUPPLEMENTARY DISCLOSURE OF CASH FLOWS		
Interest paid	733	1,931

The Notes to Financial Statements are an integral part of this statement.

**MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
VISTA COMMUNITY HEALTH CENTER**

Goshen, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NATURE OF BUSINESS

Maple City Health Care Center, Inc. (the "Organization"), was incorporated and commenced operations as a not-for-profit organization in August 1988 under the laws of the State of Indiana. The Organization operates as a Federally Qualified Health Center (FQHC) to deliver comprehensive outpatient primary health care services to a medically underserved population, primarily within Elkhart County, Indiana, including ancillary and supplemental health services, preventative health services, and pharmacy services without regard to age, gender, or income. The Organization charges for services rendered, using a sliding fee scale, based on income levels and insurance coverage. The Organization operates under the assumed business name "Vista Community Health Center".

The Organization has also incorporated Northside Community Health Care Center, Inc. (NCHCC), an Indiana not-for-profit corporation. During 2016, NCHCC's application for exemption was accepted by the Internal Revenue Service (IRS). NCHCC was formed to provide health care in the Goshen, Indiana community. The Organization controls the board of directors of NCHCC. NCHCC had not commenced operations as of December 31, 2017.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the Organization have been prepared on the accrual basis.

The Organization adheres to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, which sets standards for reporting on financial statements of not-for-profit organizations. ASC 958-205 requires the classification and presentation of net assets in three categories: unrestricted, temporarily restricted, and permanently restricted net assets.

Unrestricted net assets represent the part of the net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets represent the part of the net assets of the Organization resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or by actions of the Organization. Temporarily restricted net assets also include cumulative appreciation and reinvested gains on permanently restricted net assets, which have been restricted by donors, but have not been appropriated by management of the Organization.

Permanently restricted net assets represent the part of the net assets of the Organization resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
VISTA COMMUNITY HEALTH CENTER**

Goshen, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Financial Position, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash is held at a local bank and is insured up to the limits of the FDIC. It is common throughout the course of operations for the Organization's cash balance to exceed the insured limit.

The Organization had \$0 and \$11,000 of restricted cash at December 31, 2017 and 2016, respectively, which is classified as a current asset and restricted for use for the purposes described in Note 6.

PATIENT RECEIVABLES

Patient receivables consist primarily of unpaid amounts billed to patients and third-party payers and are stated at the amount management expects to collect from outstanding balances. Contractual adjustments, discounts, and an allowance for doubtful accounts are recorded to report receivables for health care services at net realizable value. Patient receivables are presented net of allowance for doubtful accounts, which is estimated to be \$18,000 at December 31, 2017 and 2016. Factors considered in determining collectibility include past collection history, an aged analysis of receivables, and management's experience and knowledge of the industry and their clientele. The Organization grants credit without collateral to its patients and does not accrue interest on any patient receivables.

The following is a summary of patient receivables at December 31:

	<u>2017</u>	<u>2016</u>
Gross insurance receivables	273,139	185,208
Gross self-pay patient receivables	217,719	162,508
Gross Medicaid wrap-around payments	1,019,122	242,365
Estimated contractual allowances	(119,587)	(55,562)
Allowance for doubtful accounts	(18,000)	(18,000)
Total	1,372,393	516,519

GRANTS RECEIVABLE

Support received under governmental grants is recorded based on expenses incurred or based on a fix rate. Grants receivable represent amounts due for expenses incurred or units serviced prior to year end, and are considered fully collectible by management. The Organization uses the allowance method to determine uncollectible grants receivable. Management has determined no allowance for doubtful accounts is necessary for grants receivable at December 31, 2017 or 2016.

PROMISES TO GIVE

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on management's analysis of specific promises made. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

**MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
VISTA COMMUNITY HEALTH CENTER**

Goshen, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as unrestricted support at their estimated fair value unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Purchased property and equipment are stated at cost. Expenditures for additions, improvements and replacements are added to the property and equipment accounts. Repairs and maintenance are charged to expense as incurred. When equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses arising from the disposition are reflected in income.

Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. Depreciation expense was \$75,354 and \$64,904 for the years ended December 31, 2017 and 2016, respectively.

A summary of the range of lives by asset category follows:

Land improvements	15 years
Buildings and building improvements	7 - 39 years
Furniture and equipment	3 - 7 years

CONTRIBUTIONS

The Organization records contributions, including promises to give, when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the assets or at the time an unconditional promise to give is made.

Contributions received are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions are met in the year in which the contributions are received.

Included in Grants and Contracts revenue in the Statement of Activities are funds relating to the Organization's participation in the Medicaid EHR Incentive Program. The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act ("HITECH"). These provisions were designed to increase the use of electronic health records ("EHR") technology and establish the requirements for a Medicare and Medicaid incentive payments program for eligible hospitals and providers that adopt and meaningfully use certified EHR technology. Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology. Providers must demonstrate meaningful use of the technology in subsequent years to qualify for additional incentive payments.

**MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
VISTA COMMUNITY HEALTH CENTER**

Goshen, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

Medicaid incentive payments are funded by the federal government and administered by the states. States are not required to offer EHR incentive payments to providers. The Organization is participating in the State of Indiana's Medicaid EHR program. The Organization received \$161,500 and \$93,500 during the years ended December 31, 2017 and 2016, respectively.

NET PATIENT SERVICE FEES REVENUE

The Organization has agreements with third-party payers that provide for payments to the Organization in amounts different from its established rates. Payment arrangements include prospectively determined rates per encounter, reimbursed costs, discounted charges, and per diem payments. Net patient service fees 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. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and financial statements are reported in the year of settlement and included in Net Patient Service Fees in the Statements of Activities.

INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Organization is not a private foundation within the meaning of Section 509(a).

The Income Taxes Topic, FASB ASC 740, clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. ASC 740 requires an organization to disclose the nature of uncertain tax positions taken, if any, when filing its income tax return utilizing a two-step process to recognize and measure any uncertain tax positions taken. The organization recognizes a tax benefit only if it is more likely than not the position would be sustained in a tax examination, with a tax examination being presumed to occur. No tax benefit will be recorded on tax positions not meeting the more likely than not test. Interest and penalties accrued or incurred, if any, as a result of applying ASC 740 will be recorded to interest expense and other expense, respectively.

Based on its evaluation, the Organization has concluded that there are no uncertain tax positions requiring recognition in its financial statements. The Organization's evaluation was performed for all federal and state tax periods still subject to examination. The Organization's 2014 through 2016 federal and state exempt organization returns remain subject to examination by the IRS and state taxing authorities.

NOTE 2 - FQHC STATUS AND WRAP-AROUND PAYMENTS

The Organization became a FQHC on June 1, 2012 and its Prospective Payment System (PPS) rate was set in January 2013. The Organization is able to request wrap-around payments for the difference between what Medicaid has already paid the Organization, at a lower rate, and newly established PPS rates. Those payments for encounters in 2017 and 2016 are recorded as receivables at December 31, 2017 and 2016, respectively.

**MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
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Goshen, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

Revenue from the Medicaid program accounted for approximately 63% and 60% of the Organization's net patient service fees revenue for the years ended December 31, 2017 and 2016, respectively. Receivables from the Medicaid program were \$1,019,122 and \$242,365 at December 31, 2017 and 2016, respectively. Included in those receivables are estimates for a cumulative retroactive positive rate adjustment from Medicaid pending final approval. Laws and regulations governing the Medicaid program 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.

NOTE 3 - PROMISES TO GIVE - DONATED FACILITIES

Goshen Hospital agreed to lease a renovated medical facility to the Organization for \$1 per year under a lease that expires January 1, 2025. The Organization recorded the contribution of facilities of \$1,727,103 net of the discount of \$321,797 in a previous period. The Organization is primarily responsible for maintenance, utilities, taxes, and insurance.

The Organization has recorded a receivable of \$1,359,948 and \$1,523,550 at December 31, 2017 and 2016, respectively, representing the remaining fair market value of the contributed rent discounted at 2.71% under the current agreements.

