



**GREATER NEW BEDFORD  
COMMUNITY HEALTH CENTER, INC.**

**FINANCIAL STATEMENTS IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS AND  
UNIFORM GUIDANCE  
SEPTEMBER 30, 2019 AND 2018**

**GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.**

Contents  
September 30, 2019 and 2018

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**Unmodified Opinion on Financial Statements Accompanied by Other  
Information - Not-For-Profit Entity**

**Independent Auditor's Report**

To the Board of Directors of  
Greater New Bedford Community Health Center, Inc.:

**Report on the Financial Statements**

We have audited the accompanying financial statements of Greater New Bedford Community Health Center, Inc. (a Massachusetts corporation, not for profit) (the Health Center) which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

## **Opinion**

In our opinion, the financial statements referred to on page one present fairly, in all material respects, the financial position of Greater New Bedford Community Health Center, Inc. as of September 30, 2019 and 2018, 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**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended September 30, 2019, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 January 22, 2020, on our consideration of the Health Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Health Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health Center's internal control over financial reporting and compliance.

*AAFCPA, Inc.*

Westborough, Massachusetts  
January 22, 2020

**GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.**

Statements of Financial Position  
September 30, 2019 and 2018

Assets	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Current Assets:</b>						
Cash	\$ 4,403,030	\$ 367,896	\$ 4,770,926	\$ 4,108,212	\$ 99,188	\$ 4,207,400
Patient accounts receivable, net of allowance for uncollectible accounts of approximately \$828,000 and \$587,000 at September 30, 2019 and 2018, respectively	2,102,746	-	2,102,746	1,892,486	-	1,892,486
Contracts, grants and other receivables	544,767	-	544,767	267,066	-	267,066
Prepaid expenses and other	150,175	-	150,175	133,283	-	133,283
Total current assets	<u>7,200,718</u>	<u>367,896</u>	<u>7,568,614</u>	<u>6,401,047</u>	<u>99,188</u>	<u>6,500,235</u>
Construction in Progress	683,420	-	683,420	306,548	-	306,548
<b>Property and Equipment:</b>						
Land	359,716	-	359,716	359,716	-	359,716
Buildings and improvements	16,674,348	-	16,674,348	16,536,967	-	16,536,967
Furniture, fixtures and equipment	1,065,828	-	1,065,828	1,016,858	-	1,016,858
Computer equipment	1,549,241	-	1,549,241	1,633,157	-	1,633,157
	19,649,133	-	19,649,133	19,546,698	-	19,546,698
Less - accumulated depreciation	8,596,936	-	8,596,936	7,914,865	-	7,914,865
Net property and equipment	<u>11,052,197</u>	<u>-</u>	<u>11,052,197</u>	<u>11,631,833</u>	<u>-</u>	<u>11,631,833</u>
Total assets	<u>\$ 18,936,335</u>	<u>\$ 367,896</u>	<u>\$ 19,304,231</u>	<u>\$ 18,339,428</u>	<u>\$ 99,188</u>	<u>\$ 18,438,616</u>
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities:</b>						
Current portion of long-term debt	\$ 103,108	\$ -	\$ 103,108	\$ 142,681	\$ -	\$ 142,681
Capital lease	-	-	-	57,929	-	57,929
Accounts payable	471,747	-	471,747	421,526	-	421,526
Accrued expenses	2,237,660	-	2,237,660	1,472,203	-	1,472,203
Deferred revenue	14,539	-	14,539	164,000	-	164,000
Total current liabilities	<u>2,827,054</u>	<u>-</u>	<u>2,827,054</u>	<u>2,258,339</u>	<u>-</u>	<u>2,258,339</u>
Long-Term Debt, net	2,852,352	-	2,852,352	2,947,183	-	2,947,183
Total liabilities	<u>5,679,406</u>	<u>-</u>	<u>5,679,406</u>	<u>5,205,522</u>	<u>-</u>	<u>5,205,522</u>
<b>Net Assets:</b>						
Without donor restrictions:						
Operating	4,476,772	-	4,476,772	4,343,318	-	4,343,318
Property and equipment	8,780,157	-	8,780,157	8,790,588	-	8,790,588
With donor restrictions	-	367,896	367,896	-	99,188	99,188
Total net assets	<u>13,256,929</u>	<u>367,896</u>	<u>13,624,825</u>	<u>13,133,906</u>	<u>99,188</u>	<u>13,233,094</u>
Total liabilities and net assets	<u>\$ 18,936,335</u>	<u>\$ 367,896</u>	<u>\$ 19,304,231</u>	<u>\$ 18,339,428</u>	<u>\$ 99,188</u>	<u>\$ 18,438,616</u>

The accompanying notes are an integral part of these statements.

**GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.**

Statements of Activities and Changes in Net Assets  
For the Years Ended September 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue and Support:</b>						
Net patient service revenue	\$ 18,577,150	\$ -	\$ 18,577,150	\$ 17,609,166	\$ -	\$ 17,609,166
Contracts and grants:						
Public	4,567,713	1,395,374	5,963,087	5,028,369	613,340	5,641,709
Private	1,403,205	429,009	1,832,214	983,177	110,032	1,093,209
In-kind services and other	433,191	-	433,191	243,900	-	243,900
Gifts, contributions and other	299,174	-	299,174	220,785	-	220,785
Net assets released from purpose restrictions	1,555,675	(1,555,675)	-	666,820	(666,820)	-
Total operating revenue and support	<u>26,836,108</u>	<u>268,708</u>	<u>27,104,816</u>	<u>24,752,217</u>	<u>56,552</u>	<u>24,808,769</u>
<b>Operating Expenses:</b>						
Program services:						
Adult Medicine	4,498,062	-	4,498,062	3,756,206	-	3,756,206
Pediatrics	1,949,291	-	1,949,291	1,818,630	-	1,818,630
Urgent Care	1,587,639	-	1,587,639	1,648,480	-	1,648,480
Dental	1,376,319	-	1,376,319	1,397,884	-	1,397,884
Women, Infant and Children	759,978	-	759,978	767,897	-	767,897
HIV and Infectious Diseases	1,806,792	-	1,806,792	1,605,451	-	1,605,451
Other Enabling Services	2,876,607	-	2,876,607	3,511,013	-	3,511,013
Women's Health	2,010,119	-	2,010,119	1,756,838	-	1,756,838
Wareham Health Center	1,001,868	-	1,001,868	993,002	-	993,002
Patient and Clinical Support	3,268,953	-	3,268,953	3,020,005	-	3,020,005
Total program services	<u>21,135,628</u>	<u>-</u>	<u>21,135,628</u>	<u>20,275,406</u>	<u>-</u>	<u>20,275,406</u>
Supporting services:						
General and Administrative	5,174,600	-	5,174,600	5,401,692	-	5,401,692
Facilities	662,539	-	662,539	598,605	-	598,605
Total supporting services	<u>5,837,139</u>	<u>-</u>	<u>5,837,139</u>	<u>6,000,297</u>	<u>-</u>	<u>6,000,297</u>
Total operating expenses	<u>26,972,767</u>	<u>-</u>	<u>26,972,767</u>	<u>26,275,703</u>	<u>-</u>	<u>26,275,703</u>
Changes in net assets from operations	(136,659)	268,708	132,049	(1,523,486)	56,552	(1,466,934)
<b>Non-Operating Revenue:</b>						
Capital grant	259,682	-	259,682	-	-	-
Changes in net assets	123,023	268,708	391,731	(1,523,486)	56,552	(1,466,934)
<b>Net Assets:</b>						
Beginning of year	<u>13,133,906</u>	<u>99,188</u>	<u>13,233,094</u>	<u>14,657,392</u>	<u>42,636</u>	<u>14,700,028</u>
End of year	<u>\$ 13,256,929</u>	<u>\$ 367,896</u>	<u>\$ 13,624,825</u>	<u>\$ 13,133,906</u>	<u>\$ 99,188</u>	<u>\$ 13,233,094</u>

The accompanying notes are an integral part of these statements.

**GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.**

Statements of Cash Flows

For the Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 391,731	\$ (1,466,934)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	799,934	810,778
Bad debts	113,362	454,813
Capital grant	(259,682)	-
Interest - amortization	6,475	6,475
Changes in operating assets and liabilities:		
Patient accounts receivable	(323,622)	(620,906)
Contracts, grants and other receivables	(277,701)	449,861
Prepaid expenses and other	(16,892)	(20,052)
Accounts payable	50,221	14,752
Accrued expenses	765,457	21,351
Deferred revenue	(149,461)	150,000
	<u>1,099,822</u>	<u>(199,862)</u>
<b>Cash Flows from Investing Activities:</b>		
Increase in construction in progress	(376,872)	(103,277)
Acquisition of property and equipment	(220,298)	(371,628)
	<u>(597,170)</u>	<u>(474,905)</u>
<b>Cash Flows from Financing Activities:</b>		
Capital grant	259,682	-
Payments on capital lease	(57,929)	(73,384)
Principal payments on long-term debt	(140,879)	(140,208)
	<u>60,874</u>	<u>(213,592)</u>
<b>Net Change in Cash</b>	563,526	(888,359)
<b>Cash:</b>		
Beginning of year	<u>4,207,400</u>	<u>5,095,759</u>
End of year	<u>\$ 4,770,926</u>	<u>\$ 4,207,400</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	<u>\$ 110,514</u>	<u>\$ 119,609</u>

**GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.**

Statement of Functional Expenses  
 For the Year Ended September 30, 2019  
 (With Summarized Comparative Totals for the Year Ended September 30, 2018)

