

**AUDITED
CONSOLIDATED FINANCIAL STATEMENTS**

TRILLIUM HEALTH, INC.

JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Trillium Health, Inc. d/b/a Trillium Health
Trillium Health Pharmacy

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Trillium Health, Inc. d/b/a Trillium Health Trillium Health Pharmacy (collectively, Trillium), which comprise the consolidated statements of financial position as of June 30, 2019, and the related consolidated statements of activities and changes in net assets and functional expenses, and the consolidated statements of cash flows for the years ended June 30, 2019 and 2018, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 statement 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Trillium Health, Inc. d/b/a Trillium Health and Trillium Health Pharmacy as of June 30, 2019 and 2018, and the changes in net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Trillium's June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report. In our opinion, the summarized comparative information presented herein as of and for the year end June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2019 on our consideration of Trillium's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Trillium's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Rochester, New York
October 8, 2019

TRILLIUM HEALTH INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2019 with Summarized Financial Information as of June 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,435,674	\$ 39,219	\$ 1,474,893	\$ 2,092,747
Accounts receivable, net of allowances of approximately \$389,000 in 2019 and \$168,000 in 2018	3,053,988	-	3,053,988	3,097,122
Grants receivable	1,478,323	-	1,478,323	1,404,947
Inventory	1,408,645	-	1,408,645	1,174,852
Prepaid expenses and other current assets	500,883	-	500,883	444,335
Total current assets	<u>7,877,513</u>	<u>39,219</u>	<u>7,916,732</u>	<u>8,214,003</u>
Noncurrent assets:				
Investments	14,584,049	-	14,584,049	14,073,639
Property and equipment, net	6,629,636	-	6,629,636	3,959,919
Other long-term assets	177,267	-	177,267	84,421
Total assets	<u>\$ 29,268,465</u>	<u>\$ 39,219</u>	<u>\$ 29,307,684</u>	<u>\$ 26,331,982</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Current portion of long-term debt	\$ 633,893	\$ -	\$ 633,893	\$ -
Accounts payable and accrued liabilities	6,283,950	-	6,283,950	4,318,654
Total current liabilities	<u>6,917,843</u>	<u>-</u>	<u>6,917,843</u>	<u>4,318,654</u>
Noncurrent liabilities:				
Deferred compensation	516,167	-	516,167	409,820
Long-term debt, net of current portion	54,695	-	54,695	-
Deferred rent leveling	374,815	-	374,815	393,464
Employee benefits payable	216,323	-	216,323	195,765
Total liabilities	<u>8,079,843</u>	<u>-</u>	<u>8,079,843</u>	<u>5,317,703</u>
Net assets:				
Without donor restrictions	21,188,622	-	21,188,622	20,962,925
With donor restrictions	-	39,219	39,219	51,354
Total net assets	<u>21,188,622</u>	<u>39,219</u>	<u>21,227,841</u>	<u>21,014,279</u>
Total liabilities and net assets	<u>\$ 29,268,465</u>	<u>\$ 39,219</u>	<u>\$ 29,307,684</u>	<u>\$ 26,331,982</u>

See accompanying notes.

TRILLIUM HEALTH, INC

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2019 with Summarized Financial Information for the Year Ended June 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Revenue and support:				
Pharmacy sales	\$ 42,082,799	\$ -	\$ 42,082,799	\$ 39,185,232
Grants	5,968,498	20,000	5,988,498	5,720,228
Fees for services, net	4,755,312	-	4,755,312	2,636,658
Contributions	119,617	190,869	310,486	333,137
United Way support	105,920	-	105,920	107,461
Other	19,489	-	19,489	8,913
Net assets released from restrictions	223,004	(223,004)	-	-
Total revenue and support	<u>53,274,639</u>	<u>(12,135)</u>	<u>53,262,504</u>	<u>47,991,629</u>
Expenses:				
Program services	43,746,818	-	43,746,818	37,942,644
Management and general	9,314,625	-	9,314,625	7,419,527
Fundraising	392,692	-	392,692	378,850
Total expenses	<u>53,454,135</u>	<u>-</u>	<u>53,454,135</u>	<u>45,741,021</u>
Change in net assets from operations	(179,496)	(12,135)	(191,631)	2,250,608
Nonoperating revenue:				
Investment income, net	<u>405,193</u>	<u>-</u>	<u>405,193</u>	<u>1,011,809</u>
Change in net assets	225,697	(12,135)	213,562	3,262,417
Net assets, beginning of year	<u>20,962,925</u>	<u>51,354</u>	<u>21,014,279</u>	<u>17,751,862</u>
Net assets, end of year	<u>\$ 21,188,622</u>	<u>\$ 39,219</u>	<u>\$ 21,227,841</u>	<u>\$ 21,014,279</u>

