



# Hilltown Community Health Center

**BOARD MEETING  
MAY 26, 2016  
WORTHINGTON HEALTH CENTER  
6:00 PM**

## **AGENDA**

1. Call to Order
2. Approval of the April 28, 2016 Meeting Minutes
3. Guest Presenter: Adelson & Company, P.C., Auditing Firm
4. Finance Committee Report
  - Approval of April 28, 2016 Meeting Minutes
5. Executive Director / Senior Manager Reports
6. Committee Reports (as needed)
  - Executive Committee
  - Recruiting, Orientation, and Nominating (RON)
  - Corporate Compliance
  - Facilities
  - Personnel
  - Quality Improvement
  - Expansion
  - Strategic Planning
  - Fundraising and Development
7. New Business
  - Bylaw Changes Discussion/Vote
  - Community Needs Assessment
  - Corporate Compliance Plan
  - FY 2015 Audit Report
  - Meeting Date/Time with HRSA Consultants
  - Sliding Fee Policy
  - Finance Policies Review
  - School-Based Health Center Policies Review
  - Other Policies Review
8. Adjourn

## HCHC BOARD OF DIRECTORS MEETING

**Location:** Huntington Health Center, Huntington, MA

**Date/Time:** 04/28/2016 6:00pm

**MEMBERS:** Wendy Lane Wright; Lew Robbins, Treasurer; Alan Gaitenby; Lee Manchester; Tim Walter; Nancy Brenner; Vice President; John Follet, President; Lucy Fandel; Kimberly May, Clerk; Cheryl Hopson

**STAFF:** Eliza Lake, Executive Director Frank Mertes, CFO; Michael Purdy CCSO; Jeff Hagen, COO; Janet Laroche, Executive Assistant; Kim Savery, Community Programs Director

**ABSENT:** Wendy Long

Agenda Item	Summary of Discussion	Decision/Next Steps	Person Responsible/ Due Date
Approval of Minutes 03/31/2016	<p>John Follet called the meeting to order at 6:10pm.</p> <p>The March 31, 2016 minutes were reviewed by the Board members present. <b>A motion was made to approve the March 31, 2016 minutes. The motion was seconded. A discussion then began noting that the date for the next meeting should be listed as April 28. The motion was restated to include the change of the April meeting date. The motion was then seconded. The motion to approve the minutes with the change listed above was approved unanimously.</b></p>	<p>The March 31, 2016 minutes were approved</p>	
Finance Committee	<p>Lew reported that going forward, vacation accruals will be reported month to month. This will assist with streamlining the reports and figures shared at the meeting. The report shared with the group this month does not accurately reflect the numbers. The net operating loss for the month was \$86,591. Frank is working to make the reports more accurately reflect what's happening each month.</p> <p>Some of the operating loss this month can be attributed to the understaffing in several departments and to a new provider who is not yet up to full capacity.</p>		

	<p>The annual budget is in the process of being forecasted. It's been determined to not use last year's figures to compare to this year's budget numbers.</p> <p>The billing department renovations discussion was moved to the May meeting.</p>		
1422 Grant Presentation	<p>Eliza introduced Kim Savery, Community Programs Director who spoke to the Board about the 1422 Grant that she's involved with. This grant is a prevention grant that focuses on pre-diabetes, stoke and hypertension. We became a part of the grant in year 2 of a 4 year program and are on an accelerated work plan in order to catch up. There are 5 components to the grant that we're required to work on: QI, a Community Health Workers piece, working with community partners like the Holyoke YMCA, electronic referrals and a pharmacy component. To date, 1 F/T community health worker has been hired, with another one to come; 1 F/T nurse for clinical QI and the HOPE program; and 1 F/T nurse as the lead QI Coordinator. It's the hope to have these new positions be sustainable at the end of year 4 of this program. Support is being received from DPH and the Mass League with this endeavor. All data being collected is monitored quarterly, but needs to be streamlined to improve outcomes.</p>		
Executive Director Report	<p>Eliza reported that Kim Savery's been working very hard on the 1422 grant project.</p> <p>She's received notice that we'll be received one-third of the ASO grant money – approximately \$20,000 – to use where ever we determine. They are asking for a letter to be written in order for us to receive the money.</p> <p>A legislative breakfast is scheduled for Friday, May 13, 2016 at the Huntington</p>		

	<p>Health Center. Steve Kulik and Ben Downing have RSVP'd so far. It's been determined that a couple other changes in scope are needed. Podiatry can no longer be offered due to the service being offered by a nurse instead of a podiatrist. Letters will be sent to the patients who have had this service to inform them that the service is ending.</p> <p><b>A motion was made to authorize the change in scope to remove podiatry services from Form 5A. The motion was seconded, and with no further discussion needed, the motion to authorize the change in scope was approved unanimously.</b></p> <p>Another change in scope request Eliza is recommending is to move Community Services programs from Form 5C to Form 5B because those services are based at 9 Russell Road which is its own location. The move from 5C to 5B would ensure the staff of that site would be covered under the FTCA malpractice insurance. <b>A motion was made to authorize the change in scope request, subject to HRSA's agreement, to add 9 Russell Road to Form 5B. The motion was seconded, and with no further discussion needed, the motion to authorize the change in scope was approved.</b></p> <p>Eliza also reported that the Amherst project is moving along nicely. The campaign committee is moving ahead with fundraising. The outreach committee is meeting regularly. They plan to meet again on June 7. Nancy Brenner and Lucy Fandel offered to be a part of that committee.</p> <p>A meeting was held earlier today with our insurance company, Whalen Insurance. Cyber liability and data breach coverage were part of the conversation. Quotes for these insurances will be received.</p> <p>There's a New Access Point (NAP) grant to be offered by HRSA in the near</p>	<p>A change in scope to remove Podiatry services from Form 5A was approved.</p> <p>A change in scope to move 9 Russell Road from Form 5C to Form 5B was approved.</p>	
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	<p>future. It's felt that applying would not be in our best interest as the timing of the grant would follow the schedule for the Amherst expansion pretty closely. Having two projects of this magnitude happening simultaneously would be very hard to do.</p> <p>We're in the process of finding a new host for eCW because we're losing our connection with Cooley Dickinson Hospital at the end of the year. Jeff had a meeting with Holyoke Medical Center to discuss joining with them. Another option would be to go with eCW directly, which would be more expensive. A third option would be to go with the cloud, also every expensive.</p>		
Recruiting, Orientation & Nominating Committee	<p>Tim handed out a geographic distribution of current Board members by town. There are towns in our service area – Russell and Goshen – that are still not represented on the Board. The process of vetting a new Board member is not currently in writing. It was reviewed that the Board President and Executive Director have interviewed potential candidates in the past. John is interested in adding one other Board member to that process. It was asked if advertising for Board members in the local paper would help with recruitment? It has been tried in the distant past, but no one was sure what kind of results there were.</p> <p>Three spots are still being set aside for members from the Amherst community. It was decided that term limits for the executive committee will be a long-term discussion.</p>		
Corporate Compliance Committee	<p>The committee met on April 14. Eliza and Jeff reported on the conference they attended in Maine earlier in the week. It's been determined that the staff compliance committee will report to the Executive Committee which will function as the Board corporate</p>		

	<p>compliance committee. This committee, in turn, will report to the full Board of Directors. John will no longer be a member of the staff committee.</p> <p>The bylaws were reviewed by Nancy Brenner and John Follet. Suggested changes (in red) were handed out to all members of the Board. John asked members to take the next month to review the suggestions. A discussion will take place at the May meeting and if the new document seems good, a vote to approve will take place.</p>		
Facilities Committee	<p>The facilities committee met recently. Alan reported that a discussion regarding the renovations in the billing department was on the agenda and will cost approximately \$19,500 to complete. An ID badge software system is being purchased with money from an emergency preparedness grant. All staff will have a picture ID and it will also be used as a key fob to enter the buildings securely.</p>		
Personnel Committee	<p>The personnel committee did not meet this month.</p> <p>Policies that were reviewed at last month's Board meeting, but not voted upon were voted upon at this meeting: Bereavement Leave Policy;</p> <p><b>a motion was made to approve the Bereavement Leave policy as an amendment to the employee handbook. Without further discussion, the motion was seconded and approved.</b></p> <p>Sick Leave Bank Program policy; <b>a motion was made to approve the Sick Leave Bank Program policy as an amendment to the employee handbook. Without further discussion, the motion was seconded and approved.</b></p>	<p>Policies approved:</p> <ul style="list-style-type: none"> <li>• Bereavement Leave policy</li> <li>• Sick Leave Bank Program policy</li> </ul>	

Expansion Committee	This committee is scheduled to meet again on May 10.		
Strategic Planning Committee	The plan is start meeting after the HRSA site visit. Members of this committee include Alan, Nancy, Wendy Lane Wright, Eliza and Frank.		
Old Business	None		
New Business			
Policy Reviews	<p>There's a small group of staff working on organizing all HCHC policies. The policies are being reviewed, updated and brought to the Board for approval. The policies reviewed and voted upon at this meeting include:</p> <p>Various Department Policies</p> <p>Social Media policy; <b>a motion was made to approve the Social Media policy. Without further discussion, the motion was seconded and approved.</b></p> <p>QI Program and policy; <b>a motion to approve the QI Program and policy.</b> It was mentioned that the QI Plan is not a policy, but is still required to be reviewed by the Board of Directors. <b>Without any further discussion, the motion was seconded and approved.</b></p> <p>Optometry Privileging policy; <b>a motion was made to approve the Optometry Privileging policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Information for Collection and Use policy; <b>a motion was made to approve the Information for Collection and Use policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Patient Satisfaction Survey policy; <b>a motion was made to approve the Patient Satisfaction Survey policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Behavioral Health Emergency or Crisis policy; <b>a motion was made to approve the Behavioral Health Emergency or</b></p>	<p>Policies approved:</p> <ul style="list-style-type: none"> <li>• Social Media policy</li> <li>• QI Program and policy</li> <li>• Optometry privileging policy</li> <li>• Information for Collection and Use policy</li> <li>• Patient Satisfaction Survey policy</li> <li>• Behavioral Health Emergency or Crisis policy</li> <li>• Incidents policy</li> </ul>	

	<p><b>Crisis policy. Without any further discussion, the motion was seconded and approved.</b></p> <p>Incidents policy; <b>a motion was made to approve the Incidents policy. Without any further discussion, the motion was seconded and approved.</b></p> <p>HIPAA Security</p> <p>Access Authorization policy; <b>a motion was made to approve the Access Authorization policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Access Control policy; <b>a motion was made to approve the Access Control policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Assigned Security Responsibility policy; <b>a motion was made to approve the Assigned Security Responsibility policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Audit Controls policy; <b>a motion was made to approve the Audit Controls policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Authorization or Supervision policy; <b>a motion was made to approve the Authorization or Supervision policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Business Associates Contracts policy; <b>a motion was made to approve the Business Associates Contracts policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Contingency Plan policy; <b>a motion was made to approve Contingency Plan policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Data Backup Plan policy; <b>a motion was made to approve the Data Backup Plan policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Device and Media Controls policy; <b>a motion was made to approve the</b></p>	<p>Policies approved:</p> <ul style="list-style-type: none"> <li>• Access Authorization policy</li> <li>• Access Control policy</li> <li>• Assigned Security Responsibility policy</li> <li>• Audit Controls policy</li> <li>• Authorization or Supervision policy</li> <li>• Business Associates Contracts policy</li> <li>• Contingency Plan policy</li> <li>• Data Backup Plan policy</li> <li>• Device and Media Controls policy</li> <li>• Evaluation Policy</li> <li>• Facility Access Controls Policy</li> <li>• Information Access Mgt Policy</li> </ul>	
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	<p><b>Device and Media Controls policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Evaluation Policy; <b>a motion was made to approve the Evaluation policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Facility Access Controls Policy; <b>a motion was made to approve the Facility Access Controls policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Information Access Mgt Policy; <b>a motion was made to approve the Information Access Mgt policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Risk Analysis Policy; <b>a motion was made to approve the Risk Analysis Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Sanction Policy; <b>a motion was made to approve the Sanction Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Security Awareness and Training Policy; <b>a motion was made to approve the Security Awareness and Training Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Security Incident Response &amp; Reporting Policy; <b>a motion was made to approve the Security Incident Response &amp; Reporting Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Security Management Process and TOC Policy; <b>a motion was made to approve the Security Management Process and TOC Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Workforce Clearance and Security Policy; <b>a motion was made to approve the Workforce Clearance and Security Policy. Without further discussion, the motion was seconded and approved.</b></p>	<ul style="list-style-type: none"> <li>• Risk Analysis Policy</li> <li>• Sanction Policy</li> <li>• Security Awareness and Training Policy</li> <li>• Security Incident Response &amp; Reporting Policy</li> <li>• Security Management Process and TOC Policy</li> <li>• Workforce Clearance and Security Policy</li> <li>• Workstation Acceptable Use Policy</li> </ul>	
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	<p>Workstation Acceptable Use Policy; <b>a motion was made to approve the Workstation Acceptable Use Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>It was asked where all of these policies had come from. Jeff Hagen created these policies back in 2012.</p> <p>Human Resources Policies</p> <p>Sexual Harassment policy; <b>a motion was made to approve the Sexual Harassment policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Procedure for Interviewing policy; <b>a motion was made to approve the Procedure for Interviewing policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Location of Personnel Files and Access policy; <b>a motion was made to approve the Location of Personnel Files and Access policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Medical Operations Policies</p> <p>Acceptance of Guidelines for Evidence Based Care Policy; <b>a motion was made to approve the Acceptance of Guidelines for Evidence Based Care policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Baystate Reference Lab Work Flow Policy; <b>a motion was made to approve the Baystate Reference Lab Work Flow policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Care &amp; Management of High Risk Patients Policy; <b>a motion was made to approve the Care &amp; Management of High Risk Patients Policy. Without further discussion, the motion was seconded and approved.</b></p>	<p>Policies approved:</p> <ul style="list-style-type: none"> <li>• Sexual Harassment policy</li> <li>• Procedure for Interviewing policy</li> <li>• Location of Personnel Files and Access policy</li> </ul> <p>Policies approved:</p> <ul style="list-style-type: none"> <li>• Acceptance of Guidelines for Evidence Based Care Policy</li> </ul>	
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	<p>Continuing Education policy; <b>a motion was made to approve the Continuing Education policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Coordinating Transition of Care Policy; <b>a motion was made to approve the Coordinating Transition of Care Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Diagnostic Imaging Tracking Policy; <b>a motion was made to approve the Diagnostic Imaging Tracking Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Documenting Telephone-Web Clinical Advice Policy; <b>a motion was made to approve the Documenting Telephone-Web Clinical Advice Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>DOT Physical Policy; <b>a motion was made to approve the DOT Physical Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Employee Exposure to Blood or Other Potentially Infectious Material Policy; <b>a motion was made to approve the Employee Exposure to Blood or Other Potentially Infectious Material Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>External Medical Records Request Policy; <b>a motion was made to approve the External Medical Records Request Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Formation &amp; Training of Clinical Care Teams Policy; <b>a motion was made to approve the Formation &amp; Training of Clinical Care Teams Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Hospital and ER Follow up Policy; <b>a motion was made to approve the Hospital and ER Follow up Policy. Without further discussion, the motion was seconded and approved.</b></p>	<ul style="list-style-type: none"> <li>• Baystate Reference Lab Work Flow Policy</li> <li>• Care &amp; Management of High Risk Patients Policy</li> <li>• Continuing Education policy</li> <li>• Coordinating Transition of Care Policy</li> <li>• Diagnostic Imaging Tracking Policy</li> <li>• Documenting Telephone-Web Clinical Advice Policy</li> <li>• DOT Physical Policy</li> <li>• Employee Exposure to Blood or Other Potentially Infectious Material Policy</li> <li>• External Medical Records Request Policy</li> <li>• Formation &amp; Training of Clinical Care Teams Policy</li> <li>• Hospital and ER Follow up Policy</li> <li>• Hypertension Referral Policy</li> <li>• Internal Paper Chart</li> </ul>	
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	<p>Hypertension Referral Policy; <b>a motion was made to approve the Hypertension Referral Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Internal Paper Chart Retrieval Request Policy; <b>a motion was made to approve the Internal Paper Chart Retrieval Request Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Lab Result Tracking Policy; <b>a motion was made to approve the Lab Result Tracking Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Locking of Clinical Notes Policy; <b>a motion was made to approve the Locking of Clinical Notes Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Medical Patient Scheduling Policy; <b>a motion was made to approve the Medical Patient Scheduling Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Narcotic Prescribing Policy; <b>a motion was made to approve the Narcotic Prescribing Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Narcotic Refill Policy; <b>a motion was made to approve the Narcotic Refill Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>No Show Policy; <b>a motion was made to approve the No Show Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Provider On Call Policy; <b>a motion was made to approve the Provider On Call Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Providing Medical Home Care Policy; <b>a motion was made to approve the Providing Medical Home Care Policy. Without further discussion, the motion was seconded and approved.</b></p>	<p>Retrieval Request Policy</p> <ul style="list-style-type: none"> <li>• Lab Result Tracking Policy</li> <li>• Locking of Clinical Notes Policy</li> <li>• Medical Patient Scheduling Policy</li> <li>• Narcotic Prescribing Policy</li> <li>• Narcotic Refill Policy</li> <li>• No Show Policy</li> <li>• Provider On Call Policy</li> <li>• Providing Medical Home Care Policy</li> <li>• Supervision of Medical Assistants Policy</li> <li>• Tracking Patient Referrals Policy</li> <li>•</li> </ul>	
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	<p>Supervision of Medical Assistants Policy; <b>a motion was made to approve the Supervision of Medical Assistants Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>Tracking Patient Referrals Policy; <b>a motion was made to approve the Tracking Patient Referrals Policy. Without further discussion, the motion was seconded and approved.</b></p> <p>A question arose asking if we track high risk patients, and the answer is yes. The 1422 grant is helping us in the tracking of these patients. Behavioral health high risk patients are also tracked and there's a policy in place for that.</p>		
Adjourn	<p>The meeting adjourned at 8:10pm. The next meeting is scheduled for Thursday, May 26, 2016 at <b>6:00pm</b> at the Worthington Health Center.</p>		

# Awaiting Approval – April 28, 2016 – Huntington Meeting Minutes

Committee: Finance Meeting      Location: Worthington      Date: April 28, 2016 @ 5:30 P.M.

Committee Members present: ☒ Lewis Robbins, ☒ Tim Walter, Staff: ☒ Eliza Lake, ☒ Frank Mertes, ☒ Pat Kirouac

Agenda Item	Summary of Discussion	Decision / Next Steps	Person Responsible / Due Date
Meeting called to order.	Meeting called to order by Mr. Robbins at 5:30 pm	N/A	Mr. Robbins
Old Business: Minutes for March 31, 2016	Minutes from the March Finance Committee meeting were presented. Mr. Robbins made a motion and Mr. Walter seconded to accept the minutes as written.	Approved	N/A
Results for Q1 Ending March 2016	<p>Mr. Mertes presented and reviewed results for Q1 FY 2016.</p> <p>Mr. Mertes informed the Finance Committee that the preliminary April results looked to be below budget due to lower than anticipated Dental and Medical visits.</p> <p>During the presentation Mr. Robbins suggested that a more compact and less detailed presentation be presented going forward. Mr. Mertes agreed that there may be too much detail to cover in such a short period. It was decided that Mr. Mertes would present a new format that would have less detail and could be passed on to the full board by the Finance Com. It was also decided by the Finance Com. that future meetings should be scheduled for a full hour, starting at 5:00P.M.</p>	<p>Present summary results.</p> <p>Meeting change from ½ hr. to full hour</p>	Mr. Mertes

Agenda Item	Summary of Discussion	Decision / Next Steps	Person Responsible / Due Date
Capital Request	<p>Due to time constraints the request was tabled for a future meeting, NO VOTE TAKEN</p> <p>Worthington – Second floor Renovation – Total \$19,500</p> <ul style="list-style-type: none"> <li>a. Remove and replace AC Unit - \$4,500</li> <li>b. Ceiling renovation - \$3,500</li> <li>c. Flooring – \$11,500</li> </ul>	Resubmit at future meeting	Mr. Mertes
Meeting Adjourned	Vote to adjourn meeting made by Mr. Walter and seconded by Mr. Lewis.	Approved	N/A

Respectfully submitted,

Frank Mertes, on behalf of Finance Committee



# Adelson & Company PC

CERTIFIED PUBLIC ACCOUNTANTS

Established 1938

Richard E. LaFleche, CPA  
Vincent T. Viscuso, CPA  
Gary J. Moynihan, CPA  
Carol Leibinger-Healey, CPA  
David M. Irwin, Jr., CPA

May 6, 2016

To the Audit Committee  
Hilltown Community Health Centers, Inc.

We have audited the financial statements of Hilltown Community Health Centers, Inc. for the year ended December 31, 2015, and have issued our report thereon dated May 6, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 17, 2015. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Hilltown Community Health Centers, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015.

We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were depreciation expense, allocation of expenses, and the allowance for uncollectible receivables. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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MEMBERS: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, MASSACHUSETTS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following material adjustments initiated by management and reviewed as part of our audit procedures were corrected by management:

1. Beginning in 2015 Medicare added new billing codes and required the Organization to bill for the same service using two different billing codes. As a result, these services were billed and recorded twice. To correct this, Medicare receivables and the offsetting allowance account were reduced by \$73,000 and Medicare revenues and the related insurance disallowance accounts were reduced by \$634,245. Neither entry resulted in any change to the net income of the organization.
2. Furniture and fixtures and related accumulated depreciation were reduced by \$209,044 to account for obsolete and/or disposed assets.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated May 6, 2016.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Audit Committee, Board of Directors, and management of Hilltown Community Health Centers, Inc. and is not intended to be and should not be, used by anyone other than these specified parties.

Very truly yours,

ADELSON & COMPANY PC  
Pittsfield, MA

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**HILLTOWN COMMUNITY HEALTH CENTERS, INC.**

**Financial Statements and  
Supplementary Information**

**December 31, 2015**

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Carol Leibinger-Healey, CPA  
David M. Irwin, Jr., CPA

## INDEPENDENT AUDITORS' REPORT

To the Officers and Directors of  
**HILLTOWN COMMUNITY HEALTH CENTERS, INC.**  
58 Old North Road  
Worthington, MA 01098

### Report on the Financial Statements

We have audited the accompanying financial statements of Hilltown Community Health Centers, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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.

### *Auditors' 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 auditors' 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.

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MEMBERS: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, MASSACHUSETTS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hilltown Community Health Centers, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplementary and Other Information**

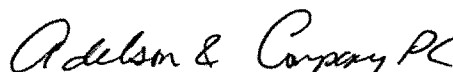
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 18 - 25 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

**Report on Summarized Comparative Information**

We have previously audited Hilltown Community Health Centers, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 8, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2016, on our consideration of Hilltown Community Health Centers, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hilltown Community Health Centers, Inc.'s internal control over financial reporting and compliance.



ADELSON & COMPANY PC  
Pittsfield, MA

May 6, 2016

## HILLTOWN COMMUNITY HEALTH CENTERS, INC.

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31,

	2015	Comparative 2014
<b>ASSETS</b>		
Current assets		
Cash and equivalents	\$ 356,791	\$ 234,674
Accounts receivable, net	328,377	520,575
Campaign pledges receivable	22,727	---
Contracts and grants receivable	147,738	69,186
Inventory	15,296	16,138
Prepaid expenses	23,980	55,953
Total current assets	894,909	896,526
Property and equipment, net	2,769,212	2,831,078
Investments	385,127	394,885
Farmers Home Administration escrow	24,240	24,240
Permanently restricted cash	29,518	29,464
<b>TOTAL ASSETS</b>	<b>\$ 4,103,006</b>	<b>\$ 4,176,193</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 183,421	\$ 134,284
Accrued expenses	352,445	185,238
Deferred revenue	56,164	35,498
Capital lease obligation due within one year	19,868	21,034
Notes payable due within one year	27,362	26,202
Total current liabilities	639,260	402,256
Capital lease obligation due after one year	1,740	18,699
Long-term debt, less current portion	441,792	521,047
<b>TOTAL LIABILITIES</b>	<b>1,082,792</b>	<b>942,002</b>
Net assets		
Unrestricted	2,941,443	3,125,601
Temporarily restricted	43,587	73,372
Permanently restricted	35,184	35,218
Total net assets	3,020,214	3,234,191
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,103,006</b>	<b>\$ 4,176,193</b>

See notes to financial statements.

## HILLTOWN COMMUNITY HEALTH CENTERS, INC.

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Comparative 2014
<b>OPERATING ACTIVITIES</b>					
<b>REVENUE AND SUPPORT</b>					
Patient fees, net	\$ 4,641,860			\$ 4,641,860	\$ 4,439,012
Commonwealth of Massachusetts	225,792	\$ 1,555		227,347	116,165
Department of Health and Human Services	1,326,800			1,326,800	1,018,520
Community Development Block Grant	52,000			52,000	52,000
Optometry income	79,812			79,812	59,417
Pharmacy income	114,784			114,784	119,950
United Way	37,450			37,450	40,189
Donations, contributions and other grants	281,430	40,000		321,430	324,715
Interest and dividends	8,161		\$ 717	8,878	8,932
Unrealized gain (loss) on investments	(17,599)		(751)	(18,350)	20,306
Other revenue	132,252			132,252	104,753
Net assets released from restrictions	71,340	(71,340)		---	---
<b>TOTAL REVENUE AND SUPPORT</b>	<b>6,954,082</b>	<b>(29,785)</b>	<b>(34)</b>	<b>6,924,263</b>	<b>6,303,959</b>
<b>EXPENSES</b>					
Program services	6,164,988			6,164,988	5,872,093
Management and general	977,774			977,774	720,437
Fund-raising	67,932			67,932	25,861
<b>TOTAL EXPENSES</b>	<b>7,210,694</b>	<b>---</b>	<b>---</b>	<b>7,210,694</b>	<b>6,618,391</b>
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<b>(256,612)</b>	<b>(29,785)</b>	<b>(34)</b>	<b>(286,431)</b>	<b>(314,432)</b>
<b>NON-OPERATING ACTIVITIES</b>					
Capital campaign grants and contributions	72,454	---	---	72,454	---
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<b>72,454</b>	<b>---</b>	<b>---</b>	<b>72,454</b>	<b>---</b>
<b>CHANGE IN NET ASSETS</b>	<b>(184,158)</b>	<b>(29,785)</b>	<b>(34)</b>	<b>(213,977)</b>	<b>(314,432)</b>
Net assets, beginning	3,125,601	73,372	35,218	3,234,191	3,548,623
<b>NET ASSETS, ENDING</b>	<b>\$ 2,941,443</b>	<b>\$ 43,587</b>	<b>\$ 35,184</b>	<b>\$ 3,020,214</b>	<b>\$ 3,234,191</b>

See notes to financial statements.

## HILLTOWN COMMUNITY HEALTH CENTERS, INC.

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31,

	2015	Comparative 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	\$ (213,977)	\$ (314,432)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	169,947	180,019
Loss from disposal of equipment	---	1,763
Provision for uncollectible receivables	119,609	42,603
Eliminate non-cash transaction for forgiveness of debt	(52,000)	(52,000)
Realized and unrealized (gain) loss on investments	18,350	(20,306)
(Increase) decrease in operating assets:		
Accounts receivable	72,589	52,982
Contracts and grants receivable	(78,552)	34,069
Campaign pledges receivable	(22,727)	---
Inventory	842	758
Prepaid expenses	31,973	(8,201)
Permanently restricted cash	(54)	---
Increase (decrease) in operating liabilities:		
Accounts payable	49,137	12,021
Accrued expenses	167,207	(142,885)
Deferred revenue	20,666	3,789
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	283,010	(209,820)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(108,081)	(63,949)
Dividends reinvested	(8,592)	(8,465)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(116,673)	(72,414)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease	(18,125)	(16,536)
Principal payments on long-term debt	(26,095)	(24,985)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(44,220)	(41,521)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	122,117	(323,755)
Cash and equivalents, beginning	234,674	558,429
CASH AND EQUIVALENTS, ENDING	\$ 356,791	\$ 234,674
SUPPLEMENTAL DATA		
Interest paid	\$ 23,669	\$ 26,371

See notes to financial statements.

## HILLTOWN COMMUNITY HEALTH CENTERS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	Management and General	Fund-raising	Total 2015	Comparative 2014
Compensation and related expenses					
Salaries and wages	\$ 4,284,948	\$ 580,547	\$ 16,528	\$ 4,882,023	\$ 4,388,359
Payroll taxes	336,326	42,483	2,024	380,833	332,881
Fringe benefits	317,861	38,230	1,112	357,203	310,563
Contract labor	19,379	---	10,303	29,682	129,466
Total	<u>4,958,514</u>	<u>661,260</u>	<u>29,967</u>	<u>5,649,741</u>	<u>5,161,269</u>
Advertising and marketing	5,021	17,331	1,161	23,513	8,347
Bad debts	69,222			69,222	42,603
Computer support	49,286	45,693	8,778	103,757	89,831
Conferences and meetings	4,535	11,434		15,969	15,217
Continuing education	20,299	1,172		21,471	23,603
Contracts and consulting	39,356	29,152	24,936	93,444	88,187
Dental lab and supplies	233,503			233,503	282,256
Depreciation	124,732	45,215		169,947	180,019
Dues and membership	12,375	18,207		30,582	23,122
Equipment leases	9,312	3,512		12,824	11,955
Insurance	7,604	4,465		12,069	12,123
Interest	17,646	6,023		23,669	26,371
Legal and accounting	5,574	35,315		40,889	36,805
Licenses and fees	34,105	8,130	25	42,260	31,473
Medical lab and supplies	152,218			152,218	146,436
Merchant CC Fees	472	7,946	17	8,435	7,730
Office supplies and printing	30,524	8,542	2,048	41,114	39,067
Postage	1,064	18,103	525	19,692	17,016
Program supplies and materials	81,809			81,809	21,262
Recruitment	10,062	241	395	10,698	5,914
Rent	26,750			26,750	23,250
Repairs and maintenance	133,297	19,280		152,577	131,450
Small equipment purchases	11,453	1,942		13,395	31,619
Telephone	48,874	17,169		66,043	66,859
Travel	30,462	9,362	80	39,904	46,262
Utilities	46,919	8,280		55,199	48,345
Total	<u>1,206,474</u>	<u>316,514</u>	<u>37,965</u>	<u>1,560,953</u>	<u>1,457,122</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 6,164,988</u>	<u>\$ 977,774</u>	<u>\$ 67,932</u>	<u>\$ 7,210,694</u>	<u>\$ 6,618,391</u>

See notes to financial statements.

**HILLTOWN COMMUNITY HEALTH CENTERS, INC.****NOTES TO FINANCIAL STATEMENTS****December 31, 2015****NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Nature of Activities**

Hilltown Community Health Centers, Inc. is a nonprofit corporation organized under Massachusetts General Laws Chapter 180. Hilltown Community Health Centers, Inc. offers a full range of health services from three locations to residents of the surrounding hill towns. Services include family medical care, optical care, comprehensive dentistry, mental health counseling, podiatry, health screenings, and education.

**Income Taxes**

The Organization is exempt from federal and state taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

**Uncertain Tax Positions**

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition. The Organization's tax returns are subject to examination by taxing authorities for all years ending on or after December 31, 2012.

**Basis of Accounting and Financial Statement Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Revenue Recognition****Contracts and Grants**

Contract and grant revenues are recognized when expenses, eligible for reimbursement under the terms of the award, are incurred.

**Net Patient Service Revenue**

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Net patient service revenue due from patients, third-party payors and others is reported after services are rendered at the estimated net realizable amounts after adjusting for contractual allowances of approximately \$2,556,000 for 2015 and \$2,008,000 for 2014. Net patient service revenue is adjusted in the future as final settlements are determined.

Services rendered to Medicaid and Medicare program beneficiaries are reimbursed under a cost reimbursement methodology. The Organization is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicaid and Medicare fiscal intermediaries.

**NOTE 1 - (Continued)****Charity Care**

The Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The Organization does not pursue collection of amounts determined to qualify as charity care under the Massachusetts Health Safety Net (HSN) Program (Free Care), therefore, they are reported as offsets against patient service revenue. Charges for eligible patients are recorded at the Organization's established rates. A portion of the fee is reimbursed by the HSN Program. Any remaining unpaid balance is recorded as charity care. The Organization's gross charges for charity care patients for 2015 were approximately \$675,000 (\$870,000 for 2014) of which \$362,000 (\$458,000 for 2014) was reimbursed by the HSN Program and the balance was written off to charity care. The cost to provide these services was approximately \$500,000 for 2015 (\$900,000 for 2014). The cost of providing free care was calculated by multiplying the percentage of gross free care charges to gross patient charges by the total costs of providing patient services.

**Contributions**

The Organization accounts for contributions received as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Promises to Give**

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization uses an allowance method for promises to give based upon management's analysis of the accounts and prior collection experience.

**Contributed Services**

Volunteers contribute services to the Organization in all aspects of its programs for which no value has been recognized in the financial statements because these services did not meet the criteria for recognition under U.S. generally accepted accounting principles.

**Cash and Equivalents**

The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**Accounts Receivable**

Accounts receivable are stated at the net amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

**Investments**

Investments are presented in the financial statements at fair value, Level 1 input, as described below. Unrealized gains and losses are included in the change in net assets.

***Level 1 Fair Value Measurement***

Fair values for long-term investments are measured on a recurring basis and are determined by quoted market prices and other relevant information generated by market transactions.

**NOTE 1 - (Continued)****Inventory**

Inventories, which are stated at cost, consist of prescription drugs purchased under the 340B Pharmacy Program and eye glasses.

**Property and Equipment**

Depreciation of buildings and equipment is provided over the estimated useful lives of the assets using the straight-line method. Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment is recorded at cost.

**Retirement Plan**

The Organization provides a 403(b) Retirement Plan to eligible employees. The Organization may make annual matching employer contributions at the discretion of the Board of Directors. For the years ended December 31, 2015 and 2014, employer matching contributions were \$16,574 and \$14,623.

**Cost Allocation**

An indirect cost allocation plan established under the modified direct allocation method is utilized in which all costs that are not chargeable directly to a program are allocated to each program based upon a distribution percentage derived from direct costs that have been distributed to programs and supporting fundraising services (before allocation of indirect administrative costs).

**Functional Allocation of Expenses**

The costs of providing program and support activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated, using management's estimates, among the program and supporting activities benefited.

**Advertising**

The Organization expenses advertising costs as incurred. Advertising expense was \$8,881 and \$8,346 for the years ended December 31, 2015 and 2014.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent Events**

Management has evaluated subsequent events through May 6, 2016, the date which the financial statements were available for issue, and has determined that there are no additional adjustments or disclosures required.

**Summarized Financial Information**

The financial information for the year ended December 31, 2014, presented for comparative purposes, is not intended to be a complete financial statement presentation. Certain items in the prior year totals may have been reclassified to conform to the current year presentation.

**NOTE 2 - CONCENTRATION OF CREDIT RISK**

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash. The Organization maintains its cash in various bank deposit accounts, which at times may exceed federally insured limits. The Organization also has a material concentration of credit risk with respect to significant accounts receivable that are due from state and federal contracts through the Commonwealth of Massachusetts and third party insurers as disclosed in notes 3 and 4.

**NOTE 3 - ACCOUNTS RECEIVABLE CONSISTED OF THE FOLLOWING AT DECEMBER 31:**

Accounts receivable are comprised of amounts due from patients and third-party payors and are reported net of an allowance for doubtful accounts.

	2015	Comparative 2014
Self pay	\$ 31,070	\$ 51,849
Medicare	53,994	76,412
Medicaid	190,720	331,531
Insurance	280,202	168,783
Subtotal	555,986	628,575
Allowances for uncollectible accounts	(227,609)	(108,000)
Accounts receivable, net	<u>\$ 328,377</u>	<u>\$ 520,575</u>

**NOTE 4 - CONTRACTS AND GRANTS RECEIVABLE CONSISTED OF THE FOLLOWING AT DECEMBER 31:**

Contracts and grants receivable are comprised of amounts due on governmental contracts. Management considers the following receivables to be collectible at December 31:

	2015	Comparative 2014
Private contracts and grants	\$ 15,698	\$ 19,375
State and Federal grants	123,805	33,734
Massachusetts Attorney General Office	—	3,779
340B pharmacy program	8,235	12,298
Total	<u>\$ 147,738</u>	<u>\$ 69,186</u>

**NOTE 5 - INVESTMENTS CONSISTED OF THE FOLLOWING AT DECEMBER 31:**

Investment fair values are measured on a recurring basis and determined by quoted market prices and other relevant information generated by market transactions (Level 1).

Investments are comprised of the following groups as reported at fair value.

	2015		Comparative 2014	
	Fair Value	Cost	Fair Value	Cost
Waddell & Reed Mutual fund	\$ 5,582	\$ 7,139	\$ 5,616	\$ 6,422
Vanguard Mutual funds	379,545	282,951	389,269	275,076
Total	<u>\$ 385,127</u>	<u>\$ 290,090</u>	<u>\$ 394,885</u>	<u>\$ 281,498</u>

The following summarizes the relationship between fair values and cost of investment assets:

	Fair Value	Cost	Unrealized Appreciation (Loss)
Balance at end of year	\$ 385,127	\$ 290,090	\$ 95,037
Balance at beginning of year	394,885	281,498	113,387
Increase in unrealized appreciation			<u>\$ (18,350)</u>

Investments held in the above accounts are comprised of restricted and unrestricted amounts as follows:

	2015	Comparative 2014
Unrestricted	\$ 379,545	\$ 389,269
Permanently restricted	5,582	5,616
Total	<u>\$ 385,127</u>	<u>\$ 394,885</u>

**NOTE 6 - PROPERTY AND EQUIPMENT CONSISTED OF THE FOLLOWING AT DECEMBER 31:**

	<u>2015</u>	<u>Comparative 2014</u>
Land	\$ 204,506	\$ 204,506
Buildings	2,613,913	2,613,913
Improvements	872,225	815,214
Furniture, fixtures and equipment	1,035,452	1,203,495
Construction in process	<u>10,069</u>	<u>---</u>
Total	4,736,165	4,837,128
Accumulated depreciation	<u>(1,966,953)</u>	<u>(2,006,050)</u>
Property and equipment, net	<u>\$ 2,769,212</u>	<u>\$ 2,831,078</u>

Property and equipment included the following capitalized leases as of December 31:

	<u>2015</u>	<u>Comparative 2014</u>
Equipment	\$ 75,713	\$ 75,713
Accumulated depreciation	<u>(40,190)</u>	<u>(25,234)</u>
	<u>\$ 35,523</u>	<u>\$ 50,479</u>

Depreciation expense was \$169,947 and \$180,019 for the years ended December 31, 2015 and 2014.

## NOTE 7 - NOTES PAYABLE CONSISTED OF THE FOLLOWING AT DECEMBER 31:

	2015	Comparative 2014
Community Development Block Grant mortgage note from the Town of Worthington (see Note 13)	\$ 39,000	\$ 91,000
Farmers Home Administration mortgage note due in monthly installments of \$2,020, including interest at 6.375%; final payment due December 2028; secured by real estate, investments and cash escrow of twelve payments totaling \$24,240	212,161	222,516
Mortgage note due in monthly installments of \$1,885 including interest at 2.99% until August 15, 2016; thereafter for the next five years of the loan, and each of the five year periods thereafter, the fixed interest rate shall be indexed to the five year Treasury Note plus 2%; secured by real estate and building at 73 Russell Road, Huntington, Massachusetts	217,993	233,733
\$100,000 line of credit; principal due on demand; interest payable monthly at bank's base rate plus 0.5% (3.75% at December 31, 2015 and 2014); collateralized by all assets of the Organization	---	---
Total notes payable	469,154	547,249
Amount due within one year	27,362	26,202
Amount due after one year	\$ 441,792	\$ 521,047
The above debt matures during the years ending December 31,		
2016	\$ 27,362	
2017	28,581	
2018	29,863	
2019	31,212	
2020	32,629	
Thereafter	319,507	
Total	\$ 469,154	

**NOTE 8 - CAPITAL LEASES**

The Organization is a lessee of certain assets under capital leases expiring in 2017. The capital lease assets are depreciated over their estimated useful lives (See note 6).

Minimum lease payments for future years are as follows:

2016	\$	21,034
2017		<u>1,753</u>
Total		22,787
Less: amount representing interest		<u>(1,179)</u>
Present value of net minimum lease payments		21,608
Less: current portion of capital lease obligations		<u>(19,868)</u>
Noncurrent portion of capital lease obligations	\$	<u>1,740</u>

**NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purpose or periods at December 31:

	2015	Comparative 2014
Education and support Program	\$ 35 <u>43,552</u>	\$ 300 <u>73,073</u>
Total	\$ <u>43,587</u>	\$ <u>73,373</u>

During the year ended December 31, 2015 the Organization released net assets of \$71,340 for programs.

**NOTE 10 - SURPLUS REVENUE RETENTION**

Hilltown Community Health Center, Inc. receives funding from the State of Massachusetts through cost reimbursement contracts. The Organization refunds to the State any unused funds as required. Any cost reimbursement contract funds, which need to be refunded, are recorded as a liability.

The Commonwealth of Massachusetts requires that for unit rate contracts, pursuant to 808 CMR 1.19(3), the calculation of an accounting estimate of the Surplus Revenue Retention Funds be segregated in an unrestricted net asset account. The Organization has not received funding from unit rate contracts and therefore no surplus balance exists.

**NOTE 11 - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets consist of cash deposited in a savings account in the amount of \$29,602 and investments in a mutual fund with a fair value of \$5,582 at December 31, 2015 for a total of \$35,184. Interest and investment income are available for the Organization's unrestricted use.

**NOTE 12 - BEQUEST**

In 1989 the Organization was named as beneficiary of a trust created upon the death of a resident of the Town of Worthington. The trust stipulates that an annual distribution, in the amount of net income earned as of the distribution date, is to be made to Hilltown Community Health Centers, Inc. The trust is managed by a bank trust department, and Hilltown Community Health Centers, Inc. does not have access to or ownership rights to the principal. Should the trust ever be broken, the principal will be awarded as scholarships at the discretion of the trustees. Income from this bequest for the years ended December 31, 2015 and 2014 was \$22,417 and \$39,575, respectively.

**NOTE 13 - COMMITMENTS AND CONTINGENT LIABILITIES**

Hilltown Community Health Centers, Inc. receives some of its support from state and federal contracts. The contracts permit audits of both the financial operation of the programs and compliance with the terms of the agreements. Such audits could result in the disallowance of some costs charged to the contract and, therefore, create a liability to the funding source. Liabilities resulting from these audits, if any, will be recorded in the period in which the amount of the liability is ascertained.

On September 6, 2001 the Organization received a \$520,000 Federal Community Development Block Grant (CDBG) mortgage note from the Commonwealth of Massachusetts to partially fund the expansion of its Worthington facility. This grant, which is governed by 24 CFR Part 570, State Program CDBG Regulations, Section 570.489(j) Change of Use of Real Property, requires no repayment as long as certain conditions are met with respect to the use of the property. During the first five years of the grant there could be no "ineligible" change in use of the property otherwise full repayment was required on demand. Any time following the first five years of the mortgage date if there is an "ineligible" change in use of the property, repayment of principal will be due on demand starting at 90% of total outstanding principal amount (\$39,000 at December 31, 2015). Otherwise, 10% or \$52,000 of the original loan balance is forgiven annually and recorded as unrestricted revenue.

**NOTE 14 - LESSOR AGREEMENTS**

The Organization leases facility space to Cooley Dickinson Hospital on an annual basis. The current lease agreement is month-to-month with monthly rent payments of \$1,132.

The Organization leases facility space at the Huntington Site to Baystate Medical Center, Inc. (Baystate). In March 2015 Baystate exercised their option to extend the lease agreement three years ending June 30, 2018 with a base rent of \$14,652 annually, paid in equal monthly payments of \$1,221. In addition, Baystate is responsible for a proportionate share (6.7%) of operating expenses and real estate taxes. Base lease payments received during the year ended December 31, 2015 were \$13,242. Future base lease payments for each year ended December 31, 2016, 2017 and 2018 are \$15,028, \$15,768 and \$8,076, respectively.

**NOTE 15 - OPERATING LEASES**

The Organization has leases for equipment for use in its operations, which are accounted for as operating leases and expire in various years. Total lease expense was \$12,907 for the year ended December 31, 2015. Minimum lease payments for future years are \$15,240 for calendar years 2016 through 2019 and \$13,970 for year 2020.

**NOTE 16 - CONDITIONAL PLEDGE**

The Organization has received a pledge of \$150,000 from Cooley Dickinson Health Care Corporation. Payments are conditional upon the progress of the Pioneer Valley Health Center Satellite office (the Center). If the proposed project is found to not be viable or for any reason the Center has not opened by August 2017, the grant offer is void unless extended in writing by mutual agreement. Because this pledge is based on conditions outside the Organization's control, it has not been recorded in the financial statement at December 31, 2015.

## HILLTOWN COMMUNITY HEALTH CENTERS, INC.

## Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2015

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Direct Award			
Consolidated Health Centers Program	93.224	H80CS00601	\$ 1,326,800
Total U.S. Department of Health and Human Services			1,326,800
U.S. Department of Housing and Urban Development			
Passed through Massachusetts Department of Housing and Community Development			
Community Development Block Grants			
Passed through Hilltown Community Development Corporation			
Health Outreach Program for Elders (HOPE)	14.228	N/A	2,650
Passed through Pioneer Valley Planning Commission			
Social Services	14.228	N/A	65,280
Health Outreach Program for Elders (HOPE)	14.228	N/A	14,719
Total U.S. Department of Housing and Urban Development			82,649
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,409,449

The accompanying notes are an integral part of this schedule.

**HILLTOWN COMMUNITY HEALTH CENTERS, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Hilltown Community Health Centers, Inc. under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Hilltown Community Health Centers, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Hilltown Community Health Centers, Inc.

**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 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 RATES**

Hilltown Community Health Centers, Inc. has not elected to use the 10 percent de minimis indirect cost rate under the Uniform Guidance.

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

To the Officers and Directors of  
**HILLTOWN COMMUNITY HEALTH CENTERS, INC.**  
58 Old North Road  
Worthington, MA 01098

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 Hilltown Community Health Centers, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, 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 May 6, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hilltown Community Health Centers, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hilltown Community Health Centers, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

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



ADELSON & COMPANY PC  
Pittsfield, MA

May 6, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Officers and Directors of  
**HILLTOWN COMMUNITY HEALTH CENTERS, INC.**  
58 Old North Road  
Worthington, MA 01098

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

We have audited Hilltown Community Health Centers, 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 Hilltown Community Health Centers, Inc.'s major federal programs for the year ended December 31, 2015. Hilltown Community Health Centers, Inc.'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 requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Hilltown Community Health Centers, Inc.'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 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 Hilltown Community Health Centers, Inc.'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 Hilltown Community Health Centers, Inc.'s compliance.

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

In our opinion, Hilltown Community Health Centers, Inc. 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 December 31, 2015.

**Report on Internal Control over Compliance**

Management of Hilltown Community Health Centers, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hilltown Community Health Centers, Inc.'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 Hilltown Community Health Centers, Inc.'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.

*Adelson & Company PC*

ADELSON & COMPANY PC  
Pittsfield, MA

May 6, 2016

**HILLTOWN COMMUNITY HEALTH CENTERS, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**DECEMBER 31, 2015**

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

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

Internal control over financial reporting:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiencies identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

**FEDERAL AWARDS**

Internal Control over major programs:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiencies identified? ☐ yes ☒ none reported

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

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

☐ yes ☒ no

Identification of major programs:

CFDA Number

93.224 U.S. Department of Health and Human Services/Community Health Centers Program

See detail on Schedule of Expenditures of Federal Awards

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

Auditee qualified as low-risk auditee?

☒ yes ☐ no

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no findings for the year ended December 31, 2015.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings or questioned costs for the year ended December 31, 2015.

**STATUS OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**

There were no findings or questioned costs for the prior year ended December 31, 2014.

**HILLTOWN COMMUNITY HEALTH CENTERS, INC.**

**Management Letter**

**December 31, 2015**

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Richard F. LaFleche, CPA  
Vincent T. Viscuso, CPA  
Gary J. Moynihan, CPA  
Carol Leibinger-Healey, CPA  
David M. Irwin, Jr., CPA

May 6, 2016

Eliza Lake, Executive Director  
and to the Members of the Board of  
**HILLTOWN COMMUNITY HEALTH CENTERS, INC.**  
58 Old North Road  
Worthington, MA 01098-9753

Dear Ms. Lake and Members of the Board:

In connection with our audit of the financial statements of Hilltown Community Health Centers, Inc. as of December 31, 2015, we have made a review of the Organization's accounting procedures and internal controls. While the primary objective of such a review is to afford us a basis of determining the scope of our audit procedures, it nevertheless presents us with an opportunity to submit, for the Organization's consideration, suggestions for changes in procedures that, in our opinion, would strengthen internal controls or contribute to the improvement of operating efficiency.

The comments and recommendations in this letter are based upon observations made in the course of such review. The review was not designed for the purpose of expressing an opinion on internal accounting control, and it would not necessarily disclose all weaknesses in the system. The matters discussed herein were considered during our examination of the above mentioned financial statements, and they did not modify the opinion expressed in our report on those financial statements.

The comments noted are not necessarily the result of poor management and may in many cases be due to factors outside the control of the Organization's personnel, such as organizational restrictions and budgetary limitations.

Please indicate in the "Action Taken" space of the letter, what corrective measures the Organization intends to implement with regard to each recommendation, which will be part of the final letter. After you have had an opportunity to consider our comments and recommendations, we shall be pleased to discuss them further with you.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience. We are also available to provide guidance to assist the Organization in implementing the recommendations.

We would like to express our thanks and appreciation to the Organization and its personnel for the cooperation given us during the course of our audit.

Sincerely,

ADELSON & COMPANY PC  
Pittsfield, MA

100 NORTH STREET, PITTSFIELD, MA 01201. PHONE (413) 443-6408. FAX (413) 443-7838  
21 MECHANIC STREET, GREAT BARRINGTON, MA 01230. PHONE (413) 528-5699. FAX (413) 528-5626  
WWW.ADELSONCPA.COM ■ EMAIL: INFO@ADELSONCPA.COM

MEMBERS: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, MASSACHUSETTS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**HILLTOWN COMMUNITY HEALTH CENTERS, INC.**

**COMMENTS AND RECOMMENDATIONS**

**DECEMBER 31, 2015**

1. In accordance with the *OMB Compliance Supplement*, a physical inventory of equipment purchased with Federal awards is to be taken at least once every two years. During the review of fixed asset records, it was determined the most recent physical inventory was taken in January 2013. However, assets are being appropriately tagged to identify the funding source and location.

**Recommendation:**

The Organization should perform a formal all-inclusive physical inventory in 2016, and maintain documentation that it was completed.

**Action Taken:**

The Organization has scheduled a formal all-inclusive inventory for July 2016 and has updated the procedures to ensure an inventory occurs in a timely manner and is in accordance with the *OMB Compliance Supplement*.

**HILLTOWN COMMUNITY HEALTH CENTERS, INC.**

**Status of Prior Year Comments and Recommendations**

1. Management has adjusted accounts receivable to reflect insurance disallowances, charity care and uncollectible accounts.
2. Accounts receivable in the general ledger was reconciled to billing reports.

## Hilltown Community Health Centers

### Ad Hoc Expansion Committee

Minutes of Meeting on May 10, 2016

9:30 am, in Worthington HC.

Present: Eliza Lake, Lucy Fandel, Nancy Brenner, Lee Manchester, Frank Mertes

1. We discussed the issue of translation services, which we will need in Amherst and already use at our current sites. We have used the translation services that are coordinated by Cooley-Dickenson Hospital, and can continue to do so at Amherst. It is not clear that we need an actual contract with CD, or can just access services as needed, which is what we have been doing so far. Significant advance notice is needed to make translation service available at an appointment.
2. We discussed the status of the Amherst Advisory Committee. Eliza and Marie Burkart will work with the Amherst committees to vet potential members for the Advisory Committee, which will probably be in the range of 8-10 members. They anticipate a first meeting in September. It is expected that 2-3 members of that committee will eventually join the HCHC Board as full members.
3. Eliza discussed some new HRSA funding that may be available in the coming year for 'new access points' and also for IT development. It looks likely that this will be the last round of new money for NAP for quite a while, and it might make sense to have an application on file in case future money becomes available and HRSA wants to look at applications already on file. So we discussed the advisability of trying to get an application in before the deadline in July, even if an additional expansion is not our highest priority at this time, since we are tied up with the Amherst expansion. We discussed the possibility of filing a NAP application for either Westfield or Ware, and the pros and cons of those two sites. The committee felt that it would make sense to prioritize Ware, as it would dovetail better with the current Amherst expansion and allow for some

efficiencies of resources between Amherst and Ware. This is an issue which should come before the full board at our meeting on May 26.

4. We had some discussion of the shift to Medicaid payment through Accountable Care Organizations. Eliza has met with the other Western Massachusetts Health Centers to discuss possible areas of cooperation through forming a regional ACO.

5. We discussed the status of hiring providers for the Amherst expansion site. This is an ongoing effort.

6. We scheduled the next meeting for July 6, 2016, at 9:30 am, in Worthington.

Minutes submitted by Lee Manchester

## Executive Director Report: May 26, 2016

This month has been a blur. As you will gather from the documents you've been sent in preparation for tomorrow's meeting, we have all been focused on getting our documentation ready for the Operational Site Visit that is now only two weeks away. On Friday, Senior Management will have a brief call with the OSV Reviewers, after which we will know more about the expectations for the three days. In terms of Board participation, there are three possible times to meet with the Reviewers:

- **Wednesday, June 8<sup>th</sup> at 9:00 AM** in Worthington there will be a Entrance Interview, at which we will present our best picture of HCHC and how it has been serving the community.
- **Thursday, June 9<sup>th</sup> at 5:30 PM in Huntington** the Board will hold a meeting to both address any issues that have arisen and which you can address (a "rapid response"), and will meet with the Reviewers alone. Jennifer Genua, the Leader, described this as your "time to talk about challenges, successes and for us to provide any additional targeted technical assistance." This is obviously the most important meeting for Board Members to attend.
- **Friday, June 10<sup>th</sup> in the afternoon in Worthington** there will be an Exit Interview, at which they will present their findings. I don't know when we'll find out the time for this, but perhaps during the call this Friday. I will let you know asap.

In terms of our readiness for the OSV, we all agree that we are feeling like we're in fairly good shape. There are things that we will likely not meet the Program Requirements on, but since we know that the average number of Unmets for Massachusetts health centers is around 6-7, this is not unexpected. In general, I think that we can prove that HCHC is well-run and serves an important role in its community, and I remain proud of the work that we do.

As you learned last month, some of the newest and most important work we've been doing has been related to preparing for the changing financial systems, especially for MassHealth. Last week I was able to attend a meeting with Dan Tsai, the Director of the MassHealth program, where he answered questions about how the **MassHealth restructuring, including the implementation of widespread Accountable Care Organizations (ACOs)** will impact community health centers (CHCs). It was a very good meeting, and it is clear that he and his staff are keenly aware of the importance of primary care in lowering health care costs. The one other representative from a rural Western Mass CHC and I both raised some of the challenges that we, as small rural CHCs, face in this changing financing landscape:

- too few MassHealth patients;
- too little power in negotiating with either too many or too few hospitals; and
- inability to control costs when patients have a choice of a number of hospitals or are only willing to go to one due to geographic barriers, etc.

I raised the concern that the current proposed model, which is on an extremely compressed timeline, does not allow small CHCs to determine how they can participate in a meaningful and non-detrimental way, and yet if we don't jump right in, we will miss out on the federal money that is supposed to help us participate. I pointed out that this could mean a death

spiral for organizations like us (not the exact term I used, I believe I said “obsolete”) if we were forced to stay in a fee-for-service world.

Tsai’s response to my questions was that he knew that each region was going to face different challenges in implementing these changes, that there was going to be no perfect solution for everyone, and that, in response to my forecasting doom, we would not become obsolete. Most importantly, he said he would like to come out to meet with us about our specific issues. While he had specifically said he would come to HCHC, I suggested to him afterwards that we get together all the rural CHCs to meet with him at once, which he thought was a good idea, and at the moment the participants are going to be HCHC, Community Health Programs of Berkshire County, Community Health Center of Franklin County, and Island Health Care of Martha’s Vineyard (which said they’d like to come out!). I have therefore invited Tsai and his staff to come to Worthington (in large part because it would drive home how remote we are – it’s easy to get to Greenfield or Great Barrington from Boston!) and meet with all of us some time in the second half of June to discuss our future with MassHealth. I will let you know next month the outcome and what we learn.

Related to this, I learned on the Cape in the beginning of the month that the New Access Point (NAP) funding, which we discussed briefly at your last meeting, is the last funding opportunity like this for the foreseeable future. I spoke directly with Tonya Bowers, the head of the Bureau of Primary Health Care, and asked if this would be our last chance to get operational support for a new site, and she said that it absolutely is. Frank and I discussed this, and brought our thinking to the Expansion Committee the next week. When a CHC puts in an application for a NAP, even if it is not funding the application goes on a pile for the next time there is money available. This makes it even more unlikely that we will be able to get this type of support for a long time. The grants are for \$650,000 annually to support the operations of the site, and would be added to our existing federal grant. We presented our concern about missing this opportunity to the Committee, and after discussing the options, the Committee gave Frank and I permission to initiate some research about the possibility of applying to open a site in Ware. While this may be surprising, since previous conversations have been about expanding to Westfield, here is our thinking:

- Ware is severely underserved. The data that is available to us shows that almost no one from this fairly large community of 10,000+ people gets their care at a CHC. This despite the fact that it is a impoverished and very isolated community. Westfield, as we decided two years ago, is already being served by HCHC, Caring Health Center, and Holyoke, and the data is not as compelling.
- The project would be nothing like Amherst. It would be a small site, there would be no fundraising, and we would use the NAP funds and possibly some financing to outfit the location. At the moment, we are only talking about medical care.
- Baystate Hospital will be closing Marylane Hospital sometime in the future, which will limit access to care for the community even more.
- There is a lot of empty real estate in the community, including spaces in strip malls, old warehouses, and, possibly, Marylane itself.
- HCHC is currently the only CHC in Hampshire County, and this would cement our role as the safety net primary care provider for the county.

- Ware and Amherst could support each other, much as Worthington and Huntington do currently, in terms of staff coverage and management.

Due to our preparations for the OSV, Frank and I were not able to do as much research as we would like before your meeting tomorrow, but the conversations that we have had support the fact that there is tremendous need. I have reached out to the state DPH to see if they have run any data on the area (which they would need to do to support any application we submit), and have a call into the MassLeague as well. The final reason I think we should consider this option is that I know that CHP in Berkshire County is applying for a NAP in Pittsfield, and CHC of Franklin County is applying for a NAP in Shelburne Falls. While the odds of their being funded is low, any movement into those areas will definitely take patients from HCHC, and we need to continue to explore ways to expand our patient base. We can talk further about this tomorrow, but I want you to know where we are and what we're thinking. I will communicate with you further before we proceed with any application.

Other updates:

- **Amherst:** The plans for the site are still not completed, due to communication problems with the dental equipment provider, but I believe the issues have now been addressed, and I should have final plans next week. I am pushing the architect fairly hard about the issues with fire suppression that I fear may have a real impact on the Town, if not HCHC, and hope that we can resolve these soon. I have stepped back from the fundraising while preparing for the OSV, but our fundraising consultant and Capital Campaign Committee Chair have been meeting with members of the Committee and developing a strong list of donors and a solicitation plan. They are still very optimistic about being able to raise all the remaining funds before the end of the year. We did get a \$25,000 donation from Florence Savings Bank, thanks to the efforts of Marie Burkart.
- **Legislative Breakfast:** The breakfast went well, and the conversation was made much more substantive by the presence of Pat Edraos from the MassLeague, who knows the budgetary and legislative issues facing CHCs better than any of us. I believe it was a good conversation for the legislators, and I was impressed that Rep. Peter Kocot of Northampton, came in person!
- **Finance:** We continue to have very tight cash flow, but Frank and his staff are managing it well. We are getting used to the new normal of every month looking less rosy, but knowing that these numbers are true and accurate, and that there will be no surprises at the end of the year. You will hear the full report from the Auditors about how HCHC did in 2015, and we still anticipate that we are addressing important issues that will make us continue to improve.
- **Mobile Dental Expansion to New Hingham Elementary:** I am very pleased to announce that the expansion of services into a new school and a new school district was very successful. Kiirsten Cooper, the Manager of all school-based programs, reported this week that the staff "completed 18 cleanings, 6 restorative services and 12 sets of x-rays as well as a meet and greet with a student with special needs. These services were provided on 10 students who had never seen a dentist in the past and were completed in 2 working days. During this time we were visited by the Nursing Director for Hampshire Regional School district, Mary Phelan who is not only supportive, but was very instrumental in identifying the need for dental care at this school. She was very

excited and informed me that she had attended a recent Hampshire school committee meeting and was approached by parents to let her know what a great service we are providing. We were also visited by the Hampshire Gazette who wanted to get the “scoop” on exactly what we do [pending publication, evidently], and visited by a parent during her children’s appointments because she wanted to see first-hand our operations, as this concept is very new to the community.” I couldn’t be more pleased, and need to send an email to all staff noting how successful this has been.

- **All-Staff In-Service:** We had a mandatory meeting for all staff on May 12<sup>th</sup>, and the staff seemed very pleased with a powerful training provided by our two Domestic Violence Victim Advocates. I also did a Corporate Compliance Training (as required in our new Corporate Compliance Plan, which you will vote on tomorrow), which I think was not as well-received, but equally important!
- **Annual Meeting:** The Annual Meeting is next Wednesday, June 1<sup>st</sup>. While we are disappointed about the lower-than-usual numbers of staff attending, I think it should be interesting, as we will have a presentation by the some of the newer Community Programs staff members about their work.

Tomorrow night has a full agenda, so I will not talk at length about anything contained in my report, unless Board members have specific questions. Senior Managers have been so busy preparing for the OSV, and Frank has been out of the country all of this week and most of next week, that we did not get a chance to get reports from all of them. I have included Jeff’s below.

## Senior Management Reports

### Operations Report:

#### *Facilities*

1. 9 Russell Rd: Security remains a challenge for this site. Operations is looking at the feasibility of installing video cameras to monitor entrances and public access areas. Pending.
2. Parking Lots: Both parking lots have been swept and lines will be repainted as weather permits.
3. Security: The ID badging equipment has been purchased, installed and tested in Human Resources. Process and procedures have been added to the Information Security “Facility Access Control” policy and a plan conceived to have all badges completed before the OSV. The new badges will provide positive identification as well as secure access to employee entrances.
4. WHC Restroom ventilation: Ventilation fans have been installed in WHC restrooms and are functioning as planned. Completed.
5. State Safety Inspection: Huntington Health Center underwent a state safety inspection on May 23, 2016. Overall, the inspection went well and there were no major problems. The inspector is checking on some minor items dealing with the furnace room. Pending.

#### *Information Technology*

1. 9 Russell Rd: The new internet-based phone system is fully operational. Daniel has configured the router that will allow employees full access to the HCHC network without relying on VPN. Completed.
2. Dentrux Upgrade: Completed and operating as planned, which is impressive, given that the upgrades brings us up three versions to the most recent. Staff have expressed happiness with the new system, and the training over two days was well received.
3. New Remote Network Support Provider: We received an alarm a couple of weeks ago from our server monitoring service indicating that both domain controllers had been corrupted during a routine, automatic Windows update. This failure rendered HCHC limited access to all network drives as well as the Dentrux software for an entire workday. Daniel, working with Whalley Computers, was able to repair and rebuild the domain controllers. HCHC was operational on the next Monday. A post mortem of the failure is planned.

### ***Practice Management***

1. School-Based Health Center: A feasibility study was conducted to determine if SBHC could be brought over to the HCHC network. It was found that the project could be completed for under \$13,000.00, including the recurring expense for the balance of the year. This project could be paid for with grant money and would eliminate the DSL and VPN, which have had lackluster performance since its implementation.
2. 1422 Grant: The problems that continue with the e-Referral portion of the 1422 grant appear to reside with eCW. Briana has been working closely with eCW and DPH to complete roundtrip testing. Pending.
3. ECW migration update: Jeff met with the CIO of Holyoke Hospital to discuss possible hosting of the electronic medical record. As you are aware, Cooley-Dickinson will be switching EMR vendors in early 2017, eliminating our support and hosting. We are in the preliminary stages of searching for a new solution. Ongoing.
4. New Providers: ECW licensing has been approved for one new medical provider (starting in July) and one new Behavioral Health provider (starting June 6<sup>th</sup>). Schedules are being drafted at the time of this report.

## QI COMMITTEE

**Location:** Huntington Health Center

**Date/Time:** 05/20/2016 8:15am

**TEAM MEMBERS:** Kimberly May, BOD; Cheryl Hopson, BOD; Jon Liebman, Medicine Representative; Janet Laroche, Admin & Lean Team Leader; Kim Savery, Community Program Representative; Jeff Hagen, COO; Serena Torrey, Behavioral Health Representative; Michael Purdy, CCCSO; Cynthia Magrath, Practice Manager

**ABSENT:** Mary Lou Stuart, Dental Representative

Agenda Item	Summary of Discussion	Decision/Next Steps	Person Responsible/ Due Date
Review of April Minutes	The minutes from the April 29, 2016 meeting were reviewed and a discussion began regarding how much information should be included in the minutes when speaking about patient incidents, complaints, etc. It's not clear how much information should be included, but this group decided to include only overview information going forward. The April 29 minutes will be edited and reviewed again at the June meeting.		
Old Business			
Peer Review and Department Reports	<p>There was no quarterly report from Dental this month.</p> <p>Medical reported that Medicare does not allow a nurse practitioner to be the rep from the medical dept on this committee. Jon will step down and Sheri Cheung will now represent the medical dept. Sheri will report to Michael regarding QI. Jon will still be working on QI with Sheri.</p> <p>The Eye Care dept reported that because there is only one provider in the dept, incident reviews are difficult to do. There have not been any recent incidents, but if one comes up, Michael would like to have a procedure in place. Kim suggested that he request an outside peer be asked to review incidents. Umass Medical School or the</p>		

	Northampton VA may be other places to ask.		
Call Center Planning Committee	The call center is still in process. The technical needs have been addressed and it's hoped to have things up and running by August 1 <sup>st</sup> .		Cynthia will continue to report on this
PHO Group Participation	There's no new info to report at this time.		
1422 Grant	Kim recently received a list of pre-diabetics (from our data) for review from the QI contractor. Kim was recently in Atlanta, GA for a conference regarding this grant. Carolyn Sailer, QI Coordinator for the grant is working with the team and moving forward with reports needed. The e-referrals with the Holyoke YMCA are not working. There's been an issue with eClinical for approximately a month and the DPH project manager should be working on this. Jeff Hagen has been in touch with the project manager. DPH is coming to HCHC on May 31 <sup>st</sup> to discuss integrating Community Health Workers into this project.		
Lean Team Project	The Lean Team had their questions answered at the last QI meeting and is scheduled to meet on May 25.		Janet will continue to report on this
Reporting Measures Spreadsheet	There are 14 measures that are collecting data in eCW, but not correctly. This has been an ongoing problem. Briana has been assisting this group to review what's not working. Some issues may be difficult to fix and may also be time consuming. It was suggested that the group first figure what the issues are, then decide who can be pulled in to help. Prioritize the problem list and go from there. The discussion from the April meeting around the possibility of using the \$20,000 grant money to hire a consultant, was just a discussion and not		Sheri will continue to report on