

AUDIT REPORT AND FINANCIAL STATEMENTS

OF

**LINCOLN COUNTY PRIMARY  
CARE CENTER, INC.**

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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NOVEMBER 28, 2016

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Date Received



**Lincoln Primary Care Center Inc.**  
Southern West Virginia Health System

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November 28, 2016

Ms. Kimberly Merritt, Director  
WV Department of Health and Human Resources  
Office of Internal Control and Policy Development  
Division of Compliance and Monitoring  
One Davis Square, Suite 401  
Charleston, WV 25301

RE: Annual Audit Reports

Dear Kimberly:

Please find attached a copy of our most recent audit report which is due 9 months after the end of our fiscal audit period. The audit report is for the period of July 1, 2015 through June 30, 2016.

If your offices should require any additional information, please contact me. My office number is (304) 824-5806 extension #1231.

Sincerely,

Julia Barrett  
Chief Financial Officer



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Lincoln County Primary Care Center, Inc.  
Hamlin, West Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of Lincoln County Primary Care Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions 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 organization'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 organization'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 opinions.

### Opinions

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

#### MEMBERS

• AMERICAN INSTITUTE  
OF CERTIFIED PUBLIC  
ACCOUNTANTS

• WEST VIRGINIA, OHIO AND  
KENTUCKY SOCIETIES OF CERTIFIED  
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• A.I.C.P.A. PCPS  
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• CPA ASSOCIATES INTERNATIONAL,  
INC., WITH OFFICES IN PRINCIPAL  
U.S. AND INTERNATIONAL CITIES

## Other Matters

### *Other Information*

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, on our consideration of Lincoln County Primary Care Center, Inc.'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 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 Lincoln County Primary Care Center, Inc.'s internal control over financial reporting and compliance.

*Somerville & Company, P.L.L.C.*

Huntington, West Virginia  
November 28, 2016

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Date Received

LINCOLN COUNTY PRIMARY CARE CENTER, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2016 and 2015

ASSETS	<u>2016</u>	<u>2015</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,271,476	\$ 1,567,492
Patient receivables, net	1,654,274	1,005,307
Federal and state grant receivables	272,396	285,749
Other receivables	41,226	1,556
Investments	5,666,015	3,144,407
Accrued interest receivable	2,000	1,841
Inventory	814,730	639,483
Prepaid expenses and deposits	75,023	125,021
Current portion of note receivable	1,150	1,656
	<hr/>	<hr/>
Total Current Assets	10,798,290	6,772,512
<b>Assets Whose Use Is Limited</b>		
Under donor agreements	942,483	120,763
	<hr/>	<hr/>
<b>Property and Equipment</b>		
Land	630,946	615,946
Building and improvements	7,044,179	6,330,995
Fixtures and equipment	2,719,697	2,626,145
Computer software	49,113	49,113
Vehicles	166,750	162,617
Construction in progress	80,077	110,463
	<hr/>	<hr/>
	10,690,762	9,895,279
Less accumulated depreciation	3,862,727	3,449,119
	<hr/>	<hr/>
Total Property and Equipment	6,828,035	6,446,160
<b>Other Assets</b>		
Intangible assets	383,203	64,203
Note receivable	-	1,150
	<hr/>	<hr/>
Total Other Assets	383,203	65,353
	<hr/>	<hr/>
Total Assets	\$ 18,952,011	\$ 13,404,788
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The accompanying notes are an integral part of these financial statements.

LINCOLN COUNTY PRIMARY CARE CENTER, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2016 and 2015

LIABILITIES	<u>2016</u>	<u>2015</u>
Current Liabilities		
Accounts payable	\$ 485,266	\$ 458,270
Accrued salaries and benefits	689,735	575,227
Accrued interest	5,643	4,207
Accrued taxes	1,806	1,262
Current portion of long-term debt	<u>104,738</u>	<u>72,318</u>
Total Current Liabilities	1,287,188	1,111,284
Long-Term Debt	<u>2,067,701</u>	<u>1,521,782</u>
Total Liabilities	<u>3,354,889</u>	<u>2,633,066</u>

NET ASSETS		
Net Assets		
Unrestricted	14,654,639	10,650,959
Temporarily restricted	<u>942,483</u>	<u>120,763</u>
Total Net Assets	<u>15,597,122</u>	<u>10,771,722</u>
Total Liabilities and Net Assets	<u>\$ 18,952,011</u>	<u>\$ 13,404,788</u>

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

LINCOLN COUNTY PRIMARY CARE CENTER, INC.