See accompanying notes.

TRILLIUM HEALTH INC.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019 with Summarized Financial Information For the Year Ended June 30, 2018

	Program Services	Management and General	Fundraising	2019 Total	2018 Total
Cost of goods sold	\$ 23,792,325	\$ -	\$ -	\$ 23,792,325	\$ 21,454,351
Salaries	10,359,987	4,910,962	89,240	15,360,189	12,129,641
Employee benefits and payroll taxes	2,839,318	1,364,473	24,095	4,227,886	3,365,612
Occupancy costs, net of sublease income	1,876,661	161,153	72,236	2,110,050	1,753,209
Program supplies	1,388,084	-	-	1,388,084	972,984
Professional services	231,470	1,037,922	29,324	1,298,716	1,674,947
Direct client assistance	864,217	-	-	864,217	626,737
Equipment expense	382,816	458,305	1,801	842,922	620,677
Depreciation and amortization	248,475	332,762	-	581,237	584,884
Travel and conferences	393,989	137,248	837	532,074	429,624
Office expenses	212,689	273,062	6,809	492,560	330,249
Advertising	80,675	285,923	1,356	367,954	373,784
Pharmaceuticals	365,298	-	-	365,298	236,021
Other	68,190	205,955	7,120	281,265	371,446
Provision for doubtful accounts	237,098	-	-	237,098	201,811
Shipping	215,624	6,443	-	222,067	177,343
Insurance	189,902	19,133	-	209,035	161,779
Special events	-	-	159,874	159,874	163,619
Staff development and recognition	-	119,664	-	119,664	103,614
Interest expense	-	1,620	-	1,620	8,689
Totals	\$ 43,746,818	\$ 9,314,625	\$ 392,692	\$ 53,454,135	\$ 45,741,021

See accompanying notes.

TRILLIUM HEALTH INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30,

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 213,562	\$ 3,262,417
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	581,237	584,884
Provision for doubtful accounts	237,098	201,811
Net realized and unrealized gains on investments	(78,138)	(608,886)
Deferred rent leveling	(18,649)	(19,858)
Goodwill impairment charge	202,558	-
(Increase) decrease in assets:		
Accounts receivable	(193,964)	(938,284)
Grants receivable	(73,376)	(44,483)
Inventory	(233,793)	(172,757)
Prepaid expenses and other current assets	(56,548)	(167,624)
Other long-term assets and deposits	(24,212)	(3,235)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	1,965,296	1,000,419
Deferred compensation	106,347	100,533
Employee benefits payable	20,558	63,633
Net cash and cash equivalents provided by operating activities	<u>2,647,976</u>	<u>3,258,570</u>
Cash flows from investing activities:		
Purchases of property and equipment	(3,123,162)	(3,029,402)
(Increase) decrease in investments	(432,272)	1,397,841
Cash paid for business acquired	(271,192)	-
Net cash and cash equivalents used in investing activities	<u>(3,826,626)</u>	<u>(1,631,561)</u>
Cash flows from financing activities:		
Proceeds from line of credit	571,031	-
Payments on line of credit	-	(42,844)
Principal payments on capital lease	(10,235)	-
Net cash and cash equivalents provided by (used in) financing activities	<u>560,796</u>	<u>(42,844)</u>
Net (decrease) increase in cash and cash equivalents	(617,854)	1,584,165
Cash and cash equivalents - beginning of year	<u>2,092,747</u>	<u>508,582</u>
Cash and cash equivalents - end of year	<u>\$ 1,474,893</u>	<u>\$ 2,092,747</u>
Non-cash financing activities:		
Property and equipment, acquired by capital lease	<u>\$ 127,792</u>	<u>\$ -</u>

See accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Trillium Health, Inc. d/b/a Trillium Health and Trillium Health Pharmacy (collectively, Trillium) is a not-for-profit corporation licensed as a diagnostic and treatment center that provides comprehensive, integrated, personalized primary and specialty care services to individuals residing primarily in Western New York. Trillium also offers pharmacy services under the d/b/a Trillium Health Pharmacy. The pharmacy primarily provides prescription drugs and over-the-counter medicines.

Trillium is the sole member of Trillium Health Real Estate Holdings, LLC. Trillium Health Real Estate Holdings, LLC holds certain real estate that is used by Trillium. All significant inter-affiliate accounts and transactions have been eliminated in the accompanying consolidated financial statements.

As of April 1, 2019, Trillium acquired Pathway Pediatrics, LLC. Pathway Pediatrics, LLC is a professional service limited liability company specializing in pediatric care primarily in Western New York. All significant inter-affiliate accounts and transactions have been eliminated in the accompanying consolidated financial statements.

Basis of Accounting: The accompanying consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates: The preparation of financial statements in conformity 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 consolidated financial statements. Estimates also affect the reported amounts of revenues and support, expenses and distributions during the reporting period. Actual results could differ from those estimates. Significant estimates made by Trillium include, but are not limited to, reserves for uncollectible receivables and fair value of investments.

Cash and Cash Equivalents: Cash and cash equivalents consist of demand deposit accounts. The balances in these bank accounts may, at times, exceed federally insured limits. Trillium has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

Accounts Receivable: Trillium has uncollateralized accounts receivable from third-party payers, private pay individuals, corporations, and various governmental agencies. Trillium records an allowance for doubtful accounts based on prior collection experience and an analysis of amounts outstanding. When an account is considered to be uncollectible, it is written off.

Inventory: Inventories consist of pharmaceuticals, which are valued at lower of cost or net realizable value.

Investments: Investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments may occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Property and Equipment: Property and equipment are stated at cost, if purchased, or fair value at the date of contribution. Trillium capitalizes additions greater than \$5,000 that have a useful life in excess of one year. Depreciation and amortization is provided using the straight-line method over the estimated useful lives of the assets, which range from three to twenty years. Leasehold improvements are amortized over the shorter of the remaining lease term or the asset's estimated useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets: Under the provisions of U.S. GAAP, Trillium evaluates the recoverability of long-lived assets and the related estimated remaining useful lives at each balance sheet date. Trillium would record an impairment charge or change the useful life if events or changes in circumstances indicated that the carrying amount may not be recoverable or the remaining useful life has changed. During fiscal year 2019, Trillium identified goodwill associated with the Pathway Pediatrics acquisition concluding the value of the goodwill had been substantially realized and the remaining net book value was unrecoverable. Accordingly, Trillium recorded an impairment charge of \$202,558 in the consolidated statement of activities for the year ended June 30, 2019. There was no impairment charge for the year ended June 30, 2018.

Deferred Rent Leveling: Deferred rent leveling includes operating rent agreements with escalating rent payments that have been recorded on the straight-line basis and are expensed over the life of the related agreement. Trillium has recorded \$374,815 and \$393,464 of deferred rent leveling on the consolidated statements of financial position for the years ending June 30, 2019 and 2018.

Functional Allocation of Expenses: The direct costs of providing various programs and supporting services have been summarized on the consolidated statement of functional expenses. Accounting Standards Update (ASU) 2016-14 requires Trillium to provide an analysis of expenses by both natural and functional classification. Natural expenses are defined by their nature such as salaries and wages, employee benefits, supplies, etc. Functional expenses are classified by the type of activity for which expenses were incurred, for example, program services and management and general. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Other expenses are allocated by function using a reasonable and consistent approach. Occupancy, telecommunications, and office expenses are allocated based on the proportion of contributions. Salaries and benefits are allocated on the basis of identified time and effort.