The temporarily restricted net asset will be released during the years ended December 31 as follows:

2018	204,890
2019	204,890
2020	204,890
2021	204,890
2022	204,890
Thereafter	495,150
Total future minimum lease payments	1,519,600
Less present value discount at 2.71%	(159,652)
Total	1,359,948

The lease contains a conditional option for the Organization to purchase the facility for \$1 at its conclusion. Under GAAP, conditional promises to give are not recognized until such time as the related conditions have been met. In the event the Organization is unable to meet the conditions of the purchase option, Goshen Hospital will rescind the option.

**MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
VISTA COMMUNITY HEALTH CENTER**

Goshen, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE 4 - NOTES RECEIVABLE

Notes receivable is comprised of the following at December 31:

	<u>2017</u>	<u>2016</u>
Unsecured note receivable with a credit limit of \$100,000 bearing interest at a rate of 3%. Repayment is deferred as long as the debtor is employed with the Organization. For every year of employment, the Organization will cancel \$25,000 of debt. Upon employee termination, repayment will be amortized with equal monthly payments over five years.	66,580	88,948
Unsecured note receivable with a credit limit of \$32,000 per year while debtor is enrolled in an accredited nurse practitioner program. The note bears interest at a rate of 3%. Repayment starts three months after completion or termination of graduate school studies. Repayment will be deferred as long as debtor is employed with the Organization. For every year of employment as a nurse practitioner, debt will be cancelled at an amount equal to 9% of the debtor's salary.	12,891	11,436
Unsecured non-interest bearing loan to be repaid in monthly installments of \$170 with interest at a rate of 2.75%. The loan was repaid in full during 2017.	0	6,087
Unsecured note receivable with a credit limit of \$50,000 per year while debtor is in medical school with a maximum amount of \$200,000 (not including accrued interest). The note bears interest at a rate of 3%. Repayment began in October 2016 in monthly installments of \$2,210 over 10 years.	205,968	223,894
Total	285,439	330,365
Current portion	50,801	47,405
Net long-term notes receivable	234,638	282,960

NOTE 5 - LINE OF CREDIT AND NOTE PAYABLE

The Organization maintains a revolving line of credit with a local credit union that matures in June 2018. The line of credit is subject to a borrowing base agreement. The amount available to be borrowed is the lesser of (1) \$500,000 or (2) 75% of the aggregate total of specified fixed assets plus a sliding percentage of accounts receivable based on aging categories. Quarterly statements must be provided to the local credit union. Interest is charged at prime plus a margin of 1% resulting in an effective rate of 5.50% at December 31, 2017. The line of credit is secured by substantially all of the Organization's property and equipment. There were no outstanding borrowings at December 31, 2017 or 2016.

In February 2017, the Organization executed a \$400,000 promissory note payable agreement with a local hospital. The note payable is non-interest bearing, except in the event of a default. A payment of \$200,000 was made in September of 2017. The remaining \$200,000 due July 1, 2018 will be forgiven if the Organization serves at least 5,000 patients per year as of that date.

**MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
VISTA COMMUNITY HEALTH CENTER**

Goshen, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2017</u>	<u>2016</u>
Future rent expense	1,359,948	1,523,550
Renovate third floor creative space 808 N. 3rd Street	0	1,000
Renovate lower parking lot 213 Middlebury Street	0	10,000
Total	1,359,948	1,534,550

NOTE 7 - GIFTS IN KIND

Material gifts in kind items used in the Organization's programs, and donated goods distributed, are recorded as income and expense at the time the items are received, which is normally also the time they are placed into service or distributed. Gifts in kind revenue is recognized in "In-kind Contributions" in the Statement of Activities.

In-kind contributions is comprised of the following at December 31:

	<u>2017</u>	<u>2016</u>
Vaccinations	326,724	312,042
Orthopedic medicine services	8,727	8,586
Optometry services	8,079	5,949
Total	343,530	326,577

NOTE 8 - EMPLOYEE BENEFITS

The Organization maintains a qualified tax deferred annuity plan under section 403(b) of the Internal Revenue Code and a SEP IRA plan, which covers substantially all employees. The Organization contributes 8% of the employee gross earnings as defined by the plan document. The Organization contributed \$234,027 and \$169,202 to the plan for the years ended December 31, 2017 and 2016, respectively.