STATEMENT OF ACTIVITIES

For the years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Unrestricted Net Assets		
Revenues		
Net patient service revenue	\$ 9,834,218	\$ 10,456,763
Federal and state grant revenue	2,429,952	2,460,545
Other grant revenue	107,208	192,272
Net pharmacy revenue	4,924,915	3,078,434
Interest income	30,598	16,453
Donations	90,772	99,963
Other income	75,509	42,598
	<hr/>	<hr/>
Total Revenues	17,493,172	16,347,028
	<hr/>	<hr/>
Expenses		
Salaries and benefits	9,448,866	8,644,263
Contracted services	98,642	98,531
General and administrative	1,069,751	934,748
Medical supplies	1,309,845	1,234,087
Repairs and maintenance	280,281	226,408
Legal and accounting	128,062	26,470
Telephone and internet	227,247	146,637
Utilities	162,293	138,664
Postage	32,498	30,565
Insurance	91,626	56,060
Interest	104,708	78,445
Depreciation	417,291	446,589
Provision for bad debts	337,994	157,902
Laboratory fees	780	-
Loss on disposal of assets	(500)	-
	<hr/>	<hr/>
Total Expenses	13,709,384	12,219,369
	<hr/>	<hr/>
Increase in Unrestricted Net Assets	3,783,788	4,127,659
Federal Capital Program Grants (PCMH-FI and CD)	219,893	110,463
	<hr/>	<hr/>
Change in Unrestricted Net Assets and Capital Grants	4,003,681	4,238,122
	<hr/>	<hr/>
Temporarily Restricted Net Assets		
Contributions	921,373	392,000
Restrictions satisfied by payments	(99,654)	(315,326)
	<hr/>	<hr/>
Increase in Temporarily Restricted Net Assets	821,719	76,674
	<hr/>	<hr/>
Increase in Net Assets	4,825,400	4,314,796
Net Assets at Beginning of Year	10,771,722	6,456,926
	<hr/>	<hr/>
Net Assets at End of Year	\$ 15,597,122	\$ 10,771,722
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The accompanying notes are an integral part of these financial statements.



LINCOLN COUNTY PRIMARY CARE CENTER, INC.

STATEMENT OF CASH FLOWS

For the years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Increase in net assets	<u>\$ 4,825,400</u>	<u>\$ 4,314,796</u>
Adjustments to reconcile increase in net assets to net cash flows provided by operating activities		
Depreciation	417,291	446,589
Change in assets whose use is limited-donor agreements	(821,719)	(76,674)
(Increase) decrease in current assets:		
Patient receivables, net	(648,967)	(7,939)
Federal and state grant receivables	13,353	(232,635)
Other receivables	(39,670)	(1,556)
Accrued interest receivable	(159)	(1,841)
Inventory	(175,247)	(154,843)
Prepaid expenses and deposits	49,998	(87,732)
Increase (decrease) in current liabilities:		
Accounts payable	26,996	(61,690)
Accrued salaries and benefits	114,509	26,303
Accrued interest	1,436	(179)
Accrued taxes	544	(180)
Total adjustments	<u>(1,061,635)</u>	<u>(152,377)</u>
Net Cash Flows Provided By Operating Activities	<u>3,763,765</u>	<u>4,162,419</u>

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

LINCOLN COUNTY PRIMARY CARE CENTER, INC.

STATEMENT OF CASH FLOWS

For the years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	\$ (368,168)	\$ (217,679)
Purchase of investments	<u>(2,521,608)</u>	<u>(3,144,407)</u>
Net Cash Used In Investing Activities	<u>(2,889,776)</u>	<u>(3,362,086)</u>
Cash Flows From Financing Activities		
Payments on long-term debt	(171,661)	(67,949)
Payments received on note receivable	<u>1,656</u>	<u>1,560</u>
Net Cash Used In Financing Activities	<u>(170,005)</u>	<u>(66,389)</u>
Net Increase in Cash and Cash Equivalents	703,984	733,944
Cash and Cash Equivalents at Beginning of Year	<u>1,567,492</u>	<u>833,548</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,271,476</u>	<u>\$ 1,567,492</u>

Supplemental Disclosure of Cash Flow Information:

Cash Paid During The Year For:		
Interest	\$ 103,272	\$ 78,624

A noncash investing and financing transaction consisting of the cost of purchasing Dennis' Pharmacy and the related obligation have been included in assets and liabilities, respectively, in the accompanying financial statements for the year ended June 30, 2016, at \$750,000.

