

**Independent Auditor's Report and Financial Statements
Turner House Clinic, Inc.
d/b/a Vibrant Health
December 31, 2021 and 2020**

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Turner House Clinic, Inc. d/b/a Vibrant Health, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Turner House Clinic, Inc. d/b/a Vibrant Health as of December 31, 2021 and 2020, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vibrant Health and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Vibrant Health's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Vibrant Health's ability to continue as a going concern for a reasonable period of time.

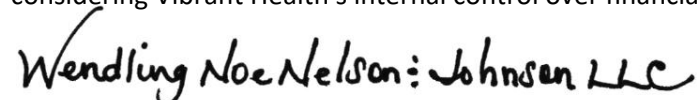
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of expenditures of federal awards 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 August 9, 2022, on our consideration of Vibrant Health's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Vibrant Health's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vibrant Health's internal control over financial reporting and compliance.


Topeka, Kansas
August 9, 2022

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

Assets

	<u>2021</u>	<u>2020</u>
Current assets		
Cash	\$ 3,470,505	\$ 1,920,157
Patient accounts receivable	448,360	145,288
Other receivables	111,772	
Grants and contributions receivable	1,910,774	1,478,222
Inventory	431,887	96,592
Prepaid expenses	<u>171,098</u>	<u>20,699</u>
Total current assets	<u>6,544,396</u>	<u>3,660,958</u>
Noncurrent assets		
Grants and contributions receivable	205,000	80,000
Property and equipment, net	<u>2,274,992</u>	<u>400,070</u>
Total noncurrent assets	<u>2,479,992</u>	<u>480,070</u>
Total assets	<u>\$ 9,024,388</u>	<u>\$ 4,141,028</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable and other accrued liabilities	\$ 583,998	\$ 240,911
Accrued salaries and benefits	292,311	153,561
Advances	<u> </u>	<u>976,076</u>
Total current liabilities	<u>876,309</u>	<u>1,370,548</u>
Net assets		
Without donor restrictions	5,826,563	1,136,542
With donor restrictions	<u>2,321,516</u>	<u>1,633,938</u>
Total net assets	<u>8,148,079</u>	<u>2,770,480</u>
Total liabilities and net assets	<u>\$ 9,024,388</u>	<u>\$ 4,141,028</u>

The accompanying notes are an integral part of these statements.

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

	<u>2021</u>	<u>2020</u>
Changes in net assets without donor restrictions		
Revenues and other support		
Patient service revenue	\$ 4,927,890	\$ 2,702,832
Grants and contributions	1,138,140	1,107,419
In-kind contributions	1,598,346	484,547
Other revenues	947,474	188,054
Net assets released from restrictions for operations	<u>6,885,531</u>	<u>3,702,466</u>
Total revenues and support	<u>15,497,381</u>	<u>8,185,318</u>
Expenses		
Salaries and wages	5,792,305	3,870,158
Employee benefits	1,063,129	745,973
Purchased services, supplies, and other	5,251,535	2,831,419
Depreciation and amortization	177,521	82,825
Interest	<u>13,836</u>	<u>3,081</u>
Total expenses	<u>12,298,326</u>	<u>7,533,456</u>
Income from operations	<u>3,199,055</u>	<u>651,862</u>
Other income (loss)		
Special events, net of direct expenses	212,642	49,620
Investment income	1,759	683
Loss on the disposal of assets	(21,700)	
Net assets released from restriction for acquisition of property and equipment	<u>1,298,265</u>	<u>108,883</u>
	<u>1,490,966</u>	<u>159,186</u>
Change in net assets without donor restrictions	<u>4,690,021</u>	<u>811,048</u>
Changes in net assets with donor restrictions		
Grants and contributions	8,871,374	3,394,693
Net assets released from restrictions	<u>(8,183,796)</u>	<u>(3,811,349)</u>
Change in net assets with donor restrictions	<u>687,578</u>	<u>(416,656)</u>
Change in net assets	5,377,599	394,392
Net assets, beginning of year	<u>2,770,480</u>	<u>2,376,088</u>
Net assets, end of year	<u>\$ 8,148,079</u>	<u>\$ 2,770,480</u>

The accompanying notes are an integral part of these statements.

