

**Independent Auditor's Report and Financial Statements  
Turner House Clinic, Inc.  
d/b/a Vibrant Health  
December 31, 2020 and 2019**

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## Independent Auditor's Report

Board of Directors  
Turner House Clinic, Inc. d/b/a Vibrant Health

We have audited the accompanying financial statements of Turner House Clinic, Inc. d/b/a Vibrant Health, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Turner House Clinic, Inc. d/b/a Vibrant Health, as of December 31, 2020 and 2019, and the results of its operations, 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 October 15, 2021, on our consideration of Vibrant 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 Vibrant 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 Vibrant Health's internal control over financial reporting and compliance.

*Wendling Noe Nelson: Johnson LLC*  
Topeka, Kansas  
October 15, 2021

**Turner House Clinic, Inc.  
d/b/a Vibrant Health  
Balance Sheets  
December 31,**

**Assets**

	<u>2020</u>	<u>2019</u>
<b>Current assets</b>		
Cash	\$ 1,920,157	\$ 734,918
Patient accounts receivable	145,288	265,299
Inventory	96,592	231,431
Prepaid expenses	20,699	27,274
Grants and contributions receivable	<u>1,478,222</u>	<u>1,253,045</u>
<b>Total current assets</b>	<u>3,660,958</u>	<u>2,511,967</u>
<b>Noncurrent assets</b>		
Grants and contributions receivable	80,000	260,000
Property and equipment, net	<u>400,070</u>	<u>268,850</u>
<b>Total noncurrent assets</b>	<u>480,070</u>	<u>528,850</u>
<b>Total assets</b>	<u>\$ 4,141,028</u>	<u>\$ 3,040,817</u>

**Liabilities and Net Assets**

<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 240,911	\$ 403,482
Accrued salaries and benefits	153,561	101,702
Short-term debt obligations		159,545
Advances	<u>976,076</u>	<u>          </u>
<b>Total current liabilities</b>	<u>1,370,548</u>	<u>664,729</u>
<b>Net assets</b>		
Without donor restrictions	1,136,542	325,494
With donor restrictions	<u>1,633,938</u>	<u>2,050,594</u>
<b>Total net assets</b>	<u>2,770,480</u>	<u>2,376,088</u>
<b>Total liabilities and net assets</b>	<u>\$ 4,141,028</u>	<u>\$ 3,040,817</u>

The accompanying notes are an integral part of these statements.

**Turner House Clinic, Inc.**  
**d/b/a Vibrant Health**  
**Statements of Operations and Changes in Net Assets**  
**Year ended December 31,**

	<u>2020</u>	<u>2019</u>
<b>Changes in net assets without donor restrictions</b>		
<b>Revenues and other support</b>		
Patient service revenue	\$ 2,702,832	\$ 2,806,742
Grants and contributions	1,107,419	397,733
In-kind contributions	484,547	815,212
Other revenues	188,054	134,010
Net assets released from restrictions for operations	<u>3,702,466</u>	<u>1,983,591</u>
<b>Total revenues and support</b>	<u>8,185,318</u>	<u>6,137,288</u>
<b>Expenses</b>		
Salaries and wages	3,870,158	3,166,142
Employee benefits	745,973	626,648
Purchased services, supplies, and other	2,831,419	2,551,993
Depreciation and amortization	82,825	98,944
Interest	<u>3,081</u>	<u>12,482</u>
<b>Total expenses</b>	<u>7,533,456</u>	<u>6,456,209</u>
<b>Income (loss) from operations</b>	<u>651,862</u>	<u>(318,921)</u>
<b>Other income</b>		
Special events, net of direct expenses	49,620	269,923
Gain on involuntary conversion		48,101
Investment income	683	5,334
Net assets released from restriction for acquisition of property and equipment	<u>108,883</u>	<u>                    </u>
	<u>159,186</u>	<u>323,358</u>
<b>Change in net assets without donor restrictions</b>	<u>811,048</u>	<u>4,437</u>
<b>Changes in net assets with donor restrictions</b>		
Grants and contributions	3,394,693	2,762,922
Net assets released from restrictions	<u>(3,811,349)</u>	<u>(1,983,591)</u>
<b>Change in net assets with donor restrictions</b>	<u>(416,656)</u>	<u>779,331</u>
<b>Change in net assets</b>	394,392	783,768
<b>Net assets, beginning of year</b>	<u>2,376,088</u>	<u>1,592,320</u>
<b>Net assets, end of year</b>	<u>\$ 2,770,480</u>	<u>\$ 2,376,088</u>

The accompanying notes are an integral part of these statements.

