



**WV**  
**Primary Care Association**

**WEST VIRGINIA PRIMARY CARE  
ASSOCIATION, INC.**

**FINANCIAL REPORT**

**March 31, 2020**

**DHHR FINANCE**

**MAR 29 2021**

**RECEIVED**

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## INDEPENDENT AUDITOR'S REPORT

DHHR FINANCE

MAR 29 2021

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To the Board of Directors  
West Virginia Primary Care Association, Inc.  
Charleston, West Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of West Virginia Primary Care Association, Inc. (the "Association") which comprise the statements of financial position as of March 31, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 West Virginia Primary Care Association, Inc., as of March 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of non-federal awards, are presented for purposes of additional analysis and are 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 February 15, 2021, on our consideration of the Association'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 the Association'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 the Association's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia  
February 15, 2021

**WEST VIRGINIA PRIMARY CARE ASSOCIATION, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**March 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,836,369	\$ 1,799,063
Investments (Note 6)	696,159	726,826
Grants receivable	198,536	181,008
Other receivables	63,399	13,682
Prepaid expenses	114,555	32,046
Total current assets	2,909,018	2,752,625
 <b>PROPERTY AND EQUIPMENT</b>		
Office equipment	265,592	263,400
Less accumulated depreciation	(214,215)	(197,574)
	51,377	65,826
Total assets	\$ 2,960,395	\$ 2,818,451
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 44,434	\$ 60,214
Accrued expenses	67,927	71,312
Refundable advance	1,000,449	1,046,020
Deferred revenue	60,125	44,375
Total current liabilities	1,172,935	1,221,921
 <b>NET ASSETS</b>		
Without donor restrictions	1,648,551	1,448,121
With donor restrictions (Note 9)	138,909	148,409
Total net assets	1,787,460	1,596,530
Total liabilities and net assets	\$ 2,960,395	\$ 2,818,451

The Notes to Financial Statements are an integral part of these financial statements.

**WEST VIRGINIA PRIMARY CARE ASSOCIATION, INC.**

**STATEMENT OF ACTIVITIES**  
**Year Ended March 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
Federal grant revenue	\$ 1,739,621	\$ -	\$ 1,739,621
Meetings and conferences	45,553	-	45,553
Consulting services	56,014	-	56,014
Dues	116,000	-	116,000
Grants and other	199,351	-	199,351
Investment gains	111,849	-	111,849
Interest and dividends	21,130	-	21,130
Net assets released from restrictions	9,500	(9,500)	-
	<b>2,299,018</b>	<b>(9,500)</b>	<b>2,289,518</b>
<b>EXPENSES (Note 8)</b>			
Salaries and wages	724,094	-	724,094
Employee benefits	189,823	-	189,823
Professional fees	81,340	-	81,340
Consulting and training	879,581	-	879,581
Rent	74,435	-	74,435
Supplies and printing	19,572	-	19,572
Insurance	7,434	-	7,434
Telephone and internet	13,252	-	13,252
Depreciation	16,640	-	16,640
Meetings and travel	55,139	-	55,139
Dues and subscriptions	22,198	-	22,198
Website hosting and maintenance	4,670	-	4,670
Other	10,410	-	10,410
	<b>2,098,588</b>	<b>-</b>	<b>2,098,588</b>
Change in net assets	200,430	(9,500)	190,930
<b>NET ASSETS, beginning</b>	<b>1,448,121</b>	<b>148,409</b>	<b>1,596,530</b>
<b>NET ASSETS, ending</b>	<b>\$ 1,648,551</b>	<b>\$ 138,909</b>	<b>\$ 1,787,460</b>

The Notes to Financial Statements are an integral part of these financial statements.