Employee Benefits Payable: Trillium allows its employees to carry over unused paid time off to be used in the event of a long-term disability or to provide supplemental retirement payments. Trillium has recorded an estimate of the liability earned to date by its employees on the consolidated statements of financial position as employee benefits payable.

Pharmacy Sales Revenue: Trillium recognizes revenue from the sale of pharmaceuticals at the time these items are sold.

Grants Revenue: Trillium receives support and revenue from federal and New York State government agencies and public and private foundations, which are to be used for specific program services and administrative functions. Although these government grants have restrictions as to time and purpose, the funding agencies reimburse Trillium after expenses have been incurred and services rendered. Accordingly, Trillium classifies receipts associated with these grants as without donor restriction.

Trillium recognizes revenue from funding sources as support when eligible expenditures are incurred or as funded services are performed. A receivable is recognized to the extent support earned exceeds cash received. Amounts received in advance of the related costs being incurred are recorded as deferred revenue.

Certain Trillium revenue is subject to audit by the funding sources. Any changes resulting from these audits are recognized as they become known.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fees for Services Revenue: Trillium renders medical services under agreements with third-party payers whereby Trillium is reimbursed under provisions of the third-party payers' respective rate agreements. Amounts received from third-party payers may be less than Trillium's established billing rates; any difference is accounted for as a contractual adjustment.

Trillium operates a Medicaid funded adult day health program that provides a variety of health, social, and related support services and is reimbursed at a fixed rate based on cost for these services. The reimbursement rate for this program is established and is subject to revisions under the provisions of New York State regulations.

Trillium provides intensive case management services through a Medicaid funded program known as "Health Homes." Trillium is reimbursed at a fixed rate for these services based on cost or acuity level. The reimbursement rate for this program is established and is subject to revisions under the provisions of New York State regulations.

Trillium also performs clinical research and enters into other contractual arrangements that generate fees for services as specified under each contract.

Final determination of a majority of the fees for services revenue earned by Trillium is subject to audit by third-party payers. Provisions are made in the consolidated financial statements for anticipated adjustments that may result from such audits. Differences between amounts provided and final settlements are included in the consolidated statement of activities in the period of settlement.

Trillium has a policy of providing charity care to patients who are unable to pay for services received. Such patients are identified based on financial information obtained from the patient. Charity care is provided to those patients who have demonstrated and documented an inability to pay full charges for required services. Since no payment is expected for patient balances assigned to charity care, the estimated charges are excluded from revenue.

Contributions: Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as support with 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 consolidated statements of activities and changes in net assets 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 consolidated financial statements.

Classification of Net Assets: The accompanying consolidated financial statements have been prepared in conformity with the disclosure and display requirements of U.S. GAAP. U.S. GAAP requires that resources be classified for reporting purposes between two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets without Donor Restrictions: Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of Trillium, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. In addition, resources whose use is limited under terms of debt indentures, or other similar arrangements, or which are set aside for board-designated purposes, are considered to be net assets without donor restrictions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets with Donor Restrictions: Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; Trillium must continue to use the resources in accordance with the donor's instructions. Any interest or investment earnings derived from the funds are recorded as net assets with donor restrictions and may be used for operations when appropriated by Trillium.

Change in Net Assets from Operations: Trillium's consolidated statements of activities and changes in net assets include Trillium's change in net assets from operations before net investment income. Investment income is excluded from this performance indicator, which is consistent with industry practice.

Donated Services: Volunteers have donated significant amounts of time in support of Trillium's activities. However, the value of these services is not reflected in the accompanying consolidated financial statements as they do not meet the criteria for recognition under US GAAP.

Advertising: Trillium expenses advertising costs as incurred.