	2019												2018		
	Program Services										Supporting Services			Total	
	Adult Medicine	Pediatrics	Urgent Care	Dental	Women, Infant and Children	HIV and Infectious Diseases	Other Enabling Services	Women's Health	Wareham Health Center	Patient and Clinical Support	Total Program Services	General and Adminis- trative	Facilities		Total
<b>Payroll, Contracted Services and Related Costs:</b>															
Payroll	\$ 3,374,502	\$ 1,384,773	\$ 1,157,097	\$ 930,434	\$ 538,746	\$ 1,211,410	\$ 229,844	\$ 1,373,381	\$ 608,753	\$ 2,004,125	\$ 12,813,065	\$ 2,444,495	\$ -	\$ 15,257,560	\$ 14,492,181
Payroll taxes and benefits	610,129	371,225	236,795	194,442	137,996	264,431	134,615	278,262	97,979	700,084	3,025,958	576,706	-	3,602,664	3,599,250
Contracted services	14,805	15,978	1,306	1,265	-	1,306	25,242	1,342	15,914	444,298	521,456	1,044,783	-	1,566,239	766,298
Professional development	11,443	3,628	3,441	3,745	540	895	311	3,047	736	1,704	29,490	96,643	-	126,133	176,221
<b>Total payroll, contracted services and related costs</b>	<b>4,010,879</b>	<b>1,775,604</b>	<b>1,398,639</b>	<b>1,129,886</b>	<b>677,282</b>	<b>1,478,042</b>	<b>390,012</b>	<b>1,656,032</b>	<b>723,382</b>	<b>3,150,211</b>	<b>16,389,969</b>	<b>4,162,627</b>	<b>-</b>	<b>20,552,596</b>	<b>19,033,950</b>
<b>Occupancy:</b>															
Depreciation	142,604	53,687	33,828	40,561	45,868	78,021	17,693	79,397	61,658	11,988	565,305	234,629	-	799,934	810,778
Equipment rental and maintenance	11,439	3,858	464	16,001	526	1,246	1,113	5,314	9,116	4,530	53,607	-	224,326	277,933	292,246
Utilities	38,372	13,705	8,223	7,755	13,705	121	4,678	11,044	20,900	2,740	121,243	-	60,178	181,421	186,738
Property insurance	-	-	-	-	-	-	-	-	-	-	-	-	135,968	135,968	119,275
Interest	-	-	-	-	-	-	-	-	-	-	-	-	110,514	110,514	119,609
Rent	-	-	-	-	-	-	-	-	107,614	-	107,614	-	-	107,614	117,429
Repairs and maintenance	2,423	1,737	3,438	1,671	2,649	-	202	1,024	3,953	669	17,766	-	67,033	84,799	44,279
Interest - amortization	1,419	532	338	335	458	783	177	799	-	102	4,943	1,532	-	6,475	6,475
<b>Total occupancy</b>	<b>196,257</b>	<b>73,519</b>	<b>46,291</b>	<b>66,323</b>	<b>63,206</b>	<b>80,171</b>	<b>23,863</b>	<b>97,578</b>	<b>203,241</b>	<b>20,029</b>	<b>870,478</b>	<b>236,161</b>	<b>598,019</b>	<b>1,704,658</b>	<b>1,696,829</b>
<b>Program Costs:</b>															
Pharmacy supplies	134,722	3,964	8,328	-	-	116,103	2,432,592	104,554	26,878	-	2,827,141	-	-	2,827,141	3,039,355
Medical supplies	48,768	24,193	39,296	92,161	1,136	21,227	1,100	96,776	7,238	499	332,394	361	-	332,755	305,086
Program supplies and support	5,926	3,351	590	3,485	10,203	34,395	17,835	2,390	1,156	22,209	101,540	43,505	-	145,045	236,907
Patient transportation	1,859	7,634	1,347	-	-	1,382	6	1,439	310	834	14,811	16,200	-	31,011	23,161
<b>Total program costs</b>	<b>191,275</b>	<b>39,142</b>	<b>49,561</b>	<b>95,646</b>	<b>11,339</b>	<b>173,107</b>	<b>2,451,533</b>	<b>205,159</b>	<b>35,582</b>	<b>23,542</b>	<b>3,275,886</b>	<b>60,066</b>	<b>-</b>	<b>3,335,952</b>	<b>3,604,509</b>
<b>Other Expenses:</b>															
Professional fees	35,812	27,433	37,331	75,846	-	19,032	5,989	22,384	22,375	39,362	285,564	350,525	-	636,089	889,742
Other	8,503	6,760	5,025	3,061	-	7,388	241	4,132	2,685	-	37,795	169,640	-	207,435	197,121
Bad debts	24,326	16,528	47,587	-	-	5,721	2,690	12,280	4,230	-	113,362	-	-	113,362	454,813
Travel and conferences	8,110	1,473	386	37	5,017	5,499	1,016	2,846	4,714	2,925	32,023	68,203	-	100,226	71,670
Consultants	-	-	-	500	-	32,266	-	199	-	4,570	37,535	61,025	-	98,560	114,186
Printing, postage and copying	14,931	4,201	1,480	1,104	1,342	3,999	803	4,799	3,006	10,913	46,578	29,013	-	75,591	70,320
Office supplies	7,786	4,389	1,339	3,916	1,081	156	213	3,540	2,653	17,401	42,474	30,492	-	72,966	64,743
Telephone	183	242	-	-	711	1,411	247	1,170	-	-	3,964	-	64,520	68,484	71,304
Interest and bank charges	-	-	-	-	-	-	-	-	-	-	-	6,848	-	6,848	6,516
<b>Total other expenses</b>	<b>99,651</b>	<b>61,026</b>	<b>93,148</b>	<b>84,464</b>	<b>8,151</b>	<b>75,472</b>	<b>11,199</b>	<b>51,350</b>	<b>39,663</b>	<b>75,171</b>	<b>599,295</b>	<b>715,746</b>	<b>64,520</b>	<b>1,379,561</b>	<b>1,940,415</b>
<b>Total expenses before facilities and patient and clinical support allocations</b>	<b>4,498,062</b>	<b>1,949,291</b>	<b>1,587,639</b>	<b>1,376,319</b>	<b>759,978</b>	<b>1,806,792</b>	<b>2,876,607</b>	<b>2,010,119</b>	<b>1,001,868</b>	<b>3,268,953</b>	<b>21,135,628</b>	<b>5,174,600</b>	<b>662,539</b>	<b>26,972,767</b>	<b>26,275,703</b>
<b>Facilities Allocation</b>	<b>91,012</b>	<b>57,508</b>	<b>29,176</b>	<b>28,663</b>	<b>25,180</b>	<b>38,957</b>	<b>53,694</b>	<b>104,028</b>	<b>47,769</b>	<b>54,589</b>	<b>530,576</b>	<b>131,963</b>	<b>(662,539)</b>	<b>-</b>	<b>-</b>
<b>Patient and Clinical Support Allocation</b>	<b>697,945</b>	<b>498,531</b>	<b>565,002</b>	<b>432,060</b>	<b>-</b>	<b>299,119</b>	<b>99,706</b>	<b>565,002</b>	<b>166,177</b>	<b>(3,323,542)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenses</b>	<b>\$ 5,287,019</b>	<b>\$ 2,505,330</b>	<b>\$ 2,181,817</b>	<b>\$ 1,837,042</b>	<b>\$ 785,158</b>	<b>\$ 2,144,868</b>	<b>\$ 3,030,007</b>	<b>\$ 2,679,149</b>	<b>\$ 1,215,814</b>	<b>\$ -</b>	<b>\$ 21,666,204</b>	<b>\$ 5,306,563</b>	<b>\$ -</b>	<b>\$ 26,972,767</b>	<b>\$ 26,275,703</b>



GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

Statement of Functional Expenses  
For the Year Ended September 30, 2018

	Program Services										Supporting Services			
	Adult Medicine	Pediatrics	Urgent Care	Dental	Women, Infant and Children	HIV and Infectious Diseases	Other Enabling Services	Women's Health	Wareham Health Center	Patient and Clinical Support	Total Program Services	General and Adminis- trative	Facilities	Total
<b>Payroll, Contracted Services and Related Costs:</b>														
Payroll	\$ 2,750,853	\$ 1,269,042	\$ 1,145,821	\$ 949,089	\$ 513,330	\$ 985,276	\$ 384,746	\$ 1,170,778	\$ 537,360	\$ 1,959,710	\$ 11,666,005	\$ 2,826,176	\$ -	\$ 14,492,181
Payroll taxes and benefits	443,505	272,992	214,780	198,518	162,498	249,536	319,962	240,856	140,471	714,295	2,957,413	641,837	-	3,599,250
Contracted services	1,856	17,575	6	-	-	721	26,794	721	19,726	226,407	293,806	472,492	-	766,298
Professional development	13,765	3,380	-	3,538	-	12,087	1,369	5,641	2,095	3,460	45,335	130,886	-	176,221
Total payroll, contracted services and related costs	<u>3,209,979</u>	<u>1,562,989</u>	<u>1,360,607</u>	<u>1,151,145</u>	<u>675,828</u>	<u>1,247,620</u>	<u>732,871</u>	<u>1,417,996</u>	<u>699,652</u>	<u>2,903,872</u>	<u>14,962,559</u>	<u>4,071,391</u>	<u>-</u>	<u>19,033,950</u>
<b>Occupancy:</b>														
Depreciation	148,436	56,027	35,367	38,184	51,667	81,780	18,706	83,752	61,438	10,938	586,295	224,483	-	810,778
Equipment rental and maintenance	14,203	6,944	2,972	13,490	1,020	4,416	4,168	6,277	6,526	17,063	77,079	-	215,167	292,246
Utilities	40,175	14,349	8,609	6,352	14,349	21,522	5,211	11,847	18,395	2,869	143,678	-	43,060	186,738
Property insurance	-	-	-	-	-	-	-	-	-	-	-	-	119,275	119,275
Interest	-	-	-	-	-	-	-	-	-	-	-	-	119,609	119,609
Rent	-	-	-	-	-	-	-	-	117,429	-	117,429	-	-	117,429
Repairs and maintenance	1,398	368	917	1,048	2,280	-	193	418	1,764	193	8,579	-	35,700	44,279
Interest - amortization	1,410	529	336	333	494	779	176	794	-	101	4,952	1,523	-	6,475
Total occupancy	<u>205,622</u>	<u>78,217</u>	<u>48,201</u>	<u>59,407</u>	<u>69,810</u>	<u>108,497</u>	<u>28,454</u>	<u>103,088</u>	<u>205,552</u>	<u>31,164</u>	<u>938,012</u>	<u>226,006</u>	<u>532,811</u>	<u>1,696,829</u>
<b>Program Costs:</b>														
Pharmacy supplies	129,516	7,782	11,044	-	-	77,882	2,715,181	71,355	26,517	-	3,039,277	78	-	3,039,355
Medical supplies	39,607	16,147	40,894	90,645	429	15,027	542	92,533	7,714	394	303,932	1,154	-	305,086
Program supplies and support	10,109	6,189	2,813	6,790	14,791	43,384	9,371	13,258	4,184	34,902	145,791	91,116	-	236,907
Patient transportation	3,056	1,552	2,194	-	-	-	16	468	25	10	7,321	15,840	-	23,161
Total program costs	<u>182,288</u>	<u>31,670</u>	<u>56,945</u>	<u>97,435</u>	<u>15,220</u>	<u>136,293</u>	<u>2,725,110</u>	<u>177,614</u>	<u>38,440</u>	<u>35,306</u>	<u>3,496,321</u>	<u>108,188</u>	<u>-</u>	<u>3,604,509</u>
<b>Other Expenses:</b>														
Professional fees	33,270	18,315	30,988	62,988	-	16,386	15,421	15,481	20,722	21,118	234,689	655,053	-	889,742
Other	3,374	2,083	2,060	2,477	-	22,088	277	1,704	4,016	100	38,179	158,942	-	197,121
Bad debts	100,506	115,600	145,119	21,268	-	23,422	5,717	30,224	12,957	-	454,813	-	-	454,813
Travel and conferences	2,997	141	181	137	3,502	8,141	780	1,255	6,932	3,198	27,264	44,406	-	71,670
Consultants	-	-	-	-	-	34,439	-	-	-	-	34,439	79,747	-	114,186
Printing, postage and copying	11,460	4,836	1,891	555	1,078	4,811	1,295	6,523	2,176	9,688	44,313	26,007	-	70,320
Office supplies	6,589	4,411	2,488	2,472	1,403	2,913	679	1,519	1,274	15,559	39,307	25,436	-	64,743
Telephone	121	368	-	-	1,056	841	409	1,434	1,281	-	5,510	-	65,794	71,304
Interest and bank charges	-	-	-	-	-	-	-	-	-	-	-	6,516	-	6,516
Total other expenses	<u>158,317</u>	<u>145,754</u>	<u>182,727</u>	<u>89,897</u>	<u>7,039</u>	<u>113,041</u>	<u>24,578</u>	<u>58,140</u>	<u>49,358</u>	<u>49,663</u>	<u>878,514</u>	<u>996,107</u>	<u>65,794</u>	<u>1,940,415</u>
Total expenses before facilities and patient and clinical support allocations	<u>3,756,206</u>	<u>1,818,630</u>	<u>1,648,480</u>	<u>1,397,884</u>	<u>767,897</u>	<u>1,605,451</u>	<u>3,511,013</u>	<u>1,756,838</u>	<u>993,002</u>	<u>3,020,005</u>	<u>20,275,406</u>	<u>5,401,692</u>	<u>598,605</u>	<u>26,275,703</u>
<b>Facilities Allocation</b>	83,746	31,545	26,847	26,375	33,502	35,847	49,407	95,723	43,956	50,228	477,176	121,429	(598,605)	-
<b>Patient and Clinical Support Allocation</b>	644,749	429,833	644,749	460,535	-	184,214	122,809	460,535	122,809	(3,070,233)	-	-	-	-
Total expenses	<u>\$ 4,484,701</u>	<u>\$ 2,280,008</u>	<u>\$ 2,320,076</u>	<u>\$ 1,884,794</u>	<u>\$ 801,399</u>	<u>\$ 1,825,512</u>	<u>\$ 3,683,229</u>	<u>\$ 2,313,096</u>	<u>\$ 1,159,767</u>	<u>\$ -</u>	<u>\$ 20,752,582</u>	<u>\$ 5,523,121</u>	<u>\$ -</u>	<u>\$ 26,275,703</u>

The accompanying notes are an integral part of these statements.

## GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

Notes to Financial Statements  
September 30, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

#### OPERATIONS

Greater New Bedford Community Health Center, Inc. (the Health Center) is a nonprofit organization incorporated in 1981, which provides comprehensive medical, dental, community, and social services to residents of New Bedford, Massachusetts and its surrounding communities. The Health Center expanded into Wareham, Massachusetts in 2015, where they perform primary and preventive medical care for all ages. This location was closed in October 2019.

#### NONPROFIT STATUS

The Health Center is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Health Center is also exempt from state income taxes. Donors may deduct contributions made to the Health Center within the IRC requirements.

#### SIGNIFICANT ACCOUNTING POLICIES

The Health Center prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### Adoption of New Accounting Standard

In fiscal year 2019, the Health Center adopted FASB's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Health Center has adjusted the presentation of these financial statements accordingly. The adoption of this ASU did not impact the Health Center's net asset classes, results of operations, or cash flows for the year ended September 30, 2018. This ASU has been applied retrospectively to all periods presented. This ASU provides an option to omit disclosures about liquidity and availability of resources for the fiscal year 2018 financial statements.

#### Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	20 - 40 years
Furniture, fixtures and equipment	3 - 7 years
Computer equipment	3 - 5 years

Land is not depreciated.

Construction in progress as of September 30, 2019 and 2018, is for costs related to the expansion of 874 Purchase Street, New Bedford, Massachusetts. The project was in its pre-development phase as of September 30, 2018. Construction commenced during fiscal year 2019 and is expected to be completed during fiscal year 2020 (see Note 12).

## GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

Notes to Financial Statements  
September 30, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Debt Issuance Costs

Debt issuance costs are amortized over the term of the long-term debt agreements of ten years (see Note 3) using the straight-line method, which approximates the effective interest method.

##### Allowance for Uncollectible Accounts

The Health Center records patient service receivables net of allowances for uncollectible accounts and contractual allowances. These allowances are recorded based upon reimbursement rates from third-party payors, historical collections on third-party receivables, as well as other factors.

##### Fair Value Measurements

The Health Center follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Health Center would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Health Center uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Health Center. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

##### Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and support and operating expenses in the accompanying statements of activities and changes in net assets. Non-operating revenue includes capital activity.

## GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

Notes to Financial Statements  
September 30, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Revenue Recognition

Contracts are recorded over the contract period as services are provided. Grants, contributions and gifts without donor restrictions are recorded as revenue when received or unconditionally pledged. Grants, contributions and gifts with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed. All other revenues are recorded when earned. Deferred revenue consists of public contracts and grants received in advance of services being provided.

Patient service revenue is recorded as services are provided. The Health Center establishes fees for services to patients based upon the patient's ability to pay for these services. Net patient service revenue reflects the amounts to be collected after provisions for contractual allowances and free care. Contractual allowances are accrued on an estimated basis in the period the related services are rendered. Net patient service revenue is adjusted as required based on final settlements. Contractual allowances were approximately \$9,220,000 and \$5,840,000 for the years ended September 30, 2019 and 2018, respectively.

##### Measuring Charity Care

The Health Center has a policy of providing free care services to patients who are unable to pay. Such patients are identified based upon financial information obtained from the patient prior to services being rendered. The Health Center provided approximately \$1,161,000 and \$1,232,000 of free care during the years ended September 30, 2019 and 2018, respectively. The approximate cost of providing these services was \$1,071,000 and \$1,338,000 for the years ended September 30, 2019 and 2018, respectively. The cost of providing free care was calculated by multiplying the percentage of gross free care charges to gross patient charges by the total cost of providing patient services. The Health Center billed a third-party payor approximately \$1,161,000 and \$1,232,000 during the years ended September 30, 2019 and 2018, respectively, for free care services provided to eligible patients, which is included in net patient service revenue in the accompanying statements of activities and changes in net assets.

##### Advertising

The Health Center expenses advertising costs as they are incurred. Advertising expense totaled \$16,618 and \$15,845 for the years ended September 30, 2019 and 2018, respectively, and is included in other expense in the accompanying statements of functional expenses.

##### Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are payroll and payroll taxes and benefits, which are allocated on the basis of estimates of time and effort; occupancy and facilities costs, which are allocated on a square footage basis; and patient and clinical support costs, which are allocated based on patient encounters per program.

## GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

Notes to Financial Statements  
September 30, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Expense Allocation (Continued)

Included in other expenses is \$8,622 and \$17,524 of development and fundraising expenses for the years ended September 30, 2019 and 2018, respectively.

##### Donated Goods and Services

The Commonwealth of Massachusetts provides vouchers to recipients of the Health Center's Women, Infant and Children program. The value of these vouchers for fiscal years 2019 and 2018 was \$2,787,778 and \$2,890,178, respectively. These amounts are not reflected in the accompanying financial statements.

The Health Center has a partnership with Boston Medical Center (BMC) in which employees of BMC provide services to patients of the Health Center. The value of these services was \$424,893 and \$243,900 for fiscal years 2019 and 2018, respectively, which is included in in-kind services and other in the accompanying statements of activities and changes in net assets, and included in payroll and payroll taxes and benefits in the accompanying statements of functional expenses.

The Health Center received donated equipment with a value of \$8,298 during fiscal year 2019, which is also included in in-kind services and other.

##### Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Income Taxes

The Health Center accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Health Center has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at September 30, 2019 and 2018.

##### Subsequent Events

Subsequent events have been evaluated through January 22, 2020, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements, other than the event disclosed in Note 5.

**GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.**

Notes to Financial Statements  
September 30, 2019 and 2018

**2. NET ASSETS**

**Net Assets Without Donor Restrictions**

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Health Center. The Health Center has grouped its net assets without donor restrictions into the following categories:

*Operating net assets* represent funds available to carry on the operations of the Health Center.

*Property and equipment net assets* reflect and account for the activities relating to the Health Center's property and equipment and construction in progress, net of related debt.

**Net Assets With Donor Restrictions**

The Health Center receives contributions and grants which are designated by donors for specific purposes. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purposes or time restrictions have lapsed.

Net assets with donor restrictions were as follows for the years ended September 30:

	<u>2019</u>	<u>2018</u>
Specific purpose:		
Pediatric behavioral health	\$ 301,266	\$ -
Delivery System Reform Incentive Payments (DSRIP)	30,590	28,397
Integrated opioid treatment	20,000	14,499
Improve quality of life and the health of elderly women	<u>16,040</u>	<u>56,292</u>
Total	<u>\$ 367,896</u>	<u>\$ 99,188</u>

Net assets released from net assets with donor restrictions were as follows for the years ended September:

	<u>2019</u>	<u>2018</u>
Satisfaction of purpose restrictions:		
DSRIP	\$ 1,393,181	\$ 584,943
Integrated opioid treatment	84,008	39,033
Improve quality of life and the health of elderly women	49,752	42,844
Pediatric behavioral health	<u>28,734</u>	<u>-</u>
Total	<u>\$ 1,555,675</u>	<u>\$ 666,820</u>

**3. LONG-TERM DEBT**

Long-term debt consists of the following as of September 30:

<u>Note</u>	<u>Interest Rate</u>	<u>Fiscal Year Maturity</u>	<u>2019</u>	<u>2018</u>
Mortgage note payable A	3.85%	2024	\$ 2,144,322	\$ 2,243,576
Mortgage note payable B	2.67%	2024	833,910	875,535
Less - unamortized debt issuance costs			(22,772)	(29,247)
Less - current portion			<u>(103,108)</u>	<u>(142,681)</u>
			<u>\$ 2,852,352</u>	<u>\$ 2,947,183</u>

## GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

Notes to Financial Statements  
September 30, 2019 and 2018

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### 3. LONG-TERM DEBT (Continued)

#### Mortgage Note Payable A

The Health Center has a mortgage note payable to a bank, bearing interest at an initial rate of 3.85% through March 4, 2020 (the Adjustment Date). Thereafter, interest will be adjusted to 1.9% above the Index Rate as published by the Federal Home Loan Bank of Boston (FHLBB) each year until July 1, 2024 (the maturity date). Principal and interest were initially due in monthly installments of \$15,418 through March 2020. During fiscal year 2019, the loan agreement was modified to adjust the monthly payment to \$12,885 and extend the maturity date of the note to July 1, 2024, at which point a balloon payment of approximately \$1,786,000 is due. This note is secured by a first mortgage on land, buildings and improvements, as well as an assignment of rents, furniture, fixtures and equipment. This note is cross-collateralized and cross-defaulted with the note payable to a bank described in Note 4. Interest expense for this note was \$86,020 and \$89,563 for the years ended September 30, 2019 and 2018, respectively, and is included in interest expense in the accompanying statements of functional expenses. There is a prepayment penalty of 6% of the amount of principal prepaid, decreasing as defined in the agreement to 1% through July 1, 2024.

#### Mortgage Note Payable B

The Health Center has a mortgage note payable to a bank, bearing interest at an initial rate of 2.67% through July 1, 2021 (the Adjustment Date). Thereafter, interest will be adjusted to 2.5% above the Index Rate as published by the FHLBB each year until July 1, 2024 (the maturity date). Principal and interest are due in monthly installments of \$5,400 through the Adjustment Date, based on a twenty-year amortization schedule. The monthly payment will be adjusted on July 1, 2021. There is a balloon payment of approximately \$700,000 due on July 1, 2024. This note is secured by a first mortgage on the land, buildings and improvements on certain property, as well as an assignment of rents, furniture, fixtures and equipment. This note is cross-collateralized and cross-defaulted with the note payable to a bank described in Note 4. Interest expense for this note was \$23,252 and \$24,292 for the years ended September 30, 2019 and 2018, respectively, and is included in interest expense in the accompanying statements of functional expenses. If the Health Center prepays this note before July 1, 2021, there is a 10% penalty on the amount of principal prepaid.

#### Debt Issuance Costs

Debt issuance costs of \$75,102 related to the mortgage notes payable are shown net of accumulated imputed interest of \$52,330 and \$45,855 at September 30, 2019 and 2018, respectively. Debt issuance costs are reported on the statement of financial position as a direct reduction of the face amount of the related long-term debt. Amortization of debt issuance costs was \$6,475 for the years ended September 30, 2019 and 2018.

Amortization of debt issuance costs relating to mortgage notes payable over the next five years are as follows:

2020	\$ 6,515
2021	\$ 4,312
2022	\$ 4,312
2023	\$ 4,312
2024	\$ 3,321

## GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

Notes to Financial Statements  
September 30, 2019 and 2018

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### 3. LONG-TERM DEBT (Continued)

#### Covenants

The Health Center is required to comply with certain covenants as described in the note payable agreements. The Health Center was in compliance with these covenants at September 30, 2019. The Health Center was not in compliance with certain covenants at September 30, 2018, and obtained a waiver.

Aggregate maturities of long-term debt over the next five years are as follows:

2020	\$ 103,108
2021	\$ 103,750
2022	\$ 100,058
2023	\$ 104,170
2024	\$ 2,567,146

### 4. NOTE PAYABLE TO A BANK

The Health Center has a \$1,000,000 line of credit agreement with a bank. Borrowings under the agreement are due on demand and interest is payable monthly at the prime rate (5.00% and 5.25% at September 30, 2019 and 2018, respectively). The line of credit is cross-collateralized and cross-defaulted with long-term debt (see Note 3). The line of credit is secured by a first mortgage on land and a building, as well as a first security interest in substantially all assets of the Health Center. The Health Center is required to have thirty consecutive days with no amounts outstanding under this agreement. The Health Center was in compliance with this requirement during fiscal years 2019 and 2018. The line of credit is subject to annual review each April. There were no amounts outstanding at September 30, 2019 and 2018.