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

LINCOLN COUNTY PRIMARY CARE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

1. Summary of significant accounting policies:

A. Description of organization:

Lincoln County Primary Care Center, Inc. (the Organization) is a non-profit corporation incorporated in the State of West Virginia. The Organization provides primary health care services to the residents of Lincoln, Logan, Mingo, and portions of Cabell and Kanawha Counties in West Virginia and the surrounding areas.

B. Basis of accounting:

The Organization follows the accrual basis of accounting.

C. Accounting 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 the 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 report period. Actual results could differ from those estimates.

D. Cash and cash equivalents:

For the purposes of the Statement of Cash Flows, the Organization considers all cash accounts, short-term investments, and all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

E. Inventories:

Inventories which consist of pharmaceutical drugs and over-the-counter drugs are valued at the lower of cost or market. Cost is determined on the first-in, first-out method.

F. Investments:

Investments in certificates of deposit with readily determinable fair values are stated at their fair values in the Statement of Financial Position. Fair value for certificates of deposit is based on amortized cost or original cost plus accrued interest.

LINCOLN COUNTY PRIMARY CARE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

1. Summary of significant accounting policies (Continued):

G. Property and equipment:

Property and equipment are stated at cost for purchased items and fair market value at the date of the gift for contributed items. Major renewals and improvements are charged to property accounts, while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed in the period incurred. Depreciation is computed over the useful lives of the assets using the straight-line method as follows:

	<u>Range of Lives</u>
Building and improvements	5 – 40 years
Fixtures and equipment	3 – 10 years
Computer software	3 – 5 years
Vehicles	5 years

H. Economic dependency and geographic concentration:

The Organization generates a substantial portion of its patient service revenue from services to Medicaid and Medicare beneficiaries. Changes in payment rates or methodologies by those programs could, therefore, significantly impact its ability to continue in existence. The Organization also receives significant funding from the West Virginia Department of Health and Human Resources and the Bureau of Public Health as discussed in other notes to financial statements. Discontinuation of support from these sources would also significantly impact operations.

Patient service revenue generated is primarily limited to services to residents in the Lincoln, Logan, Mingo, and portions of Cabell and Kanawha County areas of West Virginia. General economic conditions in the area can, therefore, significantly influence the Organization's ability to collect fees for services rendered.

I. Patient receivables and credit policies:

The Organization grants credit without collateral to its patients. These receivables resulting from services rendered to patients have been disclosed net of an allowance for uncollectibles and contractual adjustments. In addition to those patients unable to pay, there are patients receiving services who will not pay. The Organization has established credit and collection policies to hold these costs to a minimum.

LINCOLN COUNTY PRIMARY CARE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

1. Summary of significant accounting policies (Continued):

J. Revenue recognition:

Net patient service revenue is reported at the estimated net realizable amounts from patients and third-party payers. Revenues are based on visits performed and medical services provided. Contractual allowances relative to these revenues were \$3,092,833 and \$1,272,921 for the years ended June 30, 2016 and 2015, respectively.

Sliding fees are adjustments to revenue based on the patient's ability to pay for services. The patient must meet certain criteria in order to qualify. The sliding fee adjustment is determined by the family size and income of the patient. Sliding fee adjustments against revenues were \$113,397 and \$116,227 for the years ended June 30, 2016 and 2015, respectively.

K. Net assets:

Net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - net assets that are not subject to donor/grantor-imposed stipulations.

Temporarily restricted net assets - net assets subject to donor/grantor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - net assets subject to donor/grantor-imposed stipulations that they be maintained permanently by the Organization.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor/grantor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor/grantor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor/grantor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

L. Contributions, grants, and awards:

All contributions, grants, and awards are considered to be available for unrestricted use unless specifically restricted by the donor/grantor. Amounts received that are designated for future periods or restricted by the donor/grantor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution, grant, or award is received, the Organization reports the support as unrestricted.

LINCOLN COUNTY PRIMARY CARE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

1. Summary of significant accounting policies (Continued):

M. 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. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an Organization that is not a private foundation under 509(a)(1) and 170(b)(a)(iii).