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

	2021			
	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 4,184,776	\$ 1,368,533	\$ 238,996	\$ 5,792,305
Employee benefits	398,419	204,962	23,184	626,565
Payroll taxes	317,595	99,733	19,236	436,564
Total salaries, wages, and related expenses	4,900,790	1,673,228	281,416	6,855,434
Medical supplies	1,533,557			1,533,557
Contracted labor	1,145,584	95,246		1,240,830
Advertising	9,029	39,254	576	48,859
Bank fees		5,260	3,495	8,755
Dues and memberships	10,211	45,722	1,821	57,754
Continuing education	22,810	26,010	2,400	51,220
Equipment, rental, and repair	222,837	304,303	3,731	530,871
Insurance	7,074	17,944		25,018
Postage and shipping	1,868	1,947	341	4,156
Travel	4,291	2,607		6,898
Meeting/food	1,191	12,954	144	14,289
Miscellaneous	56,476	31,327	2,056	89,859
Professional fees	246,133	296,329	5,500	547,962
Rent and utilities		925,933		925,933
Supplies	97,704	2,240		99,944
Telephone	14,713	33,466		48,179
Transportation	13,523	144		13,667
Uniforms		3,784		3,784
Total expenses before depreciation and interest	8,287,791	3,517,698	301,480	12,106,969
Depreciation	132,922	44,599		177,521
Interest		13,836		13,836
Total expenses	\$ 8,420,713	\$ 3,576,133	\$ 301,480	\$ 12,298,326

The accompanying notes are an integral part of this statement.

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

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

The accompanying notes are an integral part of this statement.

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

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 5,377,599	\$ 394,392
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	177,521	82,825
Loss on disposal of asset	21,700	
Donated property and equipment	(156,271)	
Donated stock investments		(20,202)
Change in donated inventory	(331,039)	122,930
Changes in assets and liabilities		
Patient accounts receivable	(303,072)	120,011
Inventory	(4,256)	11,909
Prepaid expenses	(150,399)	6,575
Other receivables	(111,772)	
Grants and contributions receivable	(557,552)	(45,177)
Accounts payable and other accrued liabilities	343,087	(162,571)
Accrued salaries and benefits	138,750	51,859
Advances	(976,076)	976,076
Net cash provided by operating activities	<u>3,468,220</u>	<u>1,538,627</u>
Cash flows from investing activities		
Proceeds from sale of investments		20,202
Acquisition of property and equipment	(1,917,872)	(214,045)
Net cash used by investing activities	<u>(1,917,872)</u>	<u>(193,843)</u>
Cash flows from financing activities		
Principal payments on line of credit		(159,545)
Net cash used by financing activities	<u>-</u>	<u>(159,545)</u>
Net change in cash	1,550,348	1,185,239
Cash at beginning of year	<u>1,920,157</u>	<u>734,918</u>
Cash at end of year	<u>\$ 3,470,505</u>	<u>\$ 1,920,157</u>
Supplemental information		
Noncash investing activities		
Donated stock	\$ -	\$ 20,202
Donated equipment	156,271	
Cash paid during the year for interest		3,081

The accompanying notes are an integral part of these statements.

Turner House Clinic, Inc. d/b/a Vibrant Health
Notes to Financial Statements
December 31, 2021 and 2020

Note A - Description of Organization and Summary of Accounting Policies

Turner House Clinic, Inc. d/b/a Vibrant Health, is a not-for-profit organization that provides quality health care to uninsured and underserved families of Wyandotte County. Vibrant Health was established in 1989 by a small group of volunteer physicians who recognized the urgent, unmet health care needs of uninsured and underserved children of Wyandotte County and has expanded to treat patients of all ages.

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

1. Basis of accounting and reporting

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

2. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and cash equivalents

For purposes of the statement of cash flows, Vibrant Health considers cash and cash equivalents to include highly-liquid investments with an original maturity of three months or less. Vibrant Health did not have cash equivalents as of December 31, 2021 and 2020.

4. Inventory

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

5. Property and equipment

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

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

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

Turner House Clinic, Inc. d/b/a Vibrant Health
Notes to Financial Statements - Continued
December 31, 2021 and 2020

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

6. Net assets

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

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

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

7. Statement of operations

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

8. Grants and contributions

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

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

9. Revenue

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

Turner House Clinic, Inc. d/b/a Vibrant Health
Notes to Financial Statements - Continued
December 31, 2021 and 2020

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

10. Income taxes

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

Management is not aware of any uncertainties in income tax positions. The years ended December 31, 2021, 2020, 2019, and 2018, remain subject to examination for both federal and state purposes.