Income Taxes: Trillium is exempt from income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. Trillium has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

Sales Tax: Trillium reports its sales tax on a net basis (excluded from revenues).

Comparative Information: The statements of financial position, statements of activities and changes in net assets and statements of functional expenses include certain prior year summarized comparative information in total, but not by net asset or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Trillium's consolidated financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Change in Accounting Principle: In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. This standard intends to make certain improvements to the current reporting requirements for not-for-profit entities. Trillium implemented FASB ASU 2016-14 in 2019, applying the changes retrospectively. The new standard changes the following aspects of the consolidated financial statement presentation: the temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions, the unrestricted net asset class has been renamed net assets without donor restrictions, and the consolidated financial statements include disclosures about liquidity and availability of resources (Note 2) and certain categories of expenses that are attributable to more than one program or supporting function (Note 1).

Recently Issued Accounting Pronouncements: In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which replaces most existing revenue recognition guidance in U.S. GAAP and is intended to improve and converge with international standards the financial reporting requirements for revenue from contracts with customers. The core principle of ASU 2014-09 is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. ASU 2014-09 also requires additional disclosures about the nature, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. The guidance is effective for reporting periods beginning after December 15, 2018. Trillium is currently evaluating the impact that ASU 2016-02 will have on its consolidated financial statements and will adopt the provisions upon the effective date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In February 2016, the FASB issued ASU 2016-02, Leases. This ASU requires lessees to recognize assets and liabilities on the balance sheet for leases with lease terms greater than twelve months. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance and operating lease. This amends current guidance that requires only capital leases to be recognized on the lessee's balance sheet. ASU 2016-02 will also require additional disclosures on the amount, timing and uncertainty of cash flows arising from leases. The guidance is effective for reporting periods beginning after December 15, 2019, with early adoption permitted. The FASB is currently in the process of a new proposal to extend the effective date to reporting periods beginning after December 15, 2020. Trillium is currently evaluating the impact that ASU 2016-02 will have on its consolidated financial statements and will adopt the provisions upon the effective date.

Subsequent Events: These consolidated financial statements have not been updated for subsequent events occurring after October 8, 2019, which is the date these consolidated financial statements were available to be issued.

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 are comprised of the following:

Financial assets:	
Cash and cash equivalents	\$ 1,435,674
Accounts receivable	3,053,988
Grants receivable	<u>1,478,323</u>
Financial assets available to meet general expenditures within one year	<u>\$ 5,967,985</u>

As part of Trillium's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Trillium has certain other long-term investments recorded on the consolidated statements of financial position and while not restricted, are intended for future long-term purposes. Trillium also maintains three lines of credit amounting to \$5,500,000 as discussed in Note 8. As of June 30, 2019, \$4,928,969 remained available on Trillium's lines of credit.

NOTE 3. FAIR VALUE MEASUREMENT

Assets and liabilities recorded at fair value in the consolidated statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. An asset or a liability's categorization within the fair value hierarchy is based on the lowest level of judgment input to its valuation. Hierarchical levels, defined by US GAAP, are directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities as follows:

- Level I: Valuations based on quoted prices in active markets for identical assets or liabilities that Trillium has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Level I assets include cash and cash equivalents, as well as debt and equity securities that are traded in active exchange markets.
- Level II: Valuations based on quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly. Level II assets include equity and fixed income managed funds with quoted prices that are traded less frequently than exchange-traded instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data, as well as investments in certain US Treasury and other US Governments and agencies that are highly liquid and are actively traded in over-the-counter markets.

TRILLIUM HEALTH, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. FAIR VALUE MEASUREMENT (CONTINUED)

Level III: Valuations based on inputs that are unobservable and significant to the overall fair value measurement. These are generally company-generated inputs and are not market based inputs. Level III assets would 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 value requires significant investment management judgment or estimation.