N. Accounting for uncertain tax positions:

The Organization follows the provisions of Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, relating to unrecognized tax benefits. This standard requires an entity to recognize a liability for tax positions when there is a 50% or greater likelihood that the position will not be sustained upon examination. The Organization is liable for taxes to the extent of any unrelated business income as defined by IRS regulations. The Organization believes that it has not engaged in any unrelated business income as defined by IRS regulations and that it is more likely than not that this position would be sustained upon examination. As such, there were no liabilities recorded for uncertain tax positions as of June 30, 2016 and 2015.

2. Patient receivables, net:

Patient receivables at June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Patient receivables	\$ 859,203	\$ 709,575
Pharmacy receivables	1,052,832	437,647
Less: Allowance for doubtful accounts	<u>( 257,761)</u>	<u>( 141,915)</u>
Patient receivables, net	<u>\$ 1,654,274</u>	<u>\$ 1,005,307</u>

The activity in the Allowance for Doubtful Accounts for the years ended June 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Beginning of the year	\$ 141,915	\$ 271,533
Provision for doubtful accounts	<u>115,846</u>	<u>( 129,618)</u>
End of the year	<u>\$ 257,761</u>	<u>\$ 141,915</u>

In addition, there were direct write-offs of patient receivables in the amount of \$222,148 and \$287,520 for the years ended June 30, 2016 and 2015, respectively.

LINCOLN COUNTY PRIMARY CARE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

3. Investments:

Investments are carried at fair value at June 30, 2016 and 2015 as follows:

Certificates of deposit at June 30, 2016:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Cost</u>	<u>Fair Value</u>
September 24, 2016 to June 20, 2018	.30% to 1.10%	\$ 5,666,015	\$ 5,666,015

Certificates of deposit at June 30, 2015:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Cost</u>	<u>Fair Value</u>
December 29, 2015 to June 12, 2017	.45% to 1.10%	\$ 3,145,000	\$ 3,144,407

4. Fair value measurements:

Fair values of assets measured on a recurring basis at June 30, 2016 and 2015 are as follows:

Fair Value Measurements at Reporting Date Using:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>June 30, 2016</u>				
Certificates of deposit	\$ 5,666,015	\$ -	\$ -	\$ 5,666,015
<u>June 30, 2015</u>				
Certificates of deposit	\$ 3,144,407	\$ -	\$ -	\$ 3,144,407

LINCOLN COUNTY PRIMARY CARE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

4. Fair value measurements (Continued):

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Certificates of Deposit</u>
July 1, 2015	\$ 3,144,407
Purchases and sales (net)	2,496,000
Total income (losses)	<u>25,608</u>
June 30, 2016	<u>\$ 5,666,015</u>

	<u>Certificates of Deposit</u>
July 1, 2014	\$ -
Purchases and sales (net)	3,145,000
Total income (losses)	<u>(593)</u>
June 30, 2015	<u>\$ 3,144,407</u>

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 are based on significant unobservable inputs.

Level 1 Fair Value Measurements

No Level 1 inputs were held by the Organization as of June 30, 2016 and 2015.

Level 2 Fair Value Measurements

No Level 2 inputs were held by the Organization as of June 30, 2016 and 2015.

Level 3 Fair Value Measurements

Fair value for the certificates of deposit is based on amortized cost or original cost plus accrued interest.



LINCOLN COUNTY PRIMARY CARE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

5. Assets whose use is limited:

Assets whose use is limited consists of funds set aside for specific purposes at June 30, 2016 and 2015 and are as follows:

	<u>2016</u>	<u>2015</u>
Under donor agreements:		
Sisters of St. Joseph Health and Wellness Foundation for the School Based Health Center	\$ 4,453	\$ 15,025
WVU Healthy Family	14,657	14,656
MURC Diabetes Control Project	2,000	2,127
Chilifest	1,450	-
State of West Virginia (Construction)	919,923	-
Benedum, COPD	-	71,744
Koppel Foundation	-	279
Benedum Dental	-	12,765
WV Higher Education	-	4,167
	<u>\$ 942,483</u>	<u>\$ 120,763</u>

6. Note receivable:

The Organization entered into an agreement with Lincoln Volunteer Emergency Services, which consists of a note receivable in the initial amount of \$23,267. The note is payable in monthly installments of \$148, including interest at 6%, through January 2017. The note receivable balances were \$1,150 and \$2,806 as of June 30, 2016 and 2015, respectively. The note relates to the portion of the building Lincoln Volunteer Emergency Services shares with the Organization.