### 5. LEASE AGREEMENTS

#### Capital Lease

The Health Center leased certain equipment, software and related services with an aggregate cost of \$217,204 at September 30, 2019 and 2018, under a capital lease agreement. The interest rate under the arrangement was 5.87%. The lease was due in monthly installments of \$6,595 through July 2019, at which point the Health Center purchased the equipment for \$1.

Depreciation expense on equipment purchased under the capital lease was \$54,301 and \$72,401 for the years ended September 30, 2019 and 2018, respectively.

#### Operating Leases - Equipment

The Health Center leases equipment under various operating leases expiring through fiscal year 2022. Equipment lease expense was \$84,710 and \$81,348 for the years ended September 30, 2019 and 2018, respectively, and is included in equipment rental and maintenance in the accompanying statements of functional expenses. Future minimum lease payments under these agreements for the next three years are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2020	\$ 55,975
2021	\$ 11,248
2022	\$ 2,253



## GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

Notes to Financial Statements  
September 30, 2019 and 2018

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### 5. LEASE AGREEMENTS (Continued)

#### Operating Lease - Facilities

The Health Center leases space for its Wareham location under an operating lease expiring in September 2021. Rent expense was \$107,614 and \$117,429 for the years ended September 30, 2019 and 2018, respectively, and is shown as rent in the accompanying statements of functional expenses.

Future minimum lease payments under this agreement for the remainder of the lease term are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 94,990
2021	\$ 86,595

In October 2019, the Health Center ceased operations at its Wareham location.

#### Rental Income

The Health Center rents space under lease agreements having initial terms from five to twenty-five years and expiring at various dates through December 2031. Rental income totaled \$83,498 and \$85,656 for the years ended September 30, 2019 and 2018, respectively, and is included in gifts, contributions and other in the accompanying statements of activities and changes in net assets.

Minimum annual rentals expected to be received from these agreements over the next five years are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 60,204
2021	\$ 24,966
2022	\$ 12,660
2023	\$ 12,939
2024	\$ 13,032
Thereafter	\$ 98,181

### 6. CONTINGENCIES

The Health Center, from time-to-time, is the defendant in lawsuits. It is management's belief that the Health Center will typically prevail in these lawsuits. Included in accrued expenses in the accompanying 2018 statement of financial position and in professional fees in the accompanying fiscal year 2018 statement of functional expenses are approximately \$153,000 of settlement costs relating to a lawsuit which was settled during fiscal year 2019. Management believes the Health Center is adequately insured through the Federal Torts Claims Act, malpractice insurance, and the Board of Directors' liability insurance.

## GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

Notes to Financial Statements  
September 30, 2019 and 2018

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### 7. EMPLOYEE BENEFIT PLANS

The Health Center maintains a deferred annuity plan under IRC Section 403(b), whereby eligible employees may voluntarily contribute a percentage up to 100% of pre-tax annual compensation, subject to annual limitations including a catch up provision for those age 50 years or older. The Health Center may make a discretionary matching contribution, which is determined annually. Participants are eligible to receive the Health Center's discretionary match once the participant has provided a year of service with the Health Center (1,000 hours of service) and is 21 years of age. The Health Center did not make any contributions to the plan for the years ended September 30, 2019 and 2018.

### 8. CONCENTRATIONS

The Health Center maintains its cash balances and certificate of deposit in a Massachusetts bank. The Federal Deposit Insurance Corporation (FDIC) insures balances up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Health Center has not experienced any losses in the account. The Health Center believes it is not exposed to any significant credit risk on its operating cash balance.

The Health Center had the following concentrations of payers within patient services accounts receivable and net patient service revenue as of and for the years ended September 30:

	2019		2018	
	<u>Patient Services Accounts Receivable</u>	<u>Net Patient Service Revenue</u>	<u>Patient Services Accounts Receivable</u>	<u>Net Patient Service Revenue</u>
BMC Health Net	20%	37%	22%	27%
Medicaid	15%	15%	14%	21%
Health Safety Net	12%	6%	16%	7%
Medicare	10%	20%	12%	11%

The Health Center is a participant in the 340B Drug Pricing Program. The 340B revenues were approximately 19% and 21% of total operating revenue and support for the years ended September 30, 2019 and 2018, respectively, and are included in net patient service revenue in the accompanying statements of activities and changes in net assets.

### 9. FUNDING

The Health Center receives a portion of its total operating revenue and support (approximately 16% and 17% in fiscal years 2019 and 2018, respectively) from the U.S. Department of Health and Human Services (HHS). The Health Center also receives a portion of its total operating revenue and support (approximately 5% and 6% in fiscal years 2019 and 2018, respectively) from the Massachusetts Department of Public Health (DPH) under cost reimbursable contracts. These reimbursements are subject to possible final audit determination by these government agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Health Center as of September 30, 2019 and 2018, or on the changes in its net assets for the years then ended.

## **GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.**

Notes to Financial Statements  
September 30, 2019 and 2018

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### **9. FUNDING (Continued)**

Approximately 35% and 43% of the Health Center's contracts, grants and other receivables at September 30, 2019 and 2018, respectively, are due from DPH. Approximately 52% and 28% of the Health Center's contracts, grants and other receivables are due from HHS at September 30, 2019 and 2018, respectively.

Charges made to most third-party payors for patient services are periodically reviewed and adjusted based upon the submission of cost reports and possible subsequent audits. In the opinion of management, the effects of such determinations or adjustments, if any, will not have a material effect on the financial position of the Health Center as of September 30, 2019 and 2018, or on the changes in its net assets for the years then ended.