**WEST VIRGINIA PRIMARY CARE ASSOCIATION, INC.**

**STATEMENT OF ACTIVITIES**  
**Year Ended March 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
Federal grant revenue	\$ 2,212,917	\$ -	\$ 2,212,917
Meetings and conferences	29,278	-	29,278
Consulting services	49,730	-	49,730
Dues	114,375	-	114,375
Grants and other	15,147	-	15,147
Investment losses	(7,611)	-	(7,611)
Interest and dividends	24,335	-	24,335
	<u>2,438,171</u>	<u>-</u>	<u>2,438,171</u>
Total revenue			
<b>EXPENSES (Note 8)</b>			
Salaries and wages	750,051	-	750,051
Employee benefits	195,657	-	195,657
Professional fees	81,940	-	81,940
Consulting and training	1,123,084	-	1,123,084
Rent	73,972	-	73,972
Supplies and printing	16,374	-	16,374
Insurance	6,448	-	6,448
Telephone and internet	12,251	-	12,251
Sponsorships	100	-	100
Depreciation	18,220	-	18,220
Meetings and travel	60,958	-	60,958
Dues and subscriptions	19,585	-	19,585
Website hosting and maintenance	4,630	-	4,630
Other	10,875	-	10,875
	<u>2,374,145</u>	<u>-</u>	<u>2,374,145</u>
Total expense			
Change in net assets	64,026	-	64,026
<b>NET ASSETS, beginning</b>	<u>1,384,095</u>	<u>148,409</u>	<u>1,532,504</u>
<b>NET ASSETS, ending</b>	<u>\$ 1,448,121</u>	<u>\$ 148,409</u>	<u>\$ 1,596,530</u>

The Notes to Financial Statements are an integral part of these financial statements.

**WEST VIRGINIA PRIMARY CARE ASSOCIATION, INC.**

**STATEMENTS OF CASH FLOWS**  
**Years Ended March 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 190,930	\$ 64,026
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	16,640	18,220
Net (gain) loss on investments	(111,849)	7,611
Changes in operating assets and liabilities:		
Grants receivable	(17,528)	(13,136)
Other receivables	(49,717)	9,628
Prepaid expenses	(82,509)	(9,883)
Accounts payable	(15,780)	29,929
Accrued expenses	(3,385)	8,052
Refundable advance	(45,571)	1,031,870
Deferred revenue	15,750	(3,625)
	<u>(103,019)</u>	<u>1,142,692</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	432,258	435,988
Purchases of investments	(289,742)	(451,053)
Purchases of property and equipment	(2,191)	(7,650)
	<u>140,325</u>	<u>(22,715)</u>
Cash provided by (used in) investing activities	<u>140,325</u>	<u>(22,715)</u>
Net change in cash and cash equivalents	37,306	1,119,977
CASH AND CASH EQUIVALENTS, beginning	<u>1,799,063</u>	<u>679,086</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 1,836,369</u>	<u>\$ 1,799,063</u>

The Notes to Financial Statements are an integral part of these financial statements.



WEST VIRGINIA PRIMARY CARE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

**Note 1. Nature of Operations**

West Virginia Primary Care Association, Inc., (the Association) is a non-profit, non-stock corporation chartered in 1983 under the laws of the State of West Virginia and exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Association is classified as other than a private foundation. The primary purpose of the Association is to represent community and migrant health care centers in primary care issues and assist in planning and developing state-based primary care strategies. Currently, the Association is comprised of 31 organizational members representing over 300 delivery sites and other primary care affiliated organizations.

**Note 2. Summary of Significant Accounting Policies**

Basis of financial reporting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when the obligation is incurred.

Net assets

The Association reports information regarding its financial position and activities according to two classes of net assets:

*Without donor restrictions* – net assets not subject to donor-imposed stipulations.

*With donor restrictions* – net assets subject to donor-imposed stipulations that will be met either by actions of the Association and/or the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor/grantor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Contributions and grants

The Association reports gifts of cash and other assets as without donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying financial statements. The Association reports gifts of equipment (or other long-lived assets) as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. When long-lived assets are placed in service, thus satisfying purpose restrictions, the amount is then reclassified from with donor restrictions to without donor restrictions.

(Continued)

WEST VIRGINIA PRIMARY CARE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

**Note 2. Summary of Significant Accounting Policies (Continued)**

Contributions and grants (continued)

The Association analyzes grant agreements to determine whether such agreements constitute contributions or exchange transactions, and if determined to be contributions, whether such contributions are conditional or unconditional. The Association has determined that substantially all of its grant agreements represent conditional contributions due to the agreements containing a right of return and containing certain barriers related to incurring qualifying expenditures. Conditional contributions are recognized as the Association incurs qualifying expenditures in compliance with rules and regulations established by the grantor, which is typically a state or federal awarding agency. Grant revenue is recognized as revenues increasing net assets without donor restrictions when the conditions and restrictions are met in the same period, or when the grants were initially determined to be conditional contributions.