7. Line of credit:

The Organization renewed a line of credit dated February 14, 2013 with a total authorization of \$1,200,000. The outstanding line of credit balances were \$-0- as of June 30, 2016 and 2015.

LINCOLN COUNTY PRIMARY CARE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

8. Long-term debt:

A summary of the debt obligations at June 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Note payable to First Sentry Bank, in monthly installments of \$12,206, including interest of 4.75%, through January 2021; secured by deed of trust on real estate.	\$ 1,523,045	\$ 1,594,100
Note payable to First Sentry Bank, in monthly installments of \$4,800, including interest of 4.50%, through July, 2020; secured by deed of trust on real estate.	<u>649,394</u>	<u>-</u>
	2,172,439	1,594,100
Less current maturities	<u>104,738</u>	<u>72,318</u>
	<u>\$ 2,067,701</u>	<u>\$ 1,521,782</u>

Scheduled principal payments are as follows:

Years ending June 30,	
2017	\$ 104,738
2018	109,747
2019	114,996
2020	120,496
2021	126,260
Thereafter	<u>1,596,202</u>
	<u>\$ 2,172,439</u>

The Organization received a state grant for the years ended June 30, 2016 and 2015 that supplements the payments on mortgage notes.

LINCOLN COUNTY PRIMARY CARE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

9. Functional classification of activities:

Expenses are charged to program and support services based on the actual costs incurred. Those expenses which are not directly identifiable with any other specific function but provide overall support and direction have been included as General and Administrative.

	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
Expenses:		
General and administrative	\$ 2,585,784	\$ 2,465,118
Program services	<u>11,123,600</u>	<u>9,754,251</u>
	<u>\$ 13,709,384</u>	<u>\$ 12,219,369</u>

10. Pension plan:

The Organization adopted a defined contribution pension plan on July 1, 1989. In order to become eligible, employees must be at least 16 years of age and have completed at least one year of service. Employees can voluntarily contribute to the plan an amount not to exceed Internal Revenue Code limitations. The Organization contributes up to 3% of eligible salaries. The participant is fully vested immediately when plan contributions are made. Contributions for the years ended June 30, 2016 and 2015 were \$111,741 and \$94,725, respectively.

11. Cost report settlements:

The Organization is required to file separate year-end cost reports with the Medicare program for primary care. For primary care services, the Organization is reimbursed at the lower of its costs or per encounter cost limit. Variances may exist between the as-filed and settled cost report for primary care services that can result in amounts being owed to or due from the Medicare fiscal intermediary. These amounts are then adjusted in the year in which the cost report is settled. The financial statements at June 30, 2016 and 2015 do not reflect amounts owed to or due from the Medicare fiscal intermediary. Medicare cost reports have been settled through June 30, 2014.

Medicaid rates for primary care services are determined prospectively based upon amounts determined by the Medicare program.

During the years ended June 30, 2016 and 2015, \$95,376 and \$1,428,863, respectively, were received in settlements of prior year filings of Medicare and Medicaid cost reports.

LINCOLN COUNTY PRIMARY CARE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

11. Cost report settlements (Continued):

On or about January 26, 2011 a *Complaint for Declaratory and Injunctive Relief* was filed against the Bureau for Medical Services ("Bureau") by various West Virginia Health Care Centers (Lincoln County Primary Care Center, Inc. was not one of the health centers that filed this complaint) alleging the Bureau, among other items, failed to properly calculate Prospective Payment System ("PPS") rates and failed to properly implement an Alternative Payment Methodology ("APM"). The Bureau entered into a settlement agreement with the Plaintiffs where, among other things, the Bureau agreed to submit a new State Plan Amendment ("SPA") modifying reimbursement methodology to Federally Qualified Health Centers ("FQHC") and Rural Health Clinics ("RHC"). This settlement applied to all Health Centers. To comply with the SPA provisions, the Bureau obtained statistical information to properly calculate Lincoln County Primary Care Center, Inc.'s new PPS rate. The statistical information was also necessary to calculate the PPS rate of prior year cost reporting periods from fiscal year ended June 30, 1999 through June 30, 2013. Lincoln County Primary Care Center, Inc. asserted claims of reimbursement for dates of service made from October 1, 2012 and forward based on a newly calculated PPS rate. These claims, which were filed with the Bureau, have been reimbursed to the Organization. These recoveries have been recorded as income in the year ended June 30, 2015.