Trillium's investments are measured at fair value on a recurring basis at June 30, 2019 utilizing the following input levels:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 226,500	\$ -	\$ 226,500
Equity mutual funds	7,462,815	-	7,462,815
Fixed income mutual funds	2,609,301	-	2,609,301
Bond mutual funds	3,061,951	-	3,061,951
Funds held by RACF	<u>-</u>	<u>1,223,482</u>	<u>1,223,482</u>
	<u>\$ 13,360,567</u>	<u>\$ 1,223,482</u>	<u>\$ 14,584,049</u>

Trillium's investments are measured at fair value on a recurring basis at June 30, 2018 utilizing the following input levels:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 124,048	\$ -	\$ 124,048
Equity mutual funds	7,196,290	-	7,196,290
Fixed income mutual funds	2,840,884	-	2,840,884
Bond mutual funds	2,677,924	-	2,677,924
Funds held by RACF	<u>-</u>	<u>1,234,493</u>	<u>1,234,493</u>
	<u>\$ 12,839,146</u>	<u>\$ 1,234,493</u>	<u>\$ 14,073,639</u>

There were no level 3 investments as of June 30, 2019 and 2018.

Trillium utilizes information received from the Rochester Area Community Foundation (RACF) regarding the composition of the investment funds and the value of securities held in the funds. RACF values the securities in the funds based on quoted market prices, when available. RACF also holds partnership interests which are valued based on the securities held by each partnership. RACF estimates fair value of these investments based on information received from the investment custodian, including inputs used by the custodian's pricing service (benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and reference data including market research publications). The values that result from these inputs do not necessarily reflect net results obtainable in the event of actual liquidation.

Net Investment Income

Net investment income, including interest earned on cash and cash equivalents, consistent of the following for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 327,055	\$ 402,923
Realized gain on investments, net	187,380	347,021
Unrealized (loss) gain on investments, net	<u>(109,242)</u>	<u>261,865</u>
	<u>\$ 405,193</u>	<u>\$ 1,011,809</u>

TRILLIUM HEALTH, INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****NOTE 4. NET ASSETS**

Trillium's net assets with donor restrictions were restricted for the following purposes at June 30:

	<u>2019</u>	<u>2018</u>
Primary care services	\$ 32,474	\$ 29,744
Special events	6,295	21,285
Support services	<u>450</u>	<u>325</u>
	\$ <u>39,219</u>	\$ <u>51,354</u>

Net assets released from restrictions by satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended June 30 as follows:

	<u>2019</u>	<u>2018</u>
Primary care services	\$ 13,921	\$ 26,383
Special events	21,284	87,718
Support services	<u>-</u>	<u>-</u>
	\$ <u>35,205</u>	\$ <u>114,101</u>

NOTE 5. FEES FOR SERVICE REVENUE

The composition of fees for service revenue, net consisted of the following for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Medicaid	\$ 2,455,372	\$ 656,611
Medicare	332,299	382,805
AIDS Drug Assistance Program Plus (ADAP+)	126,973	237,265
Managed care	710,260	655,649
Other	<u>1,130,408</u>	<u>704,328</u>
	\$ <u>4,755,312</u>	\$ <u>2,636,658</u>

Contractual adjustments included in fees for service revenues were approximately \$480,000 and \$370,000 for the years ended June 30, 2019 and 2018, respectively.

NOTE 6. CONCENTRATIONS

Accounts Receivable: At June 30, 2019 and 2018, approximately 46% of Trillium's accounts receivable were related to services provided under the Medicaid, Medicare, and ADAP+ programs.

Accounts Payable: During the years ended June 30, 2019 and 2018, Trillium purchased nearly 100% of its pharmacy inventory from one vendor. At June 30, 2019 and 2018 amounts payable to this vendor were approximately \$1,747,000 and \$1,751,000, respectively.

TRILLIUM HEALTH, INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****NOTE 7. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 210,000	\$ 210,000
Buildings	2,278,799	2,290,000
Leasehold improvements	1,656,386	1,231,514
Furniture and office equipment	623,572	542,096
Computer hardware and software	1,607,539	1,530,185
Medical equipment	911,952	610,000
Vehicles	135,664	135,664
Construction in progress	<u>2,637,823</u>	<u>260,154</u>
	10,061,735	6,809,613
Less: Accumulated depreciation and amortization	<u>(3,432,099)</u>	<u>(2,849,694)</u>
	\$ <u>6,629,636</u>	\$ <u>3,959,919</u>

Depreciation expense was \$581,237 and \$584,884 for the years ended June 30, 2019 and 2018, respectively.