Recent Accounting Pronouncements

ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provided enhanced guidance regarding the treatment of grants and similar agreements as either contributions or exchange transactions, was implemented for the year ended March 31, 2020. As a result of the implementation, government grants, which were previously accounted for as exchange transactions, are now accounted for as conditional contributions. On the statement of financial position, grant funds received in advance of qualifying expenditures, which were previously included in deferred revenue, are now classified as refundable advances. The 2019 statement of financial position has also been reclassified to conform with the 2020 presentation. The implementation of ASU 2018-08 did not impact the presentation of the statement of activities.

Cash and cash equivalents

The Association considers all highly liquid investments with maturities of three months or less to be cash equivalents and occasionally carries deposits in banks in excess of federally insured limits. Management believes the credit risk related to the cash balances in excess of insurance is minimal.

Investments

Investments are recorded at fair value as described in Note 6.

Purchases and sales of investments are recorded on a trade date basis. Dividends earned on investments are recorded on the ex-dividend date. Interest income is recognized when earned.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term, and those changes could materially affect the amounts reported in the statement of activities.

Property and equipment

Property and equipment is stated at cost. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets ranging from five to ten years. The Association's policy is to capitalize assets whose expected useful life is in excess of one year and have an individual cost in excess of a pre-established threshold.

(Continued)

WEST VIRGINIA PRIMARY CARE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

**Note 2. Summary of Significant Accounting Policies (Continued)**

Grant and other receivables

Accounts receivable represent the amounts owed by federal and state agencies and membership dues. Specific balances are written off at the time that they are determined to be uncollectible. Management believes all receivables at March 31, 2020 and 2019, are fully collectable, and no allowance for doubtful accounts is necessary.

Deferred revenue

Deferred revenue consists of membership dues prepaid for the following fiscal year.

Advertising

Advertising costs are charged to operations when incurred. Advertising expense was immaterial for both years presented.

Uncertain income tax positions

Generally accepted accounting principles prescribe a recognition threshold and measurement attribute for a tax position taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination. The Association does not believe its financial statements include (or reflect) any uncertain tax positions.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, support, and expenses. Actual results could differ from those estimates.

Subsequent events

Subsequent events have been evaluated through February 15, 2021, the date that the financial statements were available to be issued.

**Note 3. Liquidity Management**

As part of the Association's liquidity management plan, it structures its financial assets to be available as its obligations come due. The Association considers general expenditures to include program expenses, management and administrative expenses, and any commitments or liabilities to be paid in the subsequent year. Cash is held in interest bearing bank accounts. Financial assets available to meet cash needs for general expenditures within one year at March 31 are as follows:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 1,836,369	\$ 1,799,063
Grants receivable	198,536	157,613
Accounts receivable	63,399	37,077
Investments	<u>696,159</u>	<u>726,826</u>
Total available financial assets, at year-end	2,794,463	2,720,579
Less financial assets with donor restrictions	<u>138,909</u>	<u>148,409</u>
Total financial assets available for general expenditure at year-end	<u>\$ 2,655,554</u>	<u>\$ 2,572,170</u>

WEST VIRGINIA PRIMARY CARE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

**Note 4. Pension Plan**

The Association has established a 401(k) defined contribution plan. The Association provides 100% matching contributions up to three percent of annual salary for eligible employees. Participation in the plan is based on years of service and age criteria. Retirement expense for the years ended March 31, 2020 and 2019, was \$16,162 and \$9,481, respectively.

**Note 5. Concentration of Funding Sources**

The Association received significant amounts of funding from federal and state granting agencies. Additionally, its members are primarily primary care centers located in the state of West Virginia. The Association is therefore dependent on the economic factors that affect this industry and state and the granting agencies for its continued existence. Any significant changes in funding or economic conditions could seriously affect the Association's ability to conduct business in the future.

**Note 6. Investments**

The Association reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are defined as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 - Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets or quoted market prices for identical assets and liabilities in inactive markets.

Level 3 - Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2020 and 2019.

*Mutual funds, stocks, and exchange traded fund:* Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(Continued)

**WEST VIRGINIA PRIMARY CARE ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2020**

**Note 6. Investments (Continued)**

Assets measured at fair value on a recurring basis consist of the following:

	<b>2020</b>	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual funds	\$ 554,070	\$ 554,070
Stocks	36,642	36,642
Exchange-traded and closed-end funds	105,447	105,447
Total investments at fair value	\$ 696,159	\$ 696,159

	<b>2019</b>	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual funds	\$ 623,223	\$ 623,223
Exchange-traded and closed-end funds	103,603	103,603
Total investments at fair value	\$ 726,826	\$ 726,826

**Note 7. Lease**

The Association leases its office space under a sublease in effect through October 31, 2021. Lease expense for the years ended March 31, 2020 and 2019, was \$74,435 and \$73,972, respectively.