12. Primary care program grants:

The Organization operates school-based health programs in the Lincoln and Logan County areas, which are primarily funded with grants provided through the Division of Primary Care Programs of the West Virginia Department of Health and Human Resources. Prior-year amounts have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. The following is an analysis of revenues and expenses of the program for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Revenues:		
Grant revenues	\$ 79,577	\$ 151,880
Net patient services revenues	<u>1,331,151</u>	<u>1,253,114</u>
	<u>1,410,728</u>	<u>1,404,994</u>
Expenses:		
Personnel salaries and personal services	839,966	754,102
Fringe benefits	144,929	134,588
Supplies and other	<u>472,074</u>	<u>325,891</u>
	1,456,969	1,214,581
General and administrative allocation	<u>336,557</u>	<u>303,709</u>
	<u>1,793,526</u>	<u>1,518,290</u>
School-based health program net loss	<u>\$ (382,798)</u>	<u>\$ (113,296)</u>

The Organization received additional grants during the years ended June 30, 2016 and 2015, which are detailed in the Schedules of Expenditures of Federal and State Awards.

LINCOLN COUNTY PRIMARY CARE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

13. Operating lease obligations:

The Organization is the lessee of facilities under operating leases expiring between October 2016 and July 2030.

Future lease payments under the facility operating leases at June 30, 2016 for each of the next five years and in the aggregate are as follows:

2017	\$ 190,166
2018	75,174
2019	34,472
2020	20,904
2021	20,904
Thereafter	<u>-</u>
Total minimum lease payments	<u>\$ 341,620</u>

Facility rental expense for the years ended June 30, 2016 and 2015 amounted to \$226,363 and \$212,967, respectively.

The Organization has other various equipment leases that are not included in the above schedule.

14. Contributed services:

Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended June 30, 2016 and 2015, \$56,991 and \$78,244, respectively, of such contributions were received.

15. Credit risk:

Financial instruments that are exposed to concentrations of credit risk consist of cash, accounts receivable, and investments. The cash and investments are in high quality institutions with high credit ratings. Accounts receivable are with insurance providers (Medicare, Medicaid, private insurers, etc.) and patients of the Organization. The Organization has concentrated its credit risk for cash by maintaining deposits in banks located within the same geographic region. Credit risk for accounts receivable is concentrated as well because substantially all of the balances are receivable from individuals located within the same geographical region.

The Organization maintains cash balances at various local financial institutions. Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in the financial institutions. The Organization has entered into repurchase agreements with local banks with which it does business to provide collateral for amounts exceeding federal insurance coverage. Cash and cash equivalents exceeding federally insured limits totaled \$-0- at June 30, 2016.

LINCOLN COUNTY PRIMARY CARE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

16. Subsequent events:

The Organization has evaluated all subsequent events through November 28, 2016, the date the financial statements were available to be issued.

The Organization has been awarded a Health Center Quality Improvement (QI) Fund one-time grant supplement from the Health Resources and Services Administration (HRSA) in the amount of \$67,099 in recognition of health centers that displayed high levels of quality performance in Calendar Year 2015 Uniform Data System reporting and/or significantly improved quality of care from 2014 to 2015. This funding provides support for those health centers to continue to strengthen quality improvement activities and to recognize and provide support for health centers with one or more sites with new and/or continued patient centered medical home recognition. The grant is for expenditures incurred between September 1, 2016 and August 31, 2017.

The Organization has been awarded a one-time Delivery System Health Information Investment (DSHII) supplemental funding amount from the Health Resources and Services Administration (HRSA) in the amount of \$64,282 for health information technology enhancements. The grant is for expenditures incurred between September 1, 2016 and August 31, 2017.

The Organization has been awarded a Health Center Cluster carryover grant of an unobligated balance from the Health Resources and Services Administration (HRSA) in the amount of \$224,896. The grant will be carried over from budget period March 1, 2015 through February 29, 2016 into the current budget period ending February 28, 2017. The funds can only be used for the purposes stated in the Prior Approval request.