The Organization has instituted a group health and dental plan whereby it is primarily responsible for certain employee costs up to stop loss amounts of \$5,000 for individual coverage and \$10,000 for family coverage. Group health and dental expenses, dependent care and educational benefits were \$890,383 and \$757,381 for the years ended December 31, 2017 and 2016, respectively.

NOTE 9 - FUNCTIONAL ALLOCATION OF EXPENSES

The Organization delivers comprehensive outpatient primary health care services to a medically underserved population, primarily within Elkhart County, Indiana, including ancillary and supplemental health services, preventative health services, and pharmacy services without regard to age, gender, or income. Expenses related to providing these services are as follows for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Program services	6,168,270	5,641,818
Management and general	860,781	796,105
Total	7,029,051	6,437,923

**MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
VISTA COMMUNITY HEALTH CENTER**

Goshen, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE 10 - CONCENTRATIONS

The Organization receives a substantial amount of its support from federal, state and local governments. Any significant reduction in the level of this support could have a significant effect on the Organization's programs.

The Organization's patients are concentrated in Goshen, Indiana. Accordingly, conditions in that area may affect its revenue.

NOTE 11 - CONTINGENCIES

Included on the Organization's statement of financial position are costs of property and equipment obtained with federal funds. Consequently, there is a continuing federal interest in the related property and equipment. The property and equipment may not (1) be used for any purpose inconsistent with the statute and any program regulations governing the award under which the property and equipment was acquired; (2) mortgaged or otherwise used as collateral without written permission; or (3) sold or transferred to another party without written permission. The Health Resources and Services Administration (HRSA) entered into a Subordination agreement with the Organization in relation to the premises funded by a federal grant in which it has a continuing federal interest. HRSA's interest in the property is subordinated to the Organization's line of credit with a local credit union (Note 5). The cost of property and equipment obtained with federal funds included in the Statement of Financial Position was \$282,720 at both December 31, 2017 and 2016.

NOTE 12 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 25, 2018, the date the financial statements were available to be issued. No events or transactions occurred in the mandatory evaluation period requiring recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
VISTA COMMUNITY HEALTH CENTER
Goshen, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity or Grant Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Housing and Urban Development				
Passed-through City of Goshen				
Community Development Block Grants (CDBG)/ Entitlement Grants	14.218	B-17-MC-18-0019	4,415	0
Total CDBG - Entitlement Grants Cluster			4,415	0
Total Department of Housing and Urban Development			4,415	0
Department of Health and Human Services				
Health Center Program Cluster	93.224	H80CS24133	2,319,857	0
Total Health Center Program Cluster			2,319,857	0
Passed-through Indiana State Department of Health				
Maternal and Child Health Services Block Grant to the States (Title V Centering Pregnancy)	93.994	0000000000000000000014537	37,048	0
Maternal and Child Health Services Block Grant to the States (Title V Centering Pregnancy)	93.994	0000000000000000000022261	21,730	0
Total Maternal and Child Health Services			58,778	0
Total Department of Health and Human Services			2,378,635	0
Total Expenditures of Federal Awards			2,383,050	0

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of Maple City Health Care Center, Inc. d/b/a Vista Community Health Center (the "Organization") under programs of the federal government for the year ended December 31, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or 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*, wherein certain types of expenditures are not allocable or are limited as to reimbursement.

2) The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

ADDITIONAL REQUIRED REPORTS AND
INFORMATION



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

To the Board of Directors
Maple City Health Care Center, Inc. d/b/a Vista Community Health Center
Goshen, Indiana

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 Maple City Health Care Center, Inc. d/b/a Vista Community Health Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 25, 2018.

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 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 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 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency: 2017-001.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001.

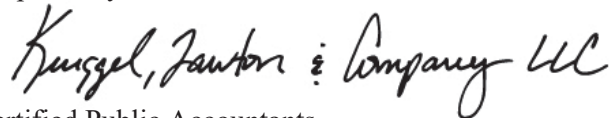
Maple City Health Care Center, Inc. d/b/a Vista Community Health Center's Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Respectfully submitted,



Certified Public Accountants

Elkhart, Indiana
April 25, 2018



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

To the Board of Directors
Maple City Health Care Center, Inc. d/b/a Vista Community Health Center
Goshen, Indiana

Report on Compliance for Each Major Federal Program

We have audited Maple City Health Care Center, Inc. d/b/a Vista Community Health Center's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2017. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with 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 each of the Organization'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 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 qualified opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Basis for Qualified Opinion on Health Center Cluster CFDA 93.224

As described in the accompanying Schedule of Findings and Questioned Costs, the Organization did not comply with requirements regarding CFDA 93.224 Health Center Program Cluster as described in finding number 2017-003 for Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for the Organization to comply with the requirements applicable to that program.

Qualified Opinion on Health Center Cluster CFDA 93.224

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 Health Center Program Cluster CFDA 93.224 for the year ended December 31, 2017.

Other Matters

The results of our auditing procedures disclosed another 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 as item 2017-001. Our opinion on each major federal program is not modified with respect to this matter.

The Organization's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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 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 federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

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 or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

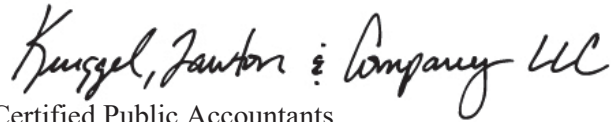
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2017-003 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002 to be a significant deficiency.

The Organization's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Kuegel, Fawcett & Company LLC". The signature is written in a cursive, flowing style.

Certified Public Accountants

Elkhart, Indiana
April 25, 2018

**MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
VISTA COMMUNITY HEALTH CENTER**

Goshen, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2017

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? No

Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes

Significant deficiencies identified? Yes

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with
2 CFR section 200.516(a)? Yes

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.224	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

**MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
VISTA COMMUNITY HEALTH CENTER**

Goshen, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2017

Section II - Financial Statement Findings

SIGNIFICANT DEFICIENCY

2017-001 SEGREGATION OF DUTIES - CHECK DISBURSEMENTS

Condition: The Organization's Director of Finance and Bookkeeper both have the dual authority to prepare and sign checks without having an oversight control in place for the detailed review of check disbursements made.

Criteria: Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Cause: Duties have not been properly segregated by management. Oversight has not been effectively implemented to mitigate the risk presented by the segregation of duties issue.

Effect: Assets could be misappropriated.

Recommendation: Management should separate the responsibilities for preparing and signing checks or implement controls providing for independent review of completed check disbursements. Review by management of canceled check images provided by the bank is one possible way to mitigate risk.

Views of Responsible Officials and Planned Corrective Actions: Management recognizes the importance of separating the check signing function from the bank reconciliation function. As of March 29, 2018, the bookkeeper no longer has the authority to sign checks. The bookkeeper began reconciling the bank accounts beginning in April 2018. The Director of Finance continues with authority to sign checks, but no longer reconciles the bank accounts.

Section III - Federal Award Findings and Questioned Costs

2017-002 HEALTH CENTER CLUSTER- CFDA No. 93.224; Year ended December 31, 2017

Significant Deficiency: As discussed at finding 2017-001, controls over the check disbursement process are insufficient due to inadequate segregation of duties. As a result, grant funds could be used for expenditures that do not qualify as allowable costs. However, audit procedures did not identify any related questioned costs.

2017-003 HEALTH CENTER CLUSTER- CFDA No. 93.224; Year ended December 31, 2017

Material Weakness:

Condition: The Organization incorrectly applied the board approved sliding fee discount schedule (SFDS). From a sample of 25 patient encounters, two patients were categorized at a lower discount level than the SFDS required.

Criteria: The Organization must prepare and maintain a schedule of fees or payments for the provision of its services with a discount schedule applied according to the patient's ability to pay as determined by the CSA Poverty Income Guidelines.

**MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
VISTA COMMUNITY HEALTH CENTER**

Goshen, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2017

Section III - Federal Award Findings and Questioned Costs

2017-003 HEALTH CENTER CLUSTER- CFDA No. 93.224; Year ended December 31, 2017 (CONTINUED)

Effect: SFDS level assessments completed for patients were calculated in the billing software based on outdated poverty levels. As a result, patients had the potential of being categorized at SFDS levels inconsistent with the prevailing SFDS in effect at the time.

Cause: The poverty levels had not been updated in the Organization's billing software to comply with federal poverty guidelines and approved SFDS. This was a result of human error.

Context: The finding was discovered during testing performed in response to the Special Tests and Provisions compliance requirement. The finding does not result in any related questioned costs. The finding is a systemic problem for any patients whose poverty level calculation falls between the gaps in the federal poverty levels for applicable years. Our sample was a statistically valid sample.

Repeat finding: The finding is not a repeat finding.

Recommendation: Management should implement internal controls to ensure that changes are entered into the billing software at the onset of any board-approved SFDS update.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has implemented the following: Director of Finance has added a yearly task reminder to not only take new poverty guidelines to the board for approval on an annual basis, but also to update poverty guidelines in the electronic medical record. Grants Manager has also added a yearly task reminder to double check with the Director of Finance that the guidelines have indeed been updated in the electronic medical records.

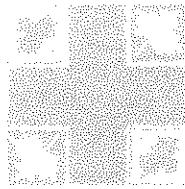
**MAPLE CITY HEALTH CARE CENTER, INC. d/b/a
VISTA COMMUNITY HEALTH CENTER**

Goshen, Indiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended December 31, 2017

There were no prior year findings.



MAPLE CITY
H E A L T H
CARE CENTER

Maple City Health Care Center, Inc. d/b/a Vista Community Health Center

Corrective Action Plan

Cognizant or Oversight Agency for Audit: Department of Health and Human Services

Maple City Health Care Center, Inc. d/b/a Vista Community Health Center respectfully submits the following corrective action plan for the year ended December 31, 2017.

Name and address of independent public accounting firm:

Kruggel, Lawton & Company, LLC
317 W. Franklin St.
Elkhart, IN 46517

Audit period: January 1, 2017 - December 31, 2017

The findings from the 2017 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

2017-001 SEGREGATION OF DUTIES

SIGNIFICANT DEFICIENCY

Issue Raised: Duties have not been properly segregated by management. The Organization's Director of Finance and Bookkeeper both have the dual authority to prepare and sign checks without having an oversight control in place for the detailed review of check disbursements made.

Corrective Action Plan: Separate the check signing function from the bank reconciliation function. As of March 29, 2018, the bookkeeper no longer has the authority to sign checks. The bookkeeper began reconciling the bank accounts beginning in April 2018. Director of Finance continues with authority to sign checks, but no longer reconciles the bank accounts.

213 Middlebury Street
Goshen, Indiana 46528-2956
Phone: (574) 534-3300
FAX: (574) 534-5412

**FINDINGS – FEDERAL AWARD PROGRAM AUDITS
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

2017-002

Health Center Cluster – CFDA No 93.224

SIGNIFICANT DEFICIENCY

Issue Raised: See Finding 2017-001

Corrective Action Plan: See Finding 2017-001

2017-003

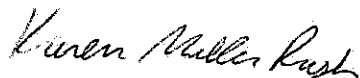
Health Center Cluster – CFDA No 93.224

MATERIAL WEAKNESS

Issue Raised: SFDS level assessments completed for patients were calculated in the billing software based on outdated poverty levels. As a result, patients had the potential of being categorized at SFDS levels inconsistent with the prevailing SFDS in effect at the time. The poverty levels had not been updated in the Organization's billing software to comply with federal poverty guidelines and approved SFDS. This was a result of human error.

Corrective Action Plan: Director of Finance has added a yearly task reminder to not only take new poverty guidelines to the board for approval on an annual basis, but also to update poverty guidelines in the electronic medical record. Grants Manager has also added a yearly task reminder to double check with the Director of Finance that the guidelines have indeed been updated in the electronic medical records.

Sincerely,



Karen Miller Rush

Director of Finance, Maple City Health Care Center, Inc. d/b/a Vista Community Health Center
Individual responsible for implementing Corrective Action Plan