**Turner House Clinic, Inc.**  
**d/b/a Vibrant Health**  
**Statements of Functional Expenses**  
**Year ended December 31,**

	2020			
	Program services	Management and general	Fundraising	Total
Salaries and wages	\$ 2,819,592	\$ 831,510	\$ 219,056	\$ 3,870,158
Employee benefits	303,885	123,219	23,827	450,931
Payroll taxes	218,327	59,580	17,135	295,042
<b>Total salaries, wages, and related expenses</b>	3,341,804	1,014,309	260,018	4,616,131
Medical supplies	1,073,202	2,961		1,076,163
Contracted labor	428,813	11,334	173	440,320
Advertising	11,449	30,375	736	42,560
Bank fees		2,794	3,922	6,716
Dues and memberships	8,673	46,693	1,832	57,198
Continuing education	22,714	14,646	700	38,060
Equipment, rental, and repair	220,828	69,055	112	289,995
Insurance	29,298	4,836		34,134
Postage and shipping	1,932	1,193		3,125
Travel	3,146	2,751	5	5,902
Meeting/food	6,928	3,321	1,865	12,114
Miscellaneous	20,809	34,482	3,461	58,752
Professional fees	92,559	145,918	500	238,977
Rent	35,589	302,340		337,929
Supplies	117,077	7,238		124,315
Telephone	13,008	40,403		53,411
Transportation	6,505			6,505
Uniforms	(669)	5,912		5,243
<b>Total expenses before depreciation and interest</b>	5,433,665	1,740,561	273,324	7,447,550
Depreciation	58,420	24,405		82,825
Interest		3,081		3,081
<b>Total expenses</b>	<b>\$ 5,492,085</b>	<b>\$ 1,768,047</b>	<b>\$ 273,324</b>	<b>\$ 7,533,456</b>

The accompanying notes are an integral part of these statements.

**Turner House Clinic, Inc.**  
**d/b/a Vibrant Health**  
**Statements of Functional Expenses**  
**Year ended December 31,**

	2019			
	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 2,351,547	\$ 607,503	\$ 207,092	\$ 3,166,142
Employee benefits	268,092	92,744	24,073	384,909
Payroll taxes	<u>178,212</u>	<u>46,917</u>	<u>16,610</u>	<u>241,739</u>
<b>Total salaries, wages, and related expenses</b>	<b>2,797,851</b>	<b>747,164</b>	<b>247,775</b>	<b>3,792,790</b>
Medical supplies	1,034,186	5,612	124	1,039,922
Contracted labor	258,036	87,238		345,274
Advertising	2,819	17,579	25	20,423
Bank fees		10,363	1,824	12,187
Dues and memberships	8,426	16,473		24,899
Continuing education	21,185	24,383		45,568
Equipment, rental, and repair	43,682	199,262	1,914	244,858
Insurance	31,697	3,364		35,061
Postage and shipping	64	70		134
Travel	4,947	4,816	87	9,850
Meeting/food	9,811	5,387	2,350	17,548
Miscellaneous	24,120	14,771	36,808	75,699
Professional fees	105,692	164,011	500	270,203
Rent	104,466	171,505		275,971
Supplies	77,975	678	250	78,903
Telephone	6,164	27,963		34,127
Transportation	14,559			14,559
Uniforms	<u>1,104</u>	<u>5,703</u>		<u>6,807</u>
<b>Total expenses before depreciation and interest</b>	<b>4,546,784</b>	<b>1,506,342</b>	<b>291,657</b>	<b>6,344,783</b>
Depreciation	81,054	17,890		98,944
Interest		<u>12,482</u>		<u>12,482</u>
<b>Total expenses</b>	<b><u>\$ 4,627,838</u></b>	<b><u>\$ 1,536,714</u></b>	<b><u>\$ 291,657</u></b>	<b><u>\$ 6,456,209</u></b>

The accompanying notes are an integral part of these statements.

**Turner House Clinic, Inc.  
d/b/a Vibrant Health  
Statements of Cash Flows  
Year ended December 31,**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 394,392	\$ 783,768
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	82,825	98,944
Donated stock investments	(20,202)	
Gain on involuntary conversion		(48,101)
Change in donated inventory	122,930	(14,239)
Changes in assets and liabilities		
Patient accounts receivable	120,011	(78,167)
Inventory	11,909	10,470
Prepaid expenses	6,575	(12,496)
Grants and contributions receivable	(45,177)	(422,767)
Accounts payable	(162,571)	223,442
Accrued salaries and benefits	51,859	(8,912)
Advances	976,076	
<b>Net cash provided by operating activities</b>	<u>1,538,627</u>	<u>531,942</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	20,202	35,332
Insurance proceeds from involuntary conversion		48,101
Acquisition of property and equipment	(214,045)	(20,847)
<b>Net cash provided (used) by investing activities</b>	<u>(193,843)</u>	<u>62,586</u>
<b>Cash flows from financing activities</b>		
Principal advanced on line of credit		120,000
Principal payments on line of credit	(159,545)	(60,000)
<b>Net cash provided (used) by financing activities</b>	<u>(159,545)</u>	<u>60,000</u>
<b>Net change in cash</b>	1,185,239	654,528
<b>Cash at beginning of year</b>	<u>734,918</u>	<u>80,390</u>
<b>Cash at end of year</b>	<u>\$ 1,920,157</u>	<u>\$ 734,918</u>
<b>Supplemental information</b>		
Noncash investing activities		
Donated stock	\$ 20,202	\$ -
Cash paid during the year for interest	3,081	12,482

The accompanying notes are an integral part of these statements.

**Turner House Clinic, Inc.**  
**d/b/a Vibrant Health**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Note A - Description of Organization and Summary of Accounting Policies**

Turner House Clinic, Inc. d/b/a Vibrant Health, is a not-for-profit organization that provides medical services to children who have difficulty accessing fee-for-service care. Vibrant Health was established in 1989 by a small group of volunteer physicians who recognized the urgent, unmet health care needs of uninsured and underserved children of Wyandotte County.