SUPPLEMENTARY INFORMATION

LINCOLN COUNTY PRIMARY CARE CENTER, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2016

Contract Control Number	Federal Grantor / Pass-through Grantor	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Expenditures to Subrecipients
<u>Department of Health and Human Services Direct Programs (Non-ARRA Grants)</u>					
6 H80CS00254-15-12	Consolidated Health Centers	93.224	n/a	\$ 124,833	\$ -
6 H80CS00254-14-08	Consolidated Health Centers	93.224	n/a	266,333	-
	Total Consolidated Health Centers			391,166	-
6 H80CS00254-15-12	Consolidated Health Centers	93.527	n/a	474,553	-
6 H80CS00254-14-08	Consolidated Health Centers	93.527	n/a	1,226,982	-
	Total Consolidated Health Centers			1,701,535	-
	Total Department of Health and Human Services Direct Programs			2,092,701	-
1 C8CCS27622-01-02	ACA Patient Centered Medical Home-Facility Improvement	93.526	n/a	139,537	-
<u>Department of Health and Human Services Pass-Through Programs (Non-ARRA Grants)</u>					
G160422	Coal Miners Respiratory Impairment Treatment Clinics and Services (Black Lung Program)	93.965	1600002197	126,461	-
	Total Expenditures of Federal Awards			\$ 2,358,699	\$ -

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - BASIS OF PRESENTATION

The schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Lincoln County Primary Care Center, Inc. under programs of the federal government for the year ended June 30, 2016. 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 position, or cash flows of the Organization.

NOTE B - SUMMARY OF 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.



LINCOLN COUNTY PRIMARY CARE CENTER, INC.

SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the year ended June 30, 2016

<u>State Grantor</u>	<u>Award/ Contract Control Number</u>	<u>Award Amount</u>	<u>Expenditure Amount</u>
Department of Health and Human Services:			
Primary Care Centers-Mortgage Finance (7/1/2015 - 6/30/2016)	G160226	\$ 8,375	\$ 8,375
School-Based Health Center (7/1/2015 - 6/30/2016)	G160255	66,812	66,812
Uncompensated Care (7/1/2015 - 6/30/2016)	G160255	98,681	98,681
Black Lung Program (7/1/2015 - 6/30/2016)	G160422	22,323	22,323
West Virginia Construction (7/1/2015 - 6/30/2016)	G160255	1,000,000	80,077
West Virginia Higher Education Policy Commission (2/1/2016 - 9/30/2017)	2016-RHI-9	14,500	3,625
West Virginia Higher Education Policy Commission (12/1/2014 - 11/30/2015)	2015-RHI-9	13,333	7,500
West Virginia Culture & History (7/1/2015 - 6/30/2016)	FF16	<u>3,474</u>	<u>3,474</u>
Total Expenditures of State Awards		<u>\$ 1,227,498</u>	<u>\$ 290,867</u>

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

Board of Directors  
Lincoln County Primary Care Center, Inc.  
Hamlin, West Virginia

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 Lincoln County Primary Care Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 28, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lincoln County Primary Care Center, Inc.'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 Lincoln County Primary Care Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln County Primary Care Center, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2016-01 and 2016-02, that we consider to be a material weakness and significant deficiency, respectively.

MEMBERS

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A.I.C.P.A. GAQC  
A.I.C.P.A. EBP

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### **Compliance and Other Matters**

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

### **Lincoln County Primary Care Center, Inc.'s Response to Findings**

Lincoln County Primary Care Center, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Lincoln County Primary Care Center, Inc.'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.

*Soneville & Company, P.L.L.C.*

Huntington, West Virginia  
November 28, 2016

DHHR - Finance

DEC -1 2016

Date Received

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

Board of Directors  
Lincoln County Primary Care Center, Inc.  
Hamlin, West Virginia

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

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

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Lincoln County Primary Care Center, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Lincoln County Primary Care Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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## Opinion on Each Major Federal Program

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

## Report on Internal Control over Compliance

Management of Lincoln County Primary Care Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lincoln County Primary Care Center, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Lincoln County Primary Care Center, Inc.'s internal control over compliance.

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

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

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

*Somerville & Company, P.L.L.C.*

Huntington, West Virginia  
November 28, 2016

DHHR - Finance

DEC -1 2016

Date Received

LINCOLN COUNTY PRIMARY CARE CENTER, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2016

1. SUMMARY OF AUDITORS' RESULTS

	<u>YES</u>	<u>NO</u>
<b>FINANCIAL STATEMENTS</b>		
Type of auditors' report issued: <u>Unmodified</u>		
Internal control over financial reporting:		
Material weakness(es) identified?	<u>  X  </u>	<u>          </u>
Significant deficiencies identified that are not considered to be material weaknesses?	<u>  X  </u>	<u>          </u>
Noncompliance material to financial statements noted?	<u>          </u>	<u>      X      </u>
 <b>FEDERAL AWARDS</b>		
Internal control over major programs:		
Material weakness(es) identified?	<u>          </u>	<u>      X      </u>
Significant deficiencies identified that are not considered to be material weaknesses?	<u>          </u>	<u>None Reported</u>
Type of auditors' report issued on compliance for major programs: <u>Unmodified</u>		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	<u>          </u>	<u>      X      </u>
Major Programs:		
Health Center Clusters:		
93.224 Consolidated Health Centers		
93.527 Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program		
Dollar threshold used to distinguish between Type A and type B programs:	<u>  \$750,000  </u>	
Auditee qualified as low-risk auditee?	<u>  X  </u>	<u>          </u>

LINCOLN COUNTY PRIMARY CARE CENTER, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2016

2. FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

2016-01 Internal Controls – Credit Card Purchases

**Condition:**

There has been a lack of oversight during the processing of credit card charges.

**Criteria:**

Internal control policies should be followed relating to credit card charges and receipts should be turned in to the appropriate department during the accounts payable period.

**Cause:**

Upper management not turning in credit card receipts in a timely manner and several receipts have not been submitted. Several purchases appear to have no authorization with no documentation of the business purpose of the charge.

**Effect:**

As a result of this condition, there is a higher risk that errors or irregularities could occur and not be detected within a timely period.

**Recommendation:**

Follow revised internal control policies as stated in the Credit Card Usage policy dated March 8, 2016. In summary, all receipts should be turned in timely and management receipts should be approved by the governing board.

**Views of Responsible  
Officials and Planned**

**Corrective Actions:**

The Organization's management and its Board of Directors is aware of the situation described in the finding relative to certain purchases by use of the Organization's credit cards. A similar issue was presented during the operational on-site review conducted by HRSA.

The Organization's management and its Board of Directors has reviewed the transactions for which the finding was made and has found no instance of inappropriate procurement for which a legitimate business purpose was not present. Management and its Board of Directors is mindful of the need to constantly review and improve, when appropriate, the internal controls and procurement procedures to assure the integrity and reliability of the financial operations. Accordingly, although management and its Board of Directors found no inappropriate procurement in the transactions related to the finding and the issues expressed in the review, to strengthen and enhance the existing processes and polices, management recommended and the Board of Directors adopted in March, 2016, revisions to the Credit Card Usage policies and procedures to address these concerns. Under these changes, the timeliness and completeness of documentation relating to credit card purchases will be enhanced and streamlined and procurement activities by credit card will have additional assurances of appropriate authorization and linkage to business purpose. Management and its Board of Directors believe that these modifications as adopted and implemented will provide additional assurances of compliance and will adequately address and resolve the issues raised during the HRSA on-site review and align with dispositive recommendations.

LINCOLN COUNTY PRIMARY CARE CENTER, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2016

2. FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCY

2016-02 Internal Controls – Accounts Receivable

**Condition:**

There is a lack of controls in place to verify every encounter is supported by a signed and dated consent form.

**Criteria:**

Management is responsible for establishing and maintaining effective internal controls over financial reporting.

**Cause:**

No process in place to determine consent form was properly scanned and added to the correct patient file.

**Effect:**

As a result of this condition, there is lack of supporting documentation for accounts receivables balances.

**Recommendation:**

Implement internal control policies that would allow for proper monitoring of the database system to determine all encounters are supported by a signed and dated consent form.

**Views of Responsible  
Officials and Planned**

**Corrective Actions:**

The Organization and its Board of Directors is aware of the issue described in the finding relative to the accounts receivable process for assuring patients have signed and dated consents. The Organization's staff has already implemented a more thorough process for assuring that all consent forms are appropriately scanned into the electronic medical record. An improved procedure for collection and storage of sign in sheets as a back-up to the consents has been instituted.

To remedy the situation long term, the Organization's management is researching electronic signature pads. Incorporating an electronic signature per visit into the check-in phase will be effective relative to this finding.

3. FINDINGS AND QUESTIONED COSTS

No items were noted