11. Functional expense allocations

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

Note B - Grants and Contributions Receivable and Revenue

Vibrant Health is the recipient of Community Health Center (CHC) grants from the U.S. Department of Health and Human Services (HHS). The general purpose of the grants is to provide expanded health care service delivery for residents of Wyandotte County, Kansas. Grant revenue is recognized as qualifying expenditures are incurred over the grant period. Terms of the grants generally provide for funding of Vibrant Health's operations based on an approved budget for the period from September 1 through August 31. In accordance with the grants' terms, Vibrant Health recognized revenue from these grants of \$656,605 and \$680,002 for the years ended December 31, 2021 and 2020, respectively. In addition, Vibrant Health also received one-time supplemental funding for various initiatives which totaled \$78,138 for the year ended December 31, 2021.

Vibrant Health also received CHC grants from HHS under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and subsequent legislation, to support the detection and prevention of coronavirus (COVID-19), diagnosis and treatment of COVID-19, including maintaining or increasing health center capacity and staffing levels and to increase testing for COVID-19. Vibrant Health recognized revenue from these grants of \$1,609,699 and \$670,054 for the years ended December 31, 2021 and 2020, respectively.

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

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

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

Turner House Clinic, Inc. d/b/a Vibrant Health
Notes to Financial Statements - Continued
December 31, 2021 and 2020

Note B - Grants and Contributions Receivable and Revenue - Continued

Grants and contributions receivable at December 31, 2021, are expected to be collected in their entirety in the following periods:

2022	\$ 171,098
2023	<u>205,000</u>
	<u>\$ 376,098</u>

Note C - Information About Liquidity and Availability

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,470,505	\$ 1,920,157
Patient accounts receivable	448,360	145,288
Other receivables	111,772	
Grants and contributions receivable	<u>376,098</u>	<u>100,699</u>
 Total financial assets	 <u>4,406,735</u>	 <u>2,166,144</u>
 Less amounts not available to be used within one year		
Grants and contributions receivable - due after one year	205,000	80,000
Restricted for time - use after one year		250,000
Restricted for capital equipment	<u>47,325</u>	<u>10,590</u>
 Financial assets not available to be used within one year	 <u>252,325</u>	 <u>340,590</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 4,154,410</u>	 <u>\$ 1,825,554</u>

Note D - Patient Service Revenue

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

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

Turner House Clinic, Inc. d/b/a Vibrant Health
Notes to Financial Statements - Continued
December 31, 2021 and 2020

Note D - Patient Service Revenue - Continued

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

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

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

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

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

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

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

Accounts receivable for services provided were \$448,360, \$145,288, and \$265,299 at December 31, 2021, 2020, and 2019, respectively.

Turner House Clinic, Inc. d/b/a Vibrant Health
Notes to Financial Statements - Continued
December 31, 2021 and 2020

Note D - Patient Service Revenue - Continued

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

	<u>2021</u>	<u>2020</u>
Patient service charges	\$ 6,688,459	\$ 3,908,314
Third-party contractual adjustments	610,999	374,512
Charity care	(2,006,343)	(1,355,053)
Implicit price concessions	<u>(365,225)</u>	<u>(224,941)</u>
Patient service revenue	<u>\$ 4,927,890</u>	<u>\$ 2,702,832</u>

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

	<u>2021</u>	<u>2020</u>
Medicaid	\$ 4,078,104	\$ 2,176,063
Medicare	93,557	31,220
Commercial	225,278	148,763
Other government	177,950	93,331
Self-pay	<u>353,001</u>	<u>253,455</u>
Patient service revenue	<u>\$ 4,927,890</u>	<u>\$ 2,702,832</u>

Revenue from the Medicaid program accounted for approximately 83 percent and 81 percent of Vibrant Health's patient service revenue during 2021 and 2020, respectively.

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

Vibrant Health provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Because Vibrant Health does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Vibrant Health estimates that the cost of providing charity care for the years ended December 31, 2021 and 2020, was approximately \$3,689,000 and \$2,613,000, respectively.