### **10. MEDICAL MALPRACTICE INSURANCE**

The Health Center is insured for professional liability coverage through the Federal Bureau of Primary Health Care, known as the Federal Tort Claims Act (FTCA), in accordance with the Public Health Services Act. This coverage is provided to the Health Center through its Section 330 Community Health Center grant administered by Health Resources and Services Administration (HRSA). The coverage afforded the Health Center is comparable to an occurrence-based policy without a monetary cap. The coverage is applicable to the Health Center, its officers, Board members, employees, and contractors who are physicians or other licensed or certified health care practitioners. In addition, the Health Center maintains additional malpractice gap insurance.

### **11. ACCOUNTABLE CARE ORGANIZATION**

The Health Center is a member of Boston Accountable Care Organization (BACO), an Accountable Care Organization (ACO). BACO is a health care corporation organized to take responsibility for managing cost and quality of health care for its members. Under the ACO agreement, the Health Center recorded a reserve of \$590,847 for potential downside risk at September 30, 2019, owed to BACO, which is included in net patient service revenue in the accompanying statement of activities and changes in net assets for the year ended September 30, 2019, and accrued expenses in the accompanying statement of financial position at September 30, 2019. No such reserves were required as of September 30, 2018.

### **12. CAPITAL CAMPAIGN**

During fiscal year 2019, the Health Center launched The Campaign for Pediatrics to raise \$2 million to renovate and expand its pediatric facility and increase the number of children served. As of September 30, 2019, HHS has committed \$1 million, of which approximately \$260,000 was received during fiscal year 2019 and is shown as capital grant in the accompanying fiscal year 2019 statement of activities and changes in net assets. The remaining \$1 million is expected to be raised from corporations, foundation and individuals.

**GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.**

Notes to Financial Statements  
September 30, 2019 and 2018

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**13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Health Center's financial assets available within one year from the statement of financial position date for general operating expenses as of September 30, 2019, are as follows:

Cash	\$ 4,770,926
Patient accounts receivable, net	2,102,746
Contracts, grants and other receivables	<u>544,767</u>
	7,418,439
Less - donor restricted for specific purposes	<u>(367,896)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,050,543</u>

The Health Center manages liquidity by structuring its financial assets to be available as general expenditures, liabilities, and other obligations become due. The Health Center invests cash in excess of daily requirements in a money market fund. The Health Center also has a \$1,000,000 line of credit (see Note 4) that is available to cover operating expenses as needed. As of September 30, 2019, the Health Center has financial assets greater than three months of operating expenses.

**14. RECLASSIFICATION**

Certain amounts in the fiscal year 2018 financial statements have been reclassified to conform to the fiscal year 2019 presentation.

**GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.**

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Health and Human Services:</b>			
Direct Program:			
Health Center Program Cluster:			
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	N/A	\$ 3,366,172
Grants for Capital Development in Health Centers	93.526	N/A	259,682
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	581,456
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	N/A	335,164
Passed-Through Commonwealth of Massachusetts, Department of Public Health:			
Diabetes and Heart Disease and Stroke Prevent Programs Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke	93.435	4104MM3W19004033	117,435
Affordable Care Act (ACA) Childhood Obesity Research Demonstration	93.535	4123MM3W16071047	62,315
HIV Care Formula Grants	93.917	4944MM3181926022	253,068
HIV Prevention Activities Health Department Based	93.940	4944MM3181926022	<u>74,851</u>
Total U.S. Department of Health and Human Services			<u>5,050,143</u>
<b>U.S. Department of Agriculture:</b>			
Passed-Through Commonwealth of Massachusetts, Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Program)	10.557	3500J10200717294 *	2,787,778
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Program)	10.557	3502M03162726101	<u>555,952</u>
Total CFDA 10.557			3,343,730
WIC Grants to States (WGS)	10.578	3502M03162726101	<u>349</u>
Total U.S. Department of Agriculture			<u>3,344,079</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 8,394,222</u></u>

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal assistance activity of the Health Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**Note 2. WIC Vouchers**

\* This represents the WIC voucher amount. For purposes of the accompanying financial statements, the related revenue and expense amounts have been shown net.

**Note 3. Indirect Cost Rate**

The Health Center has elected not to use the 10% de minimis cost rate for its Federal programs.



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**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**

Independent Auditor's Report

To the Board of Directors of  
Greater New Bedford Community Health Center, Inc.:

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 Greater New Bedford Community Health Center, Inc. (the Health Center), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 22, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Health Center'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 Health Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Health Center'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 Health Center'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 Health Center'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 Health Center'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 Health Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*AAFCPA, Inc.*

Westborough, Massachusetts  
January 22, 2020



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**Report on Compliance for Each Major Federal Program and Report on Internal Control  
Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

To the Board of Directors of  
Greater New Bedford Community Health Center, Inc.:

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

We have audited Greater New Bedford Community Health Center, Inc.'s (the Health Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Health Center's major Federal program for the year ended September 30, 2019. The Health Center's major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Health Center'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 Health Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major Federal program. However, our audit does not provide a legal determination of the Health Center's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Health Center 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 September 30, 2019.



## Report on Internal Control Over Compliance

Management of the Health Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the Health Center's internal control over compliance with the types of requirements that could have a direct and material effect on the major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Health Center's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

*AAFCPA, Inc.*

Westborough, Massachusetts  
January 22, 2020

**GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.**

Schedule of Findings and Questioned Costs  
September 30, 2019

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**1. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Is a "going concern" emphasis-of-matter paragraph included in the auditor's report?             Yes        X   No

Internal control over financial reporting:

- Material weakness(es) identified?             Yes        X   No
- Significant deficiency(ies) identified?             Yes        X   None reported

Noncompliance material to financial statements noted?             Yes        X   No

**Federal Awards**

Internal control over major Federal program:

- Material weakness(es) identified?             Yes        X   No
- Significant deficiency(ies) identified?             Yes        X   None reported

Type of auditor's report issued on compliance for major Federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?             Yes        X   No

Identification of major Federal program:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Health Center Program Cluster	93.224

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

Auditee qualified as low-risk auditee?        X   Yes             No

**2. FINANCIAL STATEMENT FINDINGS**

None

**3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None