NOTE 8. FINANCING ARRANGEMENTS

Line of Credit: On July 25, 2018, Trillium entered into three secured bank lines of credit that provide for borrowings up to \$750,000, \$1,250,000 and \$3,500,000, cumulatively, \$5,500,000. Amounts borrowed on the lines of credit bear interest at rates negotiable by Trillium based on market factors and are collateralized by Trillium's business assets.

During the year ended June 30, 2018, Trillium closed three secured bank lines of credit that provided for borrowings up to \$1,000,000 for agency cash flow, \$100,000 for pharmacy cash flow, and \$700,000 for equipment purchases. There were no borrowings or repayments made on the lines of credit during 2018.

Capital Leases: During the year ended June 30, 2019, Trillium entered in a capital lease payable in monthly installment. Monthly installments for the current portion of the capital lease are \$5,535 including interest at a rate of 4%. The capital lease expires on April 2021 and is collateralized by the related equipment.

Long-term debt consisted of the following at June 30:

	<u>2019</u>
Secured bank line of credit on \$3,500,000 borrowing for capital expenditures at interest of 4.5%.	\$ 571,031
Capital lease obligation requiring monthly payments of \$5,535, including interest at 4% on April 2021, collateralized by the related equipment.	<u>117,557</u>
Total	688,588
Less: current portion	<u>(633,893)</u>
	<u>\$ 54,695</u>

Trillium had no debt outstanding at June 30, 2018. Interest expense and total interest paid was \$1,620 and \$8,689 for the years ended June 30, 2019 and 2018, respectively.

TRILLIUM HEALTH, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9: MANAGEMENT SERVICES AGREEMENT

Trillium has a management and professional service agreements with various unrelated medical practices to provide administrative, accounting, and billing services. The amount received by Trillium for these services was approximately \$468,000 and \$554,000 for the years ending June 30, 2019 and 2018, respectively.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Leases: Trillium has an operating lease agreement for its primary office space at 259 Monroe Avenue in Rochester, New York through May 2034. This agreement requires Trillium to make monthly rent payments subject to an annual rental increase every five years.

Trillium also has seven additional operating lease agreements for its satellite operations in Rochester, Buffalo, Bath, and Geneva, New York with expiration dates through July 2024.

Rent expense recognized by Trillium under the terms of these lease agreements was approximately \$1,001,000 and \$953,000 during the years ended June 30, 2019 and 2018, respectively and is recorded within occupancy costs on the consolidated statements of functional expenses.

Future minimum payments due under the terms of these lease agreements are as follows for the years ending June 30:

2020	\$	969,875
2021		894,020
2022		860,360
2023		856,906
2024		861,984
Thereafter		<u>8,030,211</u>
	\$	<u>12,473,356</u>

Third-Party Payers: Third-party payers, especially governmental funders, have substantially increased their scrutiny of payments made to their designated service providers. Specific areas for review by the governmental payers and their investigative personnel include appropriate billing practices, reimbursement maximization strategies, technical regulation, compliance, etc. The stated purpose for these reviews is to recover reimbursements that the payers believe may be inappropriate.

Trillium has reviewed its internal records and policies with respect to such matters and believes that it has no liability. However, due to the nature of these matters, it is difficult to estimate the ultimate liability, if any, which it may incur for such matters.

Laws and regulations governing the Medicaid program are complex and subject to interpretation. Trillium believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicaid program.