Turner House Clinic, Inc. d/b/a Vibrant Health
Notes to Financial Statements - Continued
December 31, 2021 and 2020

Note E - Property and Equipment

Property and equipment are summarized as follows:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 1,505,129	\$ 640,979
Furniture and equipment	<u>1,393,324</u>	<u>577,464</u>
	2,898,453	1,218,443
Less accumulated depreciation	<u>902,336</u>	<u>824,918</u>
Depreciable assets, net	1,996,117	393,525
Equipment not in service at year-end	<u>278,875</u>	<u>6,545</u>
Property and equipment, net	<u><u>\$ 2,274,992</u></u>	<u><u>\$ 400,070</u></u>

Note F - Advances

Advances consist of federal grants through the CARES Act and subsequent legislation received from HHS and loans under the Small Business Administration (SBA) Patient Protection Program (PPP). The provider relief funds are to be used to prevent, prepare for, and respond to coronavirus and to reimburse Vibrant Health for health care related expenses and lost revenues defined by HHS, that are attributable to coronavirus. These funds are considered conditional grants and are recognized as a refundable advance liability until such time the conditions are met. Vibrant Health has determined that it has met the conditions to recognize \$536,005 of provider relief funds as grant income during the year ended December 31, 2021.

On April 17, 2020, Vibrant Health was granted a \$617,100 PPP loan administered by a SBA approved partner. On February 17, 2021, Vibrant Health was granted another PPP loan in the amount of \$695,100 during the second round of funding. Both of the loans were uncollateralized, and were fully guaranteed by the Federal government. Vibrant Health was eligible for loan forgiveness of up to 100 percent of the loans and any accrued interest, upon meeting certain requirements, including maintaining employment levels during the covered periods and using the funds for certain payroll, rent, and utility expenses. Having met the requirements and submitted applications for loan forgiveness, Vibrant Health received notification during 2022 of 100 percent forgiveness of principal and accrued interest related to both loans. Upon notice of the release of the liabilities, the forgiveness amount was recognized as grant income.

The following table provides information about significant changes in advances for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Advances at beginning of year	\$ 976,076	\$ -
SBA PPP loan proceeds received	695,100	617,100
HHS provider relief funds received	177,029	358,976
SBA PPP loan proceeds forgiven	(1,312,200)	
HHS provider relief funds recognized as revenue	<u>(536,005)</u>	
Advances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 976,076</u></u>

Turner House Clinic, Inc. d/b/a Vibrant Health
Notes to Financial Statements - Continued
December 31, 2021 and 2020

Note G - Line of Credit

At December 31, 2021, Vibrant Health had an unused \$250,000 line of credit with a local bank to be drawn upon as needed. The line of credit has a variable interest rate based on the Wall Street Journal prime rate plus 0.75 percent. The rate at December 31, 2021 is 4.00 percent. The line of credit matures on December 1, 2022.

Note H - Net Assets with Donor Restrictions

Net assets with donor restrictions are summarized as follows:

	Balance at December 31, <u>2020</u>	Additions and reclasses	Released from restrictions	Balance at December 31, <u>2021</u>
Primary care	\$ 850,504	\$ 5,252,678	\$ 4,440,768	\$ 1,662,414
Dental program	2,500	7,500	10,000	
Behavioral health	101,081	191,479	173,786	118,774
340B pharmacy program		50,000	37,500	12,500
Administrative and general	169,263	186,512	125,272	230,503
Capital equipment	10,590	1,335,000	1,298,265	47,325
Restricted for time	500,000		250,000	250,000
SBA PPP loan		1,312,200	1,312,200	
COVID-19 provider relief funds		536,005	536,005	
	<u>\$ 1,633,938</u>	<u>\$ 8,871,374</u>	<u>\$ 8,183,796</u>	<u>\$ 2,321,516</u>
	Balance at December 31, <u>2019</u>	Additions and reclasses	Released from restrictions	Balance at December 31, <u>2020</u>
Primary care	\$ 525,779	\$ 2,994,258	\$ 2,669,533	\$ 850,504
Dental program	2,500	2,500	2,500	2,500
Behavioral health	165,748	136,739	201,406	101,081
Administrative and general	134,399	241,197	206,333	169,263
Capital equipment	200,000	19,999	209,409	10,590
Restricted for time	<u>1,022,168</u>		<u>522,168</u>	<u>500,000</u>
	<u>\$ 2,050,594</u>	<u>\$ 3,394,693</u>	<u>\$ 3,811,349</u>	<u>\$ 1,633,938</u>

During 2020, as a result of the coronavirus pandemic, Vibrant Health received approval from grantors and donors to remove time and purpose restrictions on net assets totaling \$834,890 in order to continue to maintain health care delivery. These amounts are included in released from restrictions in the table above for the year ended December 31, 2020. No such releases occurred in 2021.