Future minimum payments required under the lease are as follows:

Year ending March 31,

2021	\$ 75,551
2022	<u>44,455</u>
	<u>\$ 120,006</u>

**WEST VIRGINIA PRIMARY CARE ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2020**

**Note 8. Functional Expenses**

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.

	<b>2020</b>		
	Technical Assistance	General and Administrative	Total
Salaries and wages	\$ 693,237	\$ 30,857	\$ 724,094
Employee benefits	182,376	7,447	189,823
Professional fees	21,340	60,000	81,340
Consulting and training	856,076	23,505	879,581
Rent	63,270	11,165	74,435
Supplies and printing	15,103	4,469	19,572
Insurance	7,434	-	7,434
Telephone and internet	13,252	-	13,252
Depreciation	6,321	10,319	16,640
Meetings and travel	43,873	11,266	55,139
Dues and subscriptions	21,898	300	22,198
Website hosting and maintenance	4,670	-	4,670
Other	-	10,410	10,410
<b>Total</b>	<b>\$ 1,928,850</b>	<b>\$ 169,738</b>	<b>\$ 2,098,588</b>
	<b>2019</b>		
	Technical Assistance	General and Administrative	Total
Salaries and wages	\$ 721,938	\$ 28,113	\$ 750,051
Employee benefits	177,884	17,773	195,657
Professional fees	20,065	61,875	81,940
Consulting and training	1,111,882	11,202	1,123,084
Rent	62,876	11,096	73,972
Supplies and printing	10,935	5,439	16,374
Insurance	6,448	-	6,448
Telephone and internet	12,251	-	12,251
Sponsorships	-	100	100
Depreciation	7,021	11,199	18,220
Meetings and travel	51,452	9,506	60,958
Dues and subscriptions	18,629	956	19,585
Website hosting and maintenance	4,630	-	4,630
Other	26	10,849	10,875
<b>Total</b>	<b>\$ 2,206,037</b>	<b>\$ 168,108</b>	<b>\$ 2,374,145</b>

**WEST VIRGINIA PRIMARY CARE ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2020**

**Note 9. Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the development of a Medicaid accountable care organization and patient-centered medical home development, including personnel, technology, and other related qualified expenses.

**Note 10. COVID-19**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The COVID-19 outbreak in the United States has caused business disruptions due to stay at home and social distancing orders.

At this time, the Association is not able to estimate the effects of the COVID-19 outbreak on its financial condition, liquidity, or results of operations for 2021 given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread.

**SUPPLEMENTARY INFORMATION**



**WEST VIRGINIA PRIMARY CARE ASSOCIATION, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended March 31, 2020**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Passed through to sub- recipients</u>	<u>Expenditures</u>
<b>U.S. Department of Health and Human Services</b>				
<b>Health Resources and Services Administration</b>				
Technical and non-financial assistance to health centers	93.129	U58CS06834	\$ -	\$ 866,629
Grants for New and Expanded Services under the Health Center Program	93.527	H2QCS30254	-	763,391
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	G190318	-	6,046
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	G200450	-	56,240
Preventive Health and Health Services Block Grant	93.991	G190843	-	<u>47,315</u>
Total U.S. Department of Health and Human Services Health Resources and Services Administration			<u>-</u>	<u>1,739,621</u>
<b>Total expenditures of federal awards</b>			<u>\$ -</u>	<u>\$ 1,739,621</u>

**WEST VIRGINIA PRIMARY CARE ASSOCIATION, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended March 31, 2020**

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of West Virginia Primary Care Association, Inc. (the Association) under programs of the federal government for the year ended March 31, 2020. 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 Association, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Association.

**Note 2. 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.

**Note 3. Indirect Cost Rate**

The Association has not elected to use the 10% de minimis indirect cost rate.

**Note 4. Prepaid Expenses**

The schedule of expenditures of federal awards does not include \$95,823 of expenditures reported as prepaid expenses in the consolidated financial statements due to not meeting the recognition criteria to be recognized as an expense or obligation at March 31, 2020 in accordance with generally accepted accounting principles.