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Basis of accounting and reporting

Transactions are recorded using the accrual basis of accounting wherein revenue is recorded as earned and expenses are recorded when incurred in accordance with accounting principles generally accepted in the United States of America.

2. 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and cash equivalents

For purposes of the statement of cash flows, Vibrant Health considers cash and cash equivalents to include highly-liquid investments with an original maturity of three months or less. Vibrant Health did not have cash equivalents as of December 31, 2020 and 2019.

4. Inventory

Inventory consists of purchased vaccines, donated vaccines, and medical supplies. Purchased vaccines and medical supplies are stated at cost, determined on the first-in, first-out method. Donated vaccines are valued at their estimated fair market value, which approximates cost determined on the first-in, first-out method as applied to the value of each item on the date of each in-kind donation.

5. Property and equipment

Property and equipment are stated at cost. Depreciation is provided on a straight-line method over the estimated useful lives as follows:

Furniture and equipment	5 - 7 years
Leasehold improvements	5 - 39 years

The costs of maintenance and repairs are charged to expenses as incurred. The costs of significant additions, renewals, and betterments to depreciable properties are capitalized and depreciated over the remaining or extended estimated useful lives of the item or the properties. Gains and losses on disposition of property and equipment are included in revenue or expense as applicable.

**Turner House Clinic, Inc.**  
**d/b/a Vibrant Health**  
**Notes to Financial Statements - Continued**  
**December 31, 2020 and 2019**

**Note A - Description of Organization and Summary of Accounting Policies - Continued**

6. Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

*Net Assets With Donor Restrictions* - Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

7. Statement of operations

For purposes of display, transactions deemed by management to be ongoing, major, or central to providing health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as other income.

8. Grants and contributions

Grants and contributions are recognized when cash, securities, or other assets, or unconditional promise to give, or notification of beneficial interest is received. Unconditional promises to give cash or other assets are reported at fair value at the date the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are determined using risk-free interest rates applicable in the years in which the promises are received. Conditional promises to give are not recorded as revenue until such time as the conditions are substantially met. Cash, securities, or other assets received in advance of conditions being met are recognized as refundable advances.

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of donor restrictions. Donor-restricted grants and contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of operations as net assets released from restrictions.

9. Revenue

Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Other operating revenue is recognized at an amount that reflects the consideration to which Vibrant Health expects to be entitled in exchange for providing goods and services. The amounts recognized reflect consideration from customers, third-party payors, and others. Primary categories of other operating revenues include pharmacy revenue, quality and incentive program revenue, and other miscellaneous revenue.

**Turner House Clinic, Inc.**  
**d/b/a Vibrant Health**  
**Notes to Financial Statements - Continued**  
**December 31, 2020 and 2019**

**Note A - Description of Organization and Summary of Accounting Policies - Continued**

10. Income taxes

Vibrant Health has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes pursuant to Section 501(a) of the IRC.

Management is not aware of any uncertainties in income tax positions. The years ended December 31, 2020, 2019, 2018, and 2017, remain subject to examination for both federal and state purposes.

11. Functional expense allocations

Vibrant Health has identified one primary program service as health care services. The costs of program and supporting services have been summarized based on nature in the statements of activities. The statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain expenses have been allocated among program and supporting functions. These expense allocations require allocation on a reasonable basis that has been consistently applied. Costs not directly attributable to function include certain employee benefit expenses, which are allocated based on salaries.

12. Reclassifications

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 presentation.

**Note B - Grants and Contributions Receivable and Revenue**

Vibrant Health is the recipient of Community Health Center (CHC) grants from the U.S. Department of Health and Human Services (HHS). The general purpose of the grants is to provide expanded health care service delivery for residents of Wyandotte County, Kansas. Grant revenue is recognized as qualifying expenditures are incurred over the grant period. Terms of the grants generally provide for funding of Vibrant Health's operations based on an approved budget for the period from September 1 through August 31. In accordance with the grants' terms, Vibrant Health recognized revenue from these grants of \$680,002 and \$201,431 for the years ended December 31, 2020 and 2019, respectively.

Vibrant Health also received CHC grants from HHS under the Coronavirus Aid, Relief, and Economic Security (CARES) Act to support the detection and prevention of coronavirus (COVID-19), diagnosis and treatment of COVID-19, including maintaining or increasing health center capacity and staffing levels and to increase testing for COVID-19. Vibrant Health recognized revenue from these grants of \$670,054 for the year ended December 31, 2020.

Vibrant Health also received Coronavirus Relief Funds administered by the State of Kansas SPARK grants (Strengthening People and Revitalizing Kansas) program to respond to COVID-19. Vibrant Health recognized revenue from this grant of \$500,000 for the year ended December 31, 2020.

Vibrant Health is also the recipient of numerous grants from state and private sources. Generally, such support requires compliance with terms and conditions specified in grant agreements. Vibrant Health is dependent on the continuation of these state and private grants along with the HHS CHC grants to support its operations

**Turner House Clinic, Inc.**  
**d/b/a Vibrant Health**  
**Notes to Financial Statements - Continued**  
**December 31, 2020 and 2019**

**Note B - Grants and Contributions Receivable and Revenue - Continued**

Grants and pledges receivable represent unconditional promises to give by contributors or grantors to give cash or other assets and are stated at their net realizable value.

Grants and contributions receivable at December 31, 2020, are expected to be collected in their entirety in the following periods:

2021	\$ 1,478,222
2022	40,000
2023	<u>40,000</u>
	<u>\$ 1,558,222</u>

**Note C - Information About Liquidity and Availability**

Vibrant Health strives to maintain liquid financial assets sufficient to cover ongoing general expenditures. Financial assets available to meet cash needs for general expenditures within one year are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,920,157	\$ 734,918
Patient accounts receivable	145,288	265,299
Grants and contributions receivable	<u>1,558,222</u>	<u>1,513,045</u>
 Total financial assets	 <u>3,623,667</u>	 <u>2,513,262</u>
 Less amounts not available to be used within one year		
Grants and contributions receivable - due after one year	80,000	260,000
Restricted for time - use after one year	250,000	500,000
Restricted for capital equipment	<u>10,590</u>	<u>200,000</u>
 Financial assets not available to be used within one year	 <u>340,590</u>	 <u>960,000</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 3,283,077</u>	 <u>\$ 1,553,262</u>

**Note D - Patient Service Revenue**

Patient service revenue is reported at the amount that reflects the consideration to which Vibrant Health expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others. Patient service revenue is recognized as performance obligations are satisfied based on the nature of the services provided.

**Turner House Clinic, Inc.**  
**d/b/a Vibrant Health**  
**Notes to Financial Statements - Continued**  
**December 31, 2020 and 2019**

**Note D - Patient Service Revenue - Continued**

Performance obligations for clinic services are generally satisfied at a point in time as the patient simultaneously receives and consumes the benefits provided as the services are performed. Vibrant Health believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligations.

Vibrant Health's performance obligations relate to contracts with a duration of less than one year, Vibrant Health has applied the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Vibrant Health uses a portfolio approach to account for categories of patient contracts as a collective group rather than recognizing revenue on an individual contract basis. The portfolios consist of major payor classes. Based on historical collection trends and analyses, Vibrant Health believes that revenue that would have been recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if the individual contract approach were used.

Vibrant Health determines the transaction price, which involves significant estimates and judgment, based on standard charges for goods and services, provided, reduced by explicit and implicit price concessions, including contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with Vibrant Health's policy, and implicit price concessions based on historical collection experience on patient accounts. Vibrant Health determines the transaction price associated with services provided to patients who have third-party coverage based on reimbursement terms per contractual agreements, discount policies, and historical experience. Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. For those patients and for uninsured patients that do not qualify for charity care, Vibrant Health determines the transaction price associated with services on the basis of charges, reduced by implicit price concessions. Implicit price concessions included in the estimated transaction price are based on historical collection experience for applicable patient portfolios. Patients who meet the criteria for charity care are provided care without charge or at amounts less than established rates and such amounts are not reported as revenue. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

In September 2019, Vibrant Health was approved as a Federally Qualified Health Center (FQHC) for both Medicare and Medicaid reimbursement purposes. Prior to this, Vibrant Health was operating as an FQHC look-alike. FQHC look-alikes are community based health care providers that meet the requirements of the HRSA Health Center program, but do not receive Health Center Program funding. Vibrant Health has agreements with third-party payors that provide for payments to it at amounts different from established charge rates. These payment arrangements include:

Medicare - FQHC services rendered to Medicare program beneficiaries are paid based on a geographically adjusted prospective rate per beneficiary per day.

Medicaid - FQHC services rendered to Medicaid program beneficiaries are paid at prospectively determined rates.

Vibrant Health has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to Vibrant Health under these agreements includes prospectively determined rates and discounts from established charges.

**Turner House Clinic, Inc.**  
**d/b/a Vibrant Health**  
**Notes to Financial Statements - Continued**  
**December 31, 2020 and 2019**

**Note D - Patient Service Revenue - Continued**

A summary of patient service revenue follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Patient service charges	\$ 3,908,314	\$ 5,187,710
Third-party contractual adjustments	374,512	(51,884)
Charity care	(1,355,053)	(2,147,945)
Implicit price concessions	<u>(224,941)</u>	<u>(181,139)</u>
Patient service revenue	<u>\$ 2,702,832</u>	<u>\$ 2,806,742</u>

The composition of patient service revenue by source follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Medicaid	\$ 2,176,063	\$ 2,245,893
Medicare	31,220	27,819
Commercial	148,763	136,875
Other government	93,331	101,755
Self-pay	<u>253,455</u>	<u>294,400</u>
Patient service revenue	<u>\$ 2,702,832</u>	<u>\$ 2,806,742</u>

Revenue from the Medicaid program accounted for approximately 81 percent and 80 percent of Vibrant Health's patient service revenue during 2020 and 2019, respectively.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates could change materially in the near term.

Vibrant Health provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Because Vibrant Health does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Vibrant Health estimates that the cost of providing charity care for the years ended December 31, 2020 and 2019, was approximately \$2,613,000 and \$2,673,000, respectively.

**Turner House Clinic, Inc.**  
**d/b/a Vibrant Health**  
**Notes to Financial Statements - Continued**  
**December 31, 2020 and 2019**

**Note E - Property and Equipment**

Property and equipment are summarized as follows:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 640,979	\$ 526,802
Furniture and equipment	<u>577,464</u>	<u>484,141</u>
	1,218,443	1,010,943
Less accumulated depreciation	<u>824,918</u>	<u>742,093</u>
Depreciable assets, net	393,525	268,850
Equipment not in service at year-end	<u>6,545</u>	<u>          </u>
Property and equipment, net	<u><u>\$ 400,070</u></u>	<u><u>\$ 268,850</u></u>

**Note F - Advances**

Advances consist of federal grants through the CARES Act and subsequent legislation received from HHS and a loan under the Small Business Administration (SBA) Patient Protection Program (PPP). The provider relief funds are to be used to prevent, prepare for, and respond to coronavirus and to reimburse Vibrant Health for health care related expenses and lost revenues defined by HHS, that are attributable to coronavirus. These funds are considered conditional grants and are recognized as a refundable advance liability until such time the conditions are met. The guidance surrounding the terms and conditions for provider relief funds frequently changes, and is subject to interpretation, resulting in uncertainty regarding if the conditions have been met for expenditures Vibrant Health incurred as of December 31, 2020. As a result, management has concluded that these grant funds are refundable advance liabilities at December 31, 2020.

On April 17, 2020, Vibrant Health was granted a \$617,100 PPP loan administered by a SBA approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. Vibrant Health is eligible for loan forgiveness of up to 100 percent of the loan, upon meeting certain requirements, including maintaining employment levels during the covered period and using the funds for certain payroll, rent, and utility expenses. Vibrant Health has recorded the loan as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance barrier and a right of return of the PPP loan or when such conditions are explicitly waived. No contribution revenue has been recorded for the year ended December 31, 2020. Vibrant Health will be required to repay any remaining balance plus interest accrued at one percent in monthly principal and interest payments commencing upon review of the forgiveness application by the SBA through the maturity date of April 17, 2022.

The following table provides information about significant changes in advances for the year ended December 31, 2020:

Advances at beginning of year	\$ -
SBA PPP loan proceeds received	617,100
HHS provider relief funds received	<u>358,976</u>
Advances at end of year	<u><u>\$ 976,076</u></u>

**Turner House Clinic, Inc.**  
**d/b/a Vibrant Health**  
**Notes to Financial Statements - Continued**  
**December 31, 2020 and 2019**

**Note G - Short-term Debt Obligations**

At December 31, 2020, Vibrant Health has an open \$250,000 line of credit with a local bank. The line of credit has a variable interest rate based on a percentage of the Wall Street Journal prime rate, the current rate at December 31, 2020, is 4.0 percent. The line of credit matures on December 1, 2021. A summary of line of credit activity by year is as follows:

	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 159,545	\$ 99,545
Principal advances during the year		120,000
Principal payments during the year	<u>(159,545)</u>	<u>(60,000)</u>
Balance at end of year	<u>\$ -</u>	<u>\$ 159,545</u>

**Note H - Net Assets with Donor Restrictions**

Net assets with donor restrictions are summarized as follows:

	Balance at December 31, <u>2019</u>	Additions and reclasses	Released from restrictions	Balance at December 31, <u>2020</u>
Primary care	\$ 525,779	\$ 2,994,258	\$ 2,669,533	\$ 850,504
Dental program	2,500	2,500	2,500	2,500
Behavioral health	165,748	136,739	201,406	101,081
Administrative and general	134,399	241,197	206,333	169,263
Capital equipment	200,000	19,999	209,409	10,590
Restricted for time	<u>1,022,168</u>		<u>522,168</u>	<u>500,000</u>
	<u>\$ 2,050,594</u>	<u>\$ 3,394,693</u>	<u>\$ 3,811,349</u>	<u>\$ 1,633,938</u>
	Balance at December 31, <u>2018</u>	Additions and reclasses	Released from restrictions	Balance at December 31, <u>2019</u>
Primary care	\$ 465,947	\$ 1,070,943	\$ 1,011,111	\$ 525,779
Dental program	33,957	2,500	33,957	2,500
Behavioral health	215,960	241,098	291,310	165,748
Administrative and general	82,016	391,737	339,354	134,399
Capital equipment	205,000	(5,000)		200,000
Restricted for time	<u>268,383</u>	<u>1,061,644</u>	<u>307,859</u>	<u>1,022,168</u>
	<u>\$ 1,271,263</u>	<u>\$ 2,762,922</u>	<u>\$ 1,983,591</u>	<u>\$ 2,050,594</u>

During 2020, as a result of the coronavirus pandemic, Vibrant Health received approval from grantors and donors to remove time and purpose restrictions on net assets totaling \$834,890 in order to continue to maintain health care delivery. These amounts are included in released from restrictions in the table above for the year ended December 31, 2020.

**Turner House Clinic, Inc.**  
**d/b/a Vibrant Health**  
**Notes to Financial Statements - Continued**  
**December 31, 2020 and 2019**

**Note I - In-kind Contributions**

Vibrant Health received contributed medical supplies with estimated fair values of approximately \$484,547 and \$810,412 during the years ended December 31, 2020 and 2019, respectively. Vibrant Health recognized donated rent of facilities of \$4,800 during the year ended December 31, 2019.