Turner House Clinic, Inc. d/b/a Vibrant Health
Notes to Financial Statements - Continued
December 31, 2021 and 2020

Note I - In-kind Contributions

Vibrant Health received contributed medical supplies with estimated fair values of \$1,442,076 and \$484,547 during the years ended December 31, 2021 and 2020, respectively. Vibrant Health received donated equipment with estimated fair values of \$156,271 during the year ended December 31, 2021.

Note J - Operating Leases

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

2022	\$ 935,114
2023	930,482
2024	798,799
2025	778,194
2026	783,736
Thereafter	<u>1,801,445</u>
	<u>\$ 6,027,770</u>

Rent expense was \$918,891 and \$370,707 for the years ended December 31, 2021 and 2020, respectively.

Note K - Retirement Plan

Vibrant Health sponsors a defined contribution 401(k) retirement plan that covers eligible employees. Employer contributions to the plan for the years ended December 31, 2021 and 2020, were \$121,816 and \$108,558, respectively.

Note L - Concentrations of Credit Risk

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

	<u>2021</u>	<u>2020</u>
Medicaid	26.9 %	22.2 %
Medicare and Medicare HMO	7.4	4.1
Other third-party payors	31.0	23.4
Patients	<u>34.7</u>	<u>50.3</u>
	<u>100.00 %</u>	<u>100.00 %</u>

At December 31, 2021, the carrying amount of bank deposits was \$3,465,678, and the bank balances were \$3,466,469. Of the bank balances, \$2,898,753 was covered by federal depository insurance and \$567,716 was unsecured and uncollateralized.

Turner House Clinic, Inc. d/b/a Vibrant Health
Notes to Financial Statements - Continued
December 31, 2021 and 2020

Note M - Medical Malpractice Insurance

Effective June 4, 2020, HHS deemed Vibrant Health and its participating physicians covered under the Federal Torts Claims Act (FTCA) for damage for personal injury, including death, resulting from the performance of medical, surgical, dental, and related functions. FTCA coverage is comparable to an occurrence policy without a monetary cap. Vibrant Health's coverage under FTCA renewed on January 1, 2022, for coverage period January 1, 2022 to December 31, 2022. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of potential improper professional services occurring during the year by estimating the probable ultimate costs of the incidents. Based upon Vibrant Health's claim experience, no such accrual has been made. However, because of the risks involved in providing health care services, it is possible that an event has occurred which could be the basis of a future material claim.

Note N - Subsequent Events

Vibrant Health has evaluated subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

Supplementary Information

**Turner House Clinic, Inc. d/b/a Vibrant Health
Schedule of Expenditures of Federal Awards
Year ended December 31, 2021**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Assistance listing number</u>	<u>Pass-through entity identifying number</u>	<u>Expenditures</u>	<u>Amount passed-through to subrecipients</u>
U.S. Department of Health and Human Services				
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		\$ 418,568	\$ -
COVID-19 Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224		1,609,699	
Grants for New and Expanded Services under the Health Care Program	93.527		<u>316,175</u>	<u> </u>
Total Health Center Program Cluster			2,344,442	-
COVID-19 Provider Relief Fund	93.498		358,976	
COVID-19 HRSA COVID-19 Uninsured Program	93.461		51,188	
Passed through KC Care Health Center AIDS Education and Training Centers Program	93.145	6UIOHA29293-06-05	20,000	
Passed through Community Health Council of Wyandotte County Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease Stroke	93.435	CDC-RFA-DP18-1817	6,500	
Passed through Kansas Department of Health and Environment Immunization and Vaccines for Children	93.268	CDC-RFA-IP19-1901	19,228	
Passed through Unified Government of Wyandotte County, Kansas City, Kansas Public Health Department Epidemiology and Laboratory Capacity for Infectious Diseases - Building and Strengthening Epidemiology, Laboratory, and Health Information Capacity in State and Local Health Departments	93.323		<u>84,126</u>	<u> </u>
Total U.S. Department of Health and Human Services			<u>2,884,460</u>	<u> </u>
Total federal awards			<u>\$ 2,884,460</u>	<u>\$ -</u>

Turner House Clinic, Inc. d/b/a Vibrant Health
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2021

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant award activity of Turner House Clinic, Inc. d/b/a Vibrant Health under programs of the federal government for the year ended December 31, 2021. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Vibrant Health, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Vibrant Health.

Note 2 - Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

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

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Turner House Clinic, Inc. d/b/a Vibrant Health, which comprise the balance sheet as of December 31, 2021, and the related statement of operations and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 9, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Vibrant Health's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vibrant Health's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wendling Noe Nelson: Johnson LLC

Topeka, Kansas
August 9, 2022

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Turner House Clinic, Inc. d/b/a Vibrant Health's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Vibrant Health's major federal program for the year ended December 31, 2021. Vibrant Health's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Vibrant Health complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Vibrant Health and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Vibrant Health's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Vibrant Health's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Vibrant Health's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may

involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Vibrant Health's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Vibrant Health's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Vibrant Health's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Vibrant Health's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Vibrant Health's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Vibrant Health's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Wendling Noe Nelson: Johnson LLC

Topeka, Kansas
August 9, 2022

**Turner House Clinic, Inc. d/b/a Vibrant Health
Schedule of Findings and Questioned Costs
Year ended December 31, 2021**

Section I - Summary of Auditor's Results

Financial statements

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

Federal awards

Internal control over major programs		
• Material weakness(es) identified?	___ Yes	___ <u>X</u> No
• Significant deficiencies identified that are not considered to be material weakness(es)?	<u>X</u> Yes	___ None reported
Type of auditor's report issued on compliance for major programs		Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)	<u>X</u> Yes	___ No

Identification of major programs

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

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

None

Section III - Federal Award Findings and Questioned Costs

2021-001

Identification: 93.224 and 93.527 United States Department of Health and Human Services, Health Center Cluster, Multiple federal award numbers; Significant Deficiency over compliance; Special Tests and Provisions requirement.

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

**Turner House Clinic, Inc. d/b/a Vibrant Health
Schedule of Findings and Questioned Costs - Continued
Year ended December 31, 2021**

Condition: Sliding fee discount was improperly calculated for two eligible patients.

Cause: Sliding fee discount policy was not followed.

Effect: Control procedures did not prevent the incorrect sliding fee discount being applied to the patient account.

Perspective Information: Two instances were noted in which the sliding fee discount applied to an eligible patient account was improperly calculated. The total sample size was 60. The sampling was a statistically valid sample.

Repeat Finding: Repeat finding of 2020-003.

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

Views of Responsible Officials: Near the end of 2021, Vibrant Health strengthened its procedures by adding controls to increase oversight of sliding fee discounts being added to patient accounts. In addition, Vibrant Health has increased internal audit functions to evaluate progress and opportunities for further education and training.



Response to Schedule of Findings Year Ended December 31, 2021

Reference Number 2021-001

Corrective Action Plan: Near the end of 2021, Vibrant Health strengthened its procedures by adding controls to increase oversight of sliding fee discounts being added to patient accounts. In addition, Vibrant Health has increased internal audit functions to evaluate progress and opportunities for further education and training.

Anticipated Completion Date: Currently Implemented.

Contact: Charles Smith II, CPA | Chief Financial Officer
Office: 913-320-2646 Email: csmith@vibranthealthkc.org



**Summary Schedule of Prior
Audit Findings
Year Ended December 31, 2021**

Reference Number 2020-001

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

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

Current Status: A paid date column was added to our drawdown spreadsheet to help track the cash payment date of expenditures. This was implemented in August 2021.

Reference Number 2020-002

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

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

Current Status: Procedure to check vendors against suspension and debarment listing prior to processing checks was implemented in August 2021.

Reference Number 2020-003

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

Recommendations: Add to control procedures an approval process for the sliding fee discount to be applied to a patient account that would include a business office

manager and/or supervisor approving the discount that is applied to the account. As part of the approval process recommend that they verify eligibility for receiving the discount, including that appropriate documentation was received and recalculation of the approved discount.

Current Status: Procedures were added to increase oversight of discounts being added to patient accounts. Internal audits are also being performed on a monthly basis with feedback being provided to team members in an effort to enhance training and prevent errors from recurring. Procedures were not implemented until December of 2021. As a result, majority of FY 2021 activity occurred under our previous processes.

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