NOTE 11: BENEFIT PLANS

Trillium has a profit-sharing plan qualified under section 401(k) (the Plan) in which employees are eligible to participate upon employment, as defined in the Plan. Trillium makes a safe harbor contribution of 3% of employee's eligible compensation. Trillium also makes non-elective matching contributions at a rate equal to 25% of participant elective contributions up to 1% of the employee's eligible compensation. Trillium contributed approximately \$631,000 and \$574,000 to the Plan for the years ended June 30, 2019 and 2018, respectively and is recorded within employee benefits and payroll taxes on the consolidated statements of functional expenses.

Trillium also has a 457(b) deferred compensation plan into which eligible employees can make elective deferrals. These deferrals are invested in marketable securities and are included in investments with an accompanying liability, on the accompanying consolidated statements of financial position as deferred compensation. These investments totaled \$516,167 and \$409,820 for the years ending June 30, 2019 and 2018, respectively. There were no contributions made by Trillium to this plan during 2019 and 2018.

TRILLIUM HEALTH, INC.

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Contract Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development:				
Passed through City of Rochester – Housing Opportunities for Persons with AIDS	14.241	132083	\$ -	\$ 481,610
Passed through New York State Office of Temporary and Disability Assistance – Housing Opportunities for Persons with AIDS Continuum of Care Program	14.241 14.267	C021672, TDA01- C00448GG- 34100000 NY1138L2C001700	- - -	118,678 71,782
Total U.S. Department of Housing and Urban Development			-	672,070
U.S. Department of Health and Human Services:				
Passed through University of Rochester – Allergy, Immunology and Transplantation Research	93.855	UM1A1069511	-	40,550
Passed through Health Research, Inc. – Opioid STR	93.788	5704, 6029	-	292,492
Passed through Health Research, Inc. – HIV Care Formula Grants	93.917	5201, 5184, 5617, 5196	-	1,005,288
Passed through Health Research, Inc. – High Impact Prevention and Surveillance Project (HIPS)	93.940	5955	-	75,093
Total U.S. Department of Health and Human Services			-	1,413,423
Total Federal Expenditures			\$ -	\$ 2,085,493

TRILLIUM HEALTH, INC.

NOTES TO THE CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Trillium Health, Inc. d/b/a Trillium Health and Trillium Health Pharmacy (collectively, Trillium) under programs of the federal government for the year ended June 30, 2019. 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 Trillium, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Trillium.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Uniform Guidance. The 10% de minimis cost rate has not been used.



**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
Trillium Health, Inc. d/b/a Trillium Health
and Trillium Health Pharmacy

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 consolidated financial statements of Trillium Health, Inc. d/b/a Trillium Health and Trillium Health Pharmacy (collectively, Trillium), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statement of activities and changes in net assets, functional expenses, and consolidated cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 8, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Trillium'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Trillium's internal control. Accordingly, we do not express an opinion on the effectiveness of Trillium's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 Trillium's consolidated 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Rochester, New York
October 8, 2019



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Trillium Health, Inc. d/b/a Trillium Health
and Trillium Health Pharmacy

Report on Compliance for Each Major Federal Program

We have audited Trillium Health, Inc. d/b/a Trillium Health and Trillium Health Pharmacy (collectively, Trillium)'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Trillium's major federal programs for the year ended June 30, 2019. Trillium's major federal programs are identified in the summary of auditor's results section of the accompanying consolidated schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Trillium's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Trillium's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Trillium complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Trillium 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 Trillium'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 Trillium'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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Trillium as of and for the year ended June 30, 2019, and have issued our report thereon dated DATE, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidated schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Freed Maxick CPAs, P.C.

Rochester, New York
October 8, 2019

TRILLIUM HEALTH, INC.

CONSOLIDATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

I. 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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.917	HIV Care Formula Grants
93.788	Opioid STR

Dollar threshold used to distinguish between type A and type B programs \$ 750,000

Auditee qualified as low-risk auditee? Yes No

TRILLIUM HEALTH, INC.

**CONSOLIDATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. FINDINGS – FINANCIAL STATEMENT AUDIT

No matters were reported.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported.

TRILLIUM HEALTH, INC.

**CONSOLIDATED SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

I. FINDINGS – FINANCIAL STATEMENT AUDIT

No matters were reported.

II. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported.