

**THE PRIMARY CARE COALITION OF
MONTGOMERY COUNTY, MARYLAND, INC.**

AUDIT REPORT

**FINANCIAL AND FEDERAL AWARD
COMPLIANCE EXAMINATION**

FOR THE YEAR ENDED JUNE 30, 2021

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

CONTENTS

	PAGE NO.
I. Financial Section	
Financial Statements, for the Years Ended June 30, 2021 and 2020, Including the Schedules of Expenditures of Federal Awards and Findings and Questioned Costs	I-(1 - 22)
II. 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	II-(1 - 2)
III. Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by <i>Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)</i>	III-(1 - 2)

FINANCIAL STATEMENTS

**THE PRIMARY CARE COALITION OF
MONTGOMERY COUNTY, MARYLAND, INC.**

**FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	I-(2 - 3)
EXHIBIT A - Statements of Financial Position, as of June 30, 2021 and 2020	I-4
EXHIBIT B - Statement of Activities and Changes in Net Assets, for the Year Ended June 30, 2021	I-5
EXHIBIT C - Statement of Activities and Changes in Net Assets, for the Year Ended June 30, 2020	I-6
EXHIBIT D - Statement of Functional Expenses, for the Year Ended June 30, 2021	I-7
EXHIBIT E - Statement of Functional Expenses, for the Year Ended June 30, 2020	I-8
EXHIBIT F - Statements of Cash Flows, for the Years Ended June 30, 2021 and 2020	I-9
NOTES TO FINANCIAL STATEMENTS	I-(10 - 18)
SUPPLEMENTAL INFORMATION	
SCHEDULE 1 - Schedule of Expenditures of Federal Awards, for the Year Ended June 30, 2021	I-(19 - 20)
SCHEDULE 2 - Schedule of Findings and Questioned Costs, for the Year Ended June 30, 2021	I-(21 - 22)



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Primary Care Coalition of Montgomery County, Maryland, Inc.
Silver Spring, Maryland

We have audited the accompanying financial statements of The Primary Care Coalition of Montgomery County, Maryland, Inc. (the Coalition), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coalition as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards on pages I-(19 - 20), as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2022, on our consideration of the Coalition'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 this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

February 17, 2022

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,818,452	\$ 2,371,930
Accounts receivable	3,528	1,918
Contracts receivable	4,563,249	4,319,715
Grants and contributions receivable	132,476	332,920
Prepaid expenses	128,612	34,367
Fixed assets, net	<u>-</u>	<u>1,392</u>
TOTAL ASSETS	<u>\$ 9,646,317</u>	<u>\$ 7,062,242</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Note payable	\$ -	\$ 1,088,000
Accounts payable and accrued liabilities	4,794,372	3,014,882
Accrued salaries and related benefits	<u>408,135</u>	<u>412,649</u>
Total liabilities	<u>5,202,507</u>	<u>4,515,531</u>

NET ASSETS

Without donor restrictions	3,825,725	1,893,373
With donor restrictions	<u>618,085</u>	<u>653,338</u>
Total net assets	<u>4,443,810</u>	<u>2,546,711</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,646,317</u>	<u>\$ 7,062,242</u>

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions	\$ 49,209	\$ 110,000	\$ 159,209
Foundation grants	147,500	15,000	162,500
Federal contracts and grants	98,890	-	98,890
County contracts	26,310,285	-	26,310,285
State grants	293,068	-	293,068
Interest income	1,616	-	1,616
Hospital contracts	993,621	-	993,621
Donated patient services	903,776	-	903,776
Net assets released from donor restrictions	<u>160,253</u>	<u>(160,253)</u>	<u>-</u>
Total revenue	<u>28,958,218</u>	<u>(35,253)</u>	<u>28,922,965</u>
EXPENSES			
Program Services:			
Montgomery Cares	10,866,628	-	10,866,628
Care for Kids	961,785	-	961,785
Nexus Montgomery	787,100	-	787,100
LHI-PNSB	11,286,489	-	11,286,489
Other Projects	<u>2,504,735</u>	<u>-</u>	<u>2,504,735</u>
Total program services	<u>26,406,737</u>	<u>-</u>	<u>26,406,737</u>
Supporting Services:			
General Administration	<u>1,707,129</u>	<u>-</u>	<u>1,707,129</u>
Total expenses	<u>28,113,866</u>	<u>-</u>	<u>28,113,866</u>
Changes in net assets before other item	844,352	(35,253)	809,099
OTHER ITEM			
Extinguishment of debt	<u>1,088,000</u>	<u>-</u>	<u>1,088,000</u>
Changes in net assets	1,932,352	(35,253)	1,897,099
Net assets at beginning of year	<u>1,893,373</u>	<u>653,338</u>	<u>2,546,711</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,825,725</u>	<u>\$ 618,085</u>	<u>\$ 4,443,810</u>

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions	\$ 93,344	\$ 237,250	\$ 330,594
Foundation grants	88,100	289,037	377,137
Federal contracts and grants	90,266	-	90,266
County contracts	14,539,837	-	14,539,837
State grants	210,753	7,483	218,236
Interest income	1,456	-	1,456
Hospital contracts	4,987,934	-	4,987,934
Donated patient services	1,240,214	-	1,240,214
Net assets released from donor restrictions	<u>277,718</u>	<u>(277,718)</u>	<u>-</u>
Total revenue	<u>21,529,622</u>	<u>256,052</u>	<u>21,785,674</u>
EXPENSES			
Program Services:			
Montgomery Cares	10,915,219	-	10,915,219
Care for Kids	1,317,268	-	1,317,268
Nexus Montgomery	4,444,855	-	4,444,855
Other Projects	<u>3,048,129</u>	<u>-</u>	<u>3,048,129</u>
Total program services	<u>19,725,471</u>	<u>-</u>	<u>19,725,471</u>
Supporting Services:			
General Administration	<u>1,533,502</u>	<u>-</u>	<u>1,533,502</u>
Total expenses	<u>21,258,973</u>	<u>-</u>	<u>21,258,973</u>
Changes in net assets	270,649	256,052	526,701
Net assets at beginning of year	<u>1,622,724</u>	<u>397,286</u>	<u>2,020,010</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,893,373</u>	<u>\$ 653,338</u>	<u>\$ 2,546,711</u>

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services						Supporting Services	
	Montgomery Cares	Care for Kids	Nexus Montgomery	LHI-PNSB	Other Projects	Total Program Services	General Administration	Total Expenses
Salaries	\$ 2,087,946	\$ 304,813	\$ 505,641	\$ 60,654	\$ 521,137	\$ 3,480,191	\$ 934,404	\$ 4,414,595
Employee taxes and benefits	596,371	85,500	146,614	17,013	141,850	987,348	369,125	1,356,473
Professional services	276,912	29,160	43,599	11,067,348	647,892	12,064,911	156,822	12,221,733
Recruiting	409	-	4,185	5,947	21,310	31,851	15,646	47,497
Medical provider/consultants	7,773,842	499,124	32,078	-	207,564	8,512,608	-	8,512,608
Rent/facilities	87,107	29,545	27,155	-	26,226	170,033	107,140	277,173
Equipment and maintenance	-	-	-	-	2,517	2,517	23,711	26,228
Software	3,708	-	-	-	122	3,830	27,000	30,830
Telephone and internet	12,049	2,862	2,689	-	3,051	20,651	8,711	29,362
Travel/training	17,329	-	864	995	19,965	39,153	6,005	45,158
Office/program supplies	4,272	2,413	7,424	95,657	1,278	111,044	4,584	115,628
Postage	1,113	1,889	-	-	97	3,099	437	3,536
Printing	5,570	6,479	-	38,872	1,084	52,005	13,158	65,163
Marketing expenses	-	-	10,320	-	4,937	15,257	4,411	19,668
Licenses/memberships	-	-	6,529	-	1,774	8,303	4,441	12,744
Insurance	-	-	-	-	-	-	26,353	26,353
Miscellaneous	-	-	2	3	155	160	3,789	3,949
Contributed services	-	-	-	-	903,776	903,776	-	903,776
Depreciation and amortization	-	-	-	-	-	-	1,392	1,392
TOTAL	\$ 10,866,628	\$ 961,785	\$ 787,100	\$ 11,286,489	\$ 2,504,735	\$ 26,406,737	\$ 1,707,129	\$ 28,113,866

See accompanying notes to financial statements.

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services					Supporting Services		
	Montgomery Cares	Care for Kids	Nexus Montgomery	Other Projects	Total Program Services	General Administration	Total Expenses	
Salaries	\$ 1,972,215	\$ 305,885	\$ 760,911	\$ 555,709	\$ 3,594,720	\$ 857,269	\$ 4,451,989	
Employee taxes and benefits	556,780	84,393	211,596	165,672	1,018,441	305,493	1,323,934	
Professional services	223,942	26,865	3,210,441	801,009	4,262,257	115,293	4,377,550	
Recruiting	4,885	-	3,277	119	8,281	6,867	15,148	
Medical provider/consultants	8,002,099	851,106	112,773	133,880	9,099,858	-	9,099,858	
Rent/facilities	94,970	33,059	101,146	31,107	260,282	91,989	352,271	
Equipment and maintenance	-	-	-	581	581	25,511	26,092	
Software	3,687	-	-	112	3,799	31,973	35,772	
Telephone and internet	12,657	3,107	7,434	2,534	25,732	9,694	35,426	
Travel/training	18,994	487	14,054	5,697	39,232	15,428	54,660	
Office/program supplies	17,644	2,303	2,662	109,067	131,676	10,621	142,297	
Postage	1,562	3,770	20	60	5,412	1,321	6,733	
Printing	5,784	6,293	8,000	1,263	21,340	10,412	31,752	
Marketing expenses	-	-	5,014	44	5,058	12,730	17,788	
Licenses/memberships	-	-	7,527	-	7,527	7,158	14,685	
Insurance	-	-	-	-	-	26,622	26,622	
Miscellaneous	-	-	-	1,061	1,061	2,561	3,622	
Contributed services	-	-	-	1,240,214	1,240,214	-	1,240,214	
Depreciation and amortization	-	-	-	-	-	2,560	2,560	
TOTAL	\$ 10,915,219	\$ 1,317,268	\$ 4,444,855	\$ 3,048,129	\$ 19,725,471	\$ 1,533,502	\$ 21,258,973	

See accompanying notes to financial statements.

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 1,897,099	\$ 526,701
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,392	2,560
Extinguishment of debt	(1,088,000)	-
(Increase) decrease in:		
Accounts receivable	(1,610)	1,389
Contracts receivable	(243,534)	(447,727)
Grants and contributions receivable	200,444	(245,724)
Prepaid expenses	(94,245)	587
Increase (decrease) in:		
Accounts payable and accrued liabilities	1,779,490	438,814
Accrued salaries and related benefits	<u>(4,514)</u>	<u>109,440</u>
Net cash provided by operating activities	<u>2,446,522</u>	<u>386,040</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	<u>-</u>	<u>1,088,000</u>
Net cash provided by financing activities	<u>-</u>	<u>1,088,000</u>
Net increase in cash and cash equivalents	2,446,522	1,474,040
Cash and cash equivalents at beginning of year	<u>2,371,930</u>	<u>897,890</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,818,452</u>	<u>\$ 2,371,930</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Extinguishment of Debt	<u>\$ 1,088,000</u>	<u>\$ -</u>

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Primary Care Coalition of Montgomery County, Maryland, Inc. (the Coalition) is a non-profit organization, incorporated in the State of Maryland and located in Montgomery County. The Coalition envisions a vibrant community that supports all people in leading healthy lives. Our mission is to improve the health of vulnerable individuals and families by building partnerships and strengthening systems of care.

The Coalition's story began in 1993, when a group of physicians and public health officials imagined a community where every resident had access to high-quality health services. They envisioned a dependable source of care for people with low-incomes and no health insurance and created a framework that shared responsibility for providing that care across the public and private sectors. The Primary Care Coalition was formed to make that vision a reality.

Historically, the Primary Care Coalition has worked to connect low-income and uninsured individuals and families to high-quality health services. PCC recognizes that challenges people face in achieving healthy lives are also related to non-clinical factors such as safe housing, food security and socioeconomic opportunity.

The Coalition works collaboratively with other community organizations to design and operate programs, increasing access to health care, improving connection to social services and addressing systemic inequities for people in the community who face cultural, linguistic, and socioeconomic barriers to living their healthiest lives.

The Coalition's major programs are:

Care for Kids provides affordable primary, specialty, behavioral health, and dental care for children of low-income families in Montgomery County who are not eligible for other state or federal health programs. In fiscal year 2021, 6,439 children received services ranging from well child visits to case management for children with complex medical needs. Care for Kids is a public-private partnership composed of the Montgomery County Department of Health and Human Services, Montgomery County School Based Health Centers, private health care providers and safety-net clinics, Kaiser Permanente of the Mid-Atlantic States and the Primary Care Coalition.

Montgomery Cares provides health care to adults who live in Montgomery County, Maryland and have incomes below 250% of the federal poverty level. In fiscal year 2021, almost 20,000 patients received services through Montgomery Cares including primary and preventive health visits, behavioral health services, referrals for specialty care, and access to medications. Montgomery Cares is a public-private partnership composed of 10 independent safety-net primary care organizations, six hospitals, the Montgomery County Department of Health and Human Services, and the Primary Care Coalition, as well as volunteer health practitioners and other community-based organizations. The Primary Care Coalition administers Montgomery Cares and is responsible for coordinating the services of the participating health care providers who share a common mission and work collectively to provide high-quality, efficient, accessible, and equitable health services to low-income, uninsured adults in Montgomery County. During FY21, in response to COVID-19, PCC assisted with the ramp up of telehealth capabilities, and the procurement of almost \$500,000 of rapid testing supplies (COVID-19, flu, strep), personal protective equipment, home monitoring equipment, and pneumonia vaccines.

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Organization (continued) -

Nexus Montgomery is a collaboration among Montgomery County, Maryland's six hospitals and community partners to promote health, reduce hospital utilization and manage total cost of care for the shared community in ways that no single hospital could achieve on its own. The Primary Care Coalition has served as the management entity for Nexus Montgomery since its inception in 2015, providing organizational infrastructure, staffing, data analytics, evaluation and program implementation. Programs include:

- **SNF Alliance:** a learning collaborative with the hospitals and 30+ Skilled Nursing Facilities (SNFs) to improve SNF capacity for quality care, reduce readmissions to hospitals, and decrease total cost of care.
- **Diabetes Catalyst:** increase availability of diabetes education classes/programs for Diabetes Prevention and Diabetes self-management, increase referrals into these programs, and improve retention of participants throughout the program periods.
- **Behavioral Health Crisis Systems:** build community capacity (crisis beds, medical respite care program for homeless), and facilitate collaborative efforts to set strategy and improve processes across entities for enhanced behavioral health crisis response.

Latino Health Initiative: Por Nuestra Salud y Bienestar (LHI-PNSB) began in fiscal year 2021 in response to the inequities many Latinos faced in Montgomery County with COVID-19, including having essential jobs, higher poverty rates, reliance on public transportation, tight living conditions, lack of health insurance, and a greater incidence of preexisting health conditions like diabetes. On behalf of the Montgomery County Latino Health Initiative, The Primary Care Coalition coordinates multiple local nonprofit partners providing COVID-19 outreach, education, testing, and clinical follow-up, as well as case management, mental health services, and access to emergency assistance. Montgomery County now has one of the highest COVID-19 vaccination rates among Latinos in the country.

Other Programs and Services The Primary Care Coalition works on many levels to increase access to health care and improve the health and lives of our neighbors who are experiencing vulnerability. We connect people to services. We support health care providers with technical assistance in areas including quality assurance, data analysis and health informatics, and process improvement. We build systems by engaging diverse stakeholders to discuss shared challenges and develop systems of care that meet the needs of our community. Examples of additional PCC programs designed to improve systems of care for vulnerable residents:

- **Food is Medicine** is a program that creates a pathway between health care services and food assistance programs. Facilitating reliable access to healthful food is improving health outcomes for people identified being food insecure and having diabetes or pre-diabetes.
- **Connecting to Health Coverage.** The Primary Care Coalition serves as the performance manager for the Capital South Region Connector Program, which assists Prince George's County Residents in enrolling in Medicaid and private health insurance coverage through the Maryland Health Connection—the state-based insurance marketplace.
- **Point of Entry Project (PEP).** Working with Montgomery County Public Schools International Admissions, a PCC client navigator connects newly immigrant families with Care For Kids and social services.

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Changes in Net Assets as net assets released from donor restrictions.

New accounting pronouncement adopted -

During 2021, the Coalition adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way the Coalition recognized revenue; however, the presentation and disclosures of revenue have been enhanced. The Coalition has elected a modified retrospective approach for implementation.

Cash and cash equivalents -

The Coalition considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Coalition maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Accounts, grants, contributions and contracts receivable -

Accounts, grants, contributions and contracts receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible within one year. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years.

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Fixed assets (continued) -

Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as incurred. Depreciation and amortization expense for the years ended June 30, 2021 and 2020 totaled \$1,392 and \$2,560, respectively.

Income taxes -

The Coalition is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Coalition is not a private foundation.

Uncertain tax positions -

For the years ended June 30, 2021 and 2020, the Coalition has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Revenue recognition -

Contributions, grants and contracts are recognized in the appropriate category of net assets in the period received. The Coalition performs an analysis of the individual award to determine if the revenue streams follow the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For awards qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Awards qualifying as contributions that are unconditional and have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Awards qualifying as conditional contributions contain a right of return from obligation provision that limits the Coalition on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met (the Coalition recognizes revenue for these conditional contributions when the related barrier has been overcome, generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of substantially meeting conditions are recorded as refundable advances. For contributions and grants treated as conditional contributions, the Coalition had no unrecognized awards as of June 30, 2021.

Transactions classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers*, and are recorded at a point in time when the performance obligations are met. The Coalition has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost. Any funding received in advance of satisfying performance obligations are recorded as deferred revenue.

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Donated patient services -

Donated patient services consist of donated office-based physician, hospital, radiology and laboratory services.

Donated patient services are recorded as of the date of the gift at fair value if 1) such services create or enhance nonfinancial assets; or 2) would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills.

Use of estimates -

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

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Coalition are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of time and effort.

New accounting pronouncements (not yet adopted) -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non-public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

New accounting pronouncements (not yet adopted) (continued) -

The Coalition plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption methods and the impacts of the new standards on its accompanying financial statements.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Coalition's operations. The overall potential impact is unknown at this time.

2. FIXED ASSETS

Fixed assets consisted of the following at June 30, 2021 and 2020:

	2021	2020
Equipment	\$ 1,811	\$ 1,811
Furniture	29,092	29,092
Computer equipment	23,925	23,925
Leasehold improvements	<u>7,500</u>	<u>7,500</u>
Total fixed assets	62,328	62,328
Less: Accumulated depreciation and amortization	<u>(62,328)</u>	<u>(60,936)</u>
NET FIXED ASSETS	<u>\$ -</u>	<u>\$ 1,392</u>

3. PAYCHECK PROTECTION PROGRAM (PPP) NOTE PAYABLE

On June 26, 2020, the Coalition received loan proceeds in the amount of \$1,088,000 under the Paycheck Protection Program (PPP). The promissory note called for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months. The Coalition used the proceeds consistent with the guidelines set forth in the PPP, and during 2021, received full forgiveness of the loan. Accordingly, the Coalition recorded revenue from extinguishment of debt, which is presented as an Other Item in the accompanying current year Statement of Activities and Changes in Net Assets.

4. LINE OF CREDIT

The Coalition has a \$1,000,000 bank line of credit which matures July 10, 2022. Amounts borrowed under this agreement bear interest at the bank's prime rate plus 0.25%. There were no borrowings or any amounts outstanding as of June 30, 2021 and 2020. The line is secured by cash held in accounts at the same financial institution.

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Center for Health Improvement	\$ 253,991	\$ 273,516
Minority Health Initiative Project	102,712	42,712
General and Special Projects	90,959	75,959
Care for Kids	87,001	108,082
Other Projects	42,770	111,668
Montgomery Co. Adult Dental Clinic	18,031	18,031
Community Pharmacy	12,719	12,719
Innovative Project	8,640	8,640
Maryland Physician's Care - Vaccine Grant	<u>1,262</u>	<u>2,011</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 618,085</u>	<u>\$ 653,338</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

	<u>2021</u>	<u>2020</u>
Purpose restrictions accomplished:		
Center for Health Improvement	\$ 69,523	\$ 127,148
Other Projects	68,900	115,125
Care for Kids	21,081	30,884
Maryland Physician's Care - Vaccine Grant	749	4,019
General and Special Projects	<u>-</u>	<u>542</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 160,253</u>	<u>\$ 277,718</u>

6. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,818,452	\$ 2,371,930
Accounts receivable	3,528	1,918
Contracts receivable	4,563,249	4,319,715
Grants and contributions receivable	<u>132,476</u>	<u>332,920</u>
Subtotal financial assets available within one year	9,517,705	7,026,483
Less: Donor restricted funds	<u>(618,085)</u>	<u>(653,338)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 8,899,620</u>	<u>\$ 6,373,145</u>

The Coalition is substantially supported by county contracts, program service revenue and donor restricted contributions and grants.

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

6. LIQUIDITY AND AVAILABILITY (Continued)

Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Coalition must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Coalition's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Coalition invests cash in excess of daily requirements. In the event of an unanticipated liquidity need, the Coalition can draw upon \$1,000,000 of available financing through a line of credit (as previously discussed in Note 4).

7. DONATED PATIENT SERVICES

During the years ended June 30, 2021 and 2020, the Coalition was the beneficiary of donated patient services which allowed the Coalition to provide greater resources toward various programs. The following donations have been included in revenue and expense during the years ended June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Donated Patient Services	\$ <u>903,776</u>	\$ <u>1,240,214</u>

8. LEASE COMMITMENTS

The Coalition leases office space in Silver Spring, Maryland under a lease agreement which commenced on October 1, 2012. Included in the lease are extension options; the Coalition had extended its lease agreement through December 31, 2020, however, in March 2020, it entered into a new agreement in the same office building (with reduced space). The new agreement effectively cancelled the old lease ending December 31, 2020, and is effective July 1, 2020 for a term of 5 years, with two additional lease extension options. The initial base rent is \$273,498. The base rate will increase at a rate of 3.5% after the conclusion of the second year. The following is a schedule of the future minimum lease payments:

<u>Year Ending June 30,</u>	
2022	\$ 273,498
2023	283,070
2024	292,977
2025	<u>303,231</u>
	<u>\$ 1,152,776</u>

Rent expense for the years ended June 30, 2021 and 2020 was \$277,173 and \$296,586, respectively, and is included in Rent/facilities in the accompanying Statements of Functional Expenses.

9. RETIREMENT PLAN

The Coalition sponsors a Thrift Plan (the "Plan") under IRC Section 403(b). The Plan provides for employee salary reduction contributions and employer discretionary base contributions.

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

9. RETIREMENT PLAN (Continued)

All employees who have completed one year of service and have attained age 18 are eligible for an employer contribution.

The Coalition made employer contributions of \$117,708 and \$107,740 during the years ended June 30, 2021 and 2020, respectively, which are included in Employee Taxes and Benefits in the accompanying Statements of Functional Expenses.

10. CONCENTRATION OF REVENUE

Approximately 89% and 70%, respectively, of the Coalition's revenue for the years ended June 30, 2021 and 2020 was derived from awards received from the Government of Montgomery County, Maryland. The Coalition has no reason to believe that the relationship with the County will be discontinued in the foreseeable future. However, any interruption of this relationship (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Coalition's ability to finance ongoing operations.

11. CONTINGENCY

The Coalition receives grants from various agencies of the United States Government. Beginning for fiscal year ended December 31, 2015, such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2021. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

12. SUBSEQUENT EVENTS

In preparing these financial statements, the Coalition has evaluated events and transactions for potential recognition or disclosure through February 17, 2022, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures
Department of the Treasury -				
COVID-19 - Montgomery County Department of Health and Human Services - Montgomery Cares Program	21.019	1029292	\$ -	\$ 493,953
Montgomery County Department of Health and Human Services - Por Nuestra Salud y Bienestar (For Our Health and Wellbeing)	21.019	1123629	-	12,288,727
Total CFDA # 21.019 Coronavirus Relief Fund / Department of the Treasury			-	12,782,680
Department of Health and Human Services -				
COVID-19 - Montgomery County Department of Health and Human Services - DD Group Homes	93.498	11246891	-	444,345
Montgomery County Department of Health and Human Services - Medical and Dental Grant	93.498	1125259	-	27,776
Total CFDA # 93.498 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution			-	472,121
HRSA - Healthy Tomorrows Partnership for Children Program	93.110	H17MC30730-04-02/ FAIN H1730730 / H17MC30730-05- 00/ FAIN H1730730	-	20,940
Total CFDA # 93.110 Maternal and Child Health Federal Consolidated Programs			-	20,940
Substance Abuse and Mental Health Services Administration - Mental Health First Aid for Senior Care Providers: Creating a Nexus Community	93.243	HIADM-FEDR-SMSH2 / HIADM-FEDR-SMSH3	-	77,950
Total CFDA # 93.243 Substance Abuse and Mental Health Services Projects of Regional and National Significance			-	77,950
Maryland Department of Health - Breast and Cervical Cancer Screening Process Improvement	93.898	HICAN-MDST-DHM13	-	13,906
Maryland Department of Health - Direct Screening for Breast and Cervical Cancer	93.898	HICAN-MDST-DHM15	-	61,782
Total CFDA # 93.898 Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations			-	75,688
Maryland Department of Health - Colorectal Cancer Screening Technical Assistance Contract	93.800	HICAN-MDST-DHM14	-	23,962
Total CFDA # 93.800 Organized Approaches to Increase Colorectal Cancer Screening			-	23,962
Total Department of Health and Human Services			-	670,661
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 13,453,341

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of the Coalition under programs of the federal government for the year ended June 30, 2021. 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)*. The Schedule presents only a selected portion of the operations of the Coalition; accordingly, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Coalition.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Coalition has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

Note 3. Reconciliation of Government Grants Revenue per Statement of Activities

Following is a reconciliation of revenue to the costs reported in the Schedule of Expenditures of Federal Awards, for the year ended June 30, 2021:

Federal contracts and grants	\$ 98,890
County contracts	26,310,285
County contracts that are not subject to Uniform Guidance	<u>(12,955,834)</u>
TOTAL PER SCHEDULE OF EXPENDITURES	
OF FEDERAL AWARDS	<u>\$ 13,453,341</u>

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

- 1). Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting:

Unmodified

- 2). Internal control over financial reporting:

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

- 3). Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

- 4). Internal control over major federal programs:

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

- 5). Type of auditor's report issued on compliance for major federal programs:

Unmodified

- 6). Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes ☒ No

- 7). Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund

- 8). Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

- 9). Auditee qualified as a low-risk auditee?

☐ Yes ☒ No

THE PRIMARY CARE COALITION OF MONTGOMERY COUNTY, MARYLAND, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section II - Financial Statement Findings

There were no reportable findings.

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a))

There were no reportable findings.



CPAs & ADVISORS

**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
The Primary Care Coalition of Montgomery County, Maryland, Inc.
Washington, D.C.

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 The Primary Care Coalition of Montgomery County, Maryland, Inc. (the Coalition) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Coalition's basic financial statements, and have issued our report thereon dated February 17, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Coalition'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition'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 Coalition's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coalition'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 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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

February 17, 2022



CPAs & ADVISORS

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TITLE 2 U.S. CODE OF FEDERAL REGULATIONS (CFR) PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)

Independent Auditor's Report

To the Board of Directors
The Primary Care Coalition of Montgomery County, Maryland, Inc.
Washington, D.C.

Report on Compliance for Each Major Federal Program

We have audited The Primary Care Coalition of Montgomery County, Maryland, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Coalition's major federal programs for the year ended June 30, 2021. The Coalition's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Coalition'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 the Coalition'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 the Coalition's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Coalition 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, 2021.

Report on Internal Control Over Compliance

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



February 17, 2022