**Note J - Operating Leases**

Vibrant Health leases printers, copiers, and building space under various operating lease agreements. Scheduled future minimum rental payments for all noncancellable operating leases are as follows:

2021	\$ 444,714
2022	437,818
2023	443,360
2024	448,902
2025	454,444
Thereafter	<u>2,234,452</u>
	<u>\$ 4,463,690</u>

Rent expense was \$370,707 and \$305,546 for the years ended December 31, 2020 and 2019, respectively.

**Note K - Retirement Plan**

Vibrant Health sponsors a defined contribution 401(k) retirement plan that covers eligible employees. Employer contributions to the plan for the years ended December 31, 2020 and 2019, were \$108,558 and \$78,396, respectively.

**Note L - Concentrations of Credit Risk**

Vibrant Health grants credit without collateral to its patients, most of whom are area residents. The mix of gross patient accounts receivable for the years ended December 31 is as follows:

	<u>2020</u>	<u>2019</u>
Medicaid	22.2 %	31.4 %
Medicare and Medicare HMO	4.1	3.1
Other third-party payors	23.4	20.4
Patients	<u>50.3</u>	<u>45.1</u>
	<u>100.00 %</u>	<u>100.00 %</u>

At December 31, 2020, the carrying amount of bank deposits was \$1,918,587, and the bank balances were \$1,922,978. Of the bank balances, \$503,001 was covered by federal depository insurance and \$1,419,977 was unsecured and uncollateralized.

**Turner House Clinic, Inc.**  
**d/b/a Vibrant Health**  
**Notes to Financial Statements - Continued**  
**December 31, 2020 and 2019**

**Note M - Medical Malpractice Insurance**

Effective June 4, 2020, HHS deemed Vibrant Health and its participating physicians covered under the Federal Torts Claims Act (FTCA) for damage for personal injury, including death, resulting from the performance of medical, surgical, dental, and related functions. FTCA coverage is comparable to an occurrence policy without a monetary cap. Vibrant Health's coverage under FTCA renewed on January 1, 2021, for coverage period January 1, 2021 to December 31, 2021. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of potential improper professional services occurring during the year by estimating the probable ultimate costs of the incidents. Based upon Vibrant Health's claim experience, no such accrual has been made. However, because of the risks involved in providing health care services, it is possible that an event has occurred which could be the basis of a future material claim.

Prior to June 4, 2020, Vibrant Health was insured for professional liability under a professional liability policy provided by an independent insurance carrier with limits of \$200,000 per occurrence up to an annual aggregate of \$600,000 for claims made during the policy year. All coverage is on a claims-made basis. Based on historical experience and present conditions, it is the opinion of management that any claims or expenses for unasserted claims related to periods prior to June 4, 2020, will have no material effect on the financial statements of Vibrant Health.

**Note N - Risks and Uncertainties**

On March 11, 2020, the World Health Organization designated coronavirus (COVID-19) as a global pandemic. Patient volumes and related revenues for Vibrant Health's services were significantly impacted during the latter part of March 2020 and through year-end as a result of the pandemic. Various policies were implemented by federal, state, and local governments in response to the pandemic that caused people to stay home, and forced closure and limitations on some businesses. While many restrictions have been eased, the pandemic continues to impact Vibrant Health's operations after year-end. The impact on future operations is driven by numerous factors, which are beyond management's control and management's ability to forecast the total impact on operations. Vibrant Health is unable to estimate the length of time or financial impact the pandemic will have on operations.

The CARES Act and subsequent legislation enacted by the federal government has provided funding during these uncertain times. See Note B and F pertaining to federal funds received. In addition, Vibrant Health has received numerous grants from public and private organizations to manage the financial impact from the pandemic.

**Note O - Subsequent Events**

Subsequent to year-end, Vibrant Health applied for and was granted a second SBA PPP Loan administered by a SBA approved partner, in the amount of \$695,100. The PPP loan is uncollateralized and is fully guaranteed by the Federal government. Vibrant Health is eligible for loan forgiveness of up to 100 percent of the loan, upon meeting certain requirements, including maintaining employment levels during the covered period and using the funds for certain payroll, rent, and utility expenses. Vibrant Health intends to take measures to maximize the loan forgiveness. Vibrant Health will be required to repay any remaining balance plus interest accrued at one percent in monthly principal and interest payments commencing July 2022 through the maturity date of February 17, 2026. In addition, during August 2021, Vibrant Health received notice from the SBA that its first SBA PPP loans outstanding balance of \$617,100 plus accrued interest of \$8,159 was forgiven.

**Turner House Clinic, Inc.**  
**d/b/a Vibrant Health**  
**Notes to Financial Statements - Continued**  
**December 31, 2020 and 2019**

**Note O - Subsequent Events - Continued**

During 2021, Vibrant Health entered into two separate renovation contracts totaling approximately \$850,000 for leasehold improvements at its main location. The renovation work consists of increasing dental offertories and administration space. The renovation work is funded through a combination of donor grants and tenant improvement funds provided through the building lease agreement. Vibrant Health has also entered into a new lease agreement for administration space at a separate building location. The minimum lease commitment for this administration space through December 31, 2023, is \$164,445.

## **Supplementary Information**

**Turner House Clinic, Inc.  
d/b/a Vibrant Health  
Schedule of Expenditures of Federal Awards  
Year ended December 31, 2020**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA number</u>	<u>Pass-through entity identifying number</u>	<u>Expenditures</u>	<u>Amount passed- through to subrecipients</u>
<b>U.S. Department of the Treasury</b>				
Passed through Unified Government of Wyandotte County/Kansas City, Kansas COVID-19 Coronavirus Relief Fund	21.019		\$ 500,000	\$ -
<b>Total U.S. Department of the Treasury</b>			<u>500,000</u>	
<b>U.S. Department of Health and Human Services Health Center Program Cluster</b>				
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	*93.224		551,951	
COVID-19 Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	*93.224		670,054	
Grants for New and Expanded Services under the Health Care Program	*93.527		<u>128,050</u>	
<b>Total Health Center Program Cluster</b>			1,350,055	
Passed through Community Health Council of Wyandotte County				
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease Stroke	93.435	CDC-RFA-DP18-1817	6,500	
COVID-19 Testing for the Uninsured	93.461		<u>3,466</u>	
<b>Total U.S. Department of Health and Human Services</b>			<u>1,360,021</u>	
<b>Total federal awards</b>			<u>\$ 1,860,021</u>	<u>\$ -</u>

\* Major program

**Turner House Clinic, Inc.**  
**d/b/a Vibrant Health**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**December 31, 2020**

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant award activity of Turner House Clinic, Inc. d/b/a Vibrant Health under programs of the federal government for the year ended December 31, 2020. The information 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 Vibrant Health, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Vibrant Health.

**Note 2 - Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**Note 3 - Indirect Cost Rate**

Vibrant Health has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. Vibrant Health does not draw for indirect administrative expenses.

**Note 4 - Donated Personal Protective Equipment (unaudited)**

Vibrant Health received nonmonetary assistance of personal protective equipment (PPE) during the emergency period of the COVID-19 pandemic. The donated PPE was generally provided by donors without information about compliance or reporting requirements associated with federal financial assistance listings or CFDA numbers. The donated PPE is not included in the schedule of expenditures of federal awards. The value of the donated PPE is not reasonably estimatable.

**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  
Turner House Clinic, Inc. d/b/a Vibrant Health

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Turner House Clinic, Inc. d/b/a Vibrant Health, which comprise the balance sheet as of December 31, 2020, and the related statements of operations and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2021.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

### **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 Vibrant Health's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vibrant Health's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wendling Noe Nelson: Johnson LLC*

Topeka, Kansas  
October 15, 2021

**Independent Auditor's Report on Compliance for Each Major Program and on  
Internal Control over Compliance Required by the Uniform Guidance**

Board of Directors  
Turner House Clinic, Inc. d/b/a Vibrant Health

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

We have audited Turner House Clinic, Inc. d/b/a Vibrant Health's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *OMB Compliance Supplement Addendum* that could have a direct and material effect on Vibrant Health's major federal program for the year ended December 31, 2020. Vibrant Health's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the 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 Vibrant Health'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 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 Vibrant Health'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 Vibrant Health's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Vibrant 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 December 31, 2020.

**Report on Internal Control over Compliance**

Management of Vibrant Health 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 Vibrant Health'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 an 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 Vibrant Health'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 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, and 2020-003 that we consider to be significant deficiencies.

Vibrant Health's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Vibrant Health'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.

*Wendling Noe Nelson: Johnson LLC*  
Topeka, Kansas  
October 15, 2021

**Turner House Clinic, Inc.  
d/b/a Vibrant Health  
Schedule of Findings and Questioned Costs  
Year ended December 31, 2020**

**Section I - Summary of Auditor's Results**

Financial statements

Type of opinion expressed in the auditor's report issued	Unmodified	
Internal control over financial reporting		
• Material weakness(es) identified?	___ Yes	___ <u>X</u> No
• Significant deficiencies identified that are not considered to be material weakness(es)?	___ Yes	___ <u>X</u> None reported
Noncompliance material to financial statements noted	___ Yes	___ <u>X</u> No

Federal awards

Internal control over major programs		
• Material weakness(es) identified?	___ Yes	___ <u>X</u> No
• Significant deficiencies identified that are not considered to be material weakness(es)?	<u>X</u> Yes	___ None reported

Type of auditor's report issued on compliance for major programs	Unmodified
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Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)	<u>X</u> Yes	___ No
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Identification of major programs

<u>CFDA Number</u>	<u>Name of Program</u>
93.224 and 93.527	Health Center Program Cluster

Dollar threshold used to distinguish between type A and type B programs	\$750,000.00
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Entity qualified as low-risk auditee	___ Yes	___ <u>X</u> No
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**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

**2020-001**

*Identification:* 93.224 and 93.527 United States Department of Health and Human Services, Health Center Cluster, Federal award numbers: H8DCS36159-01-01 (COVID-19 Health Center CARES Act funding), H8CCS34806-01-01 (COVID-19 HRSA FY 2020 Coronavirus Supplemental Funding), H80CS33652-02-01 (HRSA HHS 330 Health Center Program Award FY 2021)

*Criteria:* 2 CFR section 200.305(b)(3)

**Turner House Clinic, Inc.**  
**d/b/a Vibrant Health**  
**Schedule of Findings and Questioned Costs - Continued**  
**Year ended December 31, 2020**

**Section III - Federal Award Findings and Questioned Costs - Continued**

*Condition:* Federal expenditures were paid after the draw down request for reimbursement of the expenditure was submitted.

*Cause:* The draw down spreadsheets used to track federal expenditures that are submitted for reimbursement contain the expenditure and the period the expenditure applies to but does not include the date the expenditure was paid.

*Effect:* Control procedures need to be strengthened to prevent noncompliance.

*Perspective Information:* Nine instances were noted from a sample of 60. The sampling was a statistically valid sample.

*Repeat Finding:* N/A

*Recommendations:* Add a paid date of the expenditure to the draw down spreadsheet that is used to track federal expenditures that are submitted for reimbursement.

*Views of Responsible Officials:* Currently, a spreadsheet tracking tool is utilized to support the drawdown of federal funds. A paid column will be added to the spreadsheet to help ensure drawdowns of federal funds do not occur until after supporting expenses have also been paid.

**2020-002**

*Identification:* 93.224 and 93.527 United States Department of Health and Human Services, Health Center Cluster, Federal award numbers: H80C33652-01 (HRSA HHS 330 Health Center Program Award FY 2020), H8DCS36159-01-01 (COVID-19 Health Center CARES Act funding), H8CCS34806-01-01 (COVID-19 HRSA FY 2020 Coronavirus Supplemental Funding), H80CS33652-02-01 (HRSA HHS 330 Health Center Program Award FY 2021), H8ECS37840-01 (COVID-19 FY 2020 Expanding Capacity for Coronavirus Testing)

*Criteria:* 2 CFR section 200.214

*Condition:* Documentation not available to verify that federal expenditures are not being purchased for vendors that have been suspended or debarred.

*Cause:* Controls are not in place to determine if contracts are being entered into with parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

*Effect:* Control procedures need to be strengthened to prevent noncompliance.

*Perspective Information:* Applies to all federal expenditures for the period under audit that are subject to the procurement standards. No noncompliance was noted in the sample of 60. The sampling was a statistically valid sample.

*Repeat Finding:* N/A

*Recommendations:* Add control procedures that include verification of vendor not being on the suspension and debarment listing.

**Turner House Clinic, Inc.**  
**d/b/a Vibrant Health**  
**Schedule of Findings and Questioned Costs - Continued**  
**Year ended December 31, 2020**

**Section III - Federal Award Findings and Questioned Costs - Continued**

*Views of Responsible Officials:* In an effort to enhance controls around the addition of vendors, specific procedures will be formalized requiring that vendors are checked against the suspension and debarment listing.

**2020-003**

*Identification:* 93.224 and 93.527 United States Department of Health and Human Services, Health Center Cluster, Federal award numbers: H80C33652-01 (HRSA HHS 330 Health Center Program Award FY 2020), H8DCS36159-01-01 (COVID-19 Health Center CARES Act funding), H8CCS34806-01-01 (COVID-19 HRSA FY 2020 Coronavirus Supplemental Funding), H80CS33652-02-01 (HRSA HHS 330 Health Center Program Award FY 2021), H8ECS37840-01 (COVID-19 FY 2020 Expanding Capacity for Coronavirus Testing)

*Criteria:* Health centers must prepare and apply a sliding fee discount schedule so that amounts owed for health center services by eligible patients are adjusted based on the patient's ability to pay.

*Condition:* Sliding fee discount was given to patients without determining eligibility and improper discount was given to eligible patients.

*Cause:* Sliding fee discount policy was not followed.

*Effect:* Control procedures did not prevent sliding fee discount policy from being applied prior to determining eligibility or preventing miscalculation of sliding fee discount to apply to patient account.

*Perspective Information:* Two instances were noted in which the sliding fee discount was applied to patient accounts without verification of eligibility. Three instances were noted in which the sliding fee discount applied to an eligible patient account was improperly calculated. The total sample size was 60. The sampling was a statistically valid sample.

*Repeat Finding:* N/A

*Recommendations:* Add to control procedures an approval process for the sliding fee discount to be applied to a patient account that would include a business office manager and/or supervisor approving the discount that is applied to the account. As part of the approval process recommend that they verify eligibility for receiving the discount, including that appropriate documentation was received and recalculation of the approved discount.

*Views of Responsible Officials:* Vibrant Health will add controls and procedures to increase oversight of sliding fee discounts being added to patient accounts. Vibrant Health will also increase internal audit functions to evaluate progress and opportunities for further education and training.



## **Response to Schedule of Findings Year Ended December 31, 2020**

### **Reference Number 2020-001**

**Corrective Action Plan:** Currently, a spreadsheet tracking tool is utilized to support the drawdown of federal funds. A paid column will be added to the spreadsheet to help ensure drawdowns of federal funds do not occur until after supporting expenses have also been paid.

**Anticipated Completion Date:** October 2021

### **Reference Number 2020-002**

**Corrective Action Plan:** In an effort to enhance controls around the addition of vendors, specific procedures will be formalized requiring that vendors are checked against the suspension and debarment listing.

**Anticipated Completion Date:** October 2021

### **Reference Number 2020-003**

**Corrective Action Plan:** Vibrant Health will add controls and procedures to increase oversight of sliding fee discounts being added to patient accounts. Vibrant Health will also increase internal audit functions to evaluate progress and opportunities for further education and training.

**Anticipated Completion Date:** December 2021

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