**WEST VIRGINIA PRIMARY CARE ASSOCIATION, INC.**  
**SCHEDULE OF EXPENDITURES OF NON-FEDERAL AWARDS**  
**Year Ended March 31, 2020**

<u>State Grantor/Pass-through Grantor/Program Title</u>	<u>Grant Series/ Number</u>	<u>Expenditures</u>
<b>West Virginia Department of Health and Human Resources</b>		
Diabetes Education and Prevention	G190842	<u>50,000</u>
Total West Virginia Department of Health and Human Resources		<u>50,000</u>
<b>Total expenditures of non-federal awards</b>		<u><u>\$ 50,000</u></u>



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

To the Board of Directors  
West Virginia Primary Care Association, Inc.  
Charleston, 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 West Virginia Primary Care Association, Inc. (the "Association") which comprise the statement of financial position as of March 31, 2020, 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 February 15, 2021.

**Internal Control over Financial Reporting**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Brown, Edwards & Company, S.L.P.*  
CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia  
February 15, 2021



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

To the Board of Directors  
West Virginia Primary Care Association, Inc.  
Charleston, West Virginia

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

We have audited West Virginia Primary Care Association, Inc.’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Association’s major federal program for the year ended March 31, 2020. West Virginia Primary Care Association, Inc.’s (the “Association”) 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for the Association’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 the Association’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 its major federal program. However, our audit does not provide a legal determination of the Association’s compliance.

**Opinion on Each Major Federal Program**

In our opinion, West Virginia Primary Care Association, Inc. 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 March 31, 2020.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on the major federal program is not modified with respect to this matter.

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

### **Report on Internal Control Over Compliance**

Management of West Virginia Primary Care Association, 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 the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association'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.

  
CERTIFIED PUBLIC ACCOUNTANTS

WEST VIRGINIA PRIMARY CARE ASSOCIATION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended March 31, 2020

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements of West Virginia Primary Care Association, Inc. (the Association).
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the 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 Accounting Standards*.
3. **No instances of noncompliance** material to the financial statements of the Association were disclosed during the audit.
4. **No significant deficiencies** relating to the audit of the major federal award program were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance.
5. The auditor's report on compliance for the major federal award program of the Association expresses an **unmodified opinion**.
6. The audit disclosed **one audit finding** relating to the major programs.
7. The major federal award program tested was:

Grants for New and Expanded Services under the Health Center Program	CFDA #	93.527
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8. The threshold used for distinguishing Type A and Type B programs was **\$750,000**.
9. The Association was determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

2020-001: Grants for New and Expanded Services under the Health Center Program-CFDA# 93.527, Return of Funds – Other Matter

*Condition:*

The Association received a refund of approximately \$906,000 from a vendor of expenditures previously paid using grant funds. The amount received was not returned to the Federal agency but was retained for future use in the multi-year Health Center Project.



**WEST VIRGINIA PRIMARY CARE ASSOCIATION, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended March 31, 2020**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT  
(Continued)**

*Criteria:*

Under the requirements in the Uniform Guidance, 2 CFR Part 200 Section 345 (a) (2) all non-federal entities are required to return any funds due as a result of later refunds, corrections, or other transactions after the closeout of a Federal award.

*Cause:*

The refund received by the non-federal entity after the closeout of the award period as the result of a successful legal dispute was not returned to the federal entity as required because the Association believed that it was permitted to retain the funds for future program expenditures.

*Effect:*

The lack of the prompt return of the refund results in noncompliance with Federal regulations.

*Recommendation:*

Management should return the funds received as a result of the settlement to the Federal agency.

*Views of Responsible Officials and Planned Corrective Actions:*

When the vendor refunded the monies during Fiscal Year Ending March 31, 2019 (FYE 2019), the West Virginia Primary Care Association did not return the refund to the Federal Agency as a new vendor was contracted for the grant program work, and direction was provided to use the funding for these efforts. With this understanding, the refund was reported as Deferred Revenue as of FYE 2019. During the recent review of the implementation of ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions, the compliance question was raised about returning the refund to the Federal Agency. The Association immediately sought further clarity from the Federal agency on the matter to determine appropriate resolution. Guidance was received which determined the funding should be returned to the Federal agency. The Association is working to return the funding ensuring proper tracking as these funds will be appropriated to the West Virginia Primary Care Association for utilization in future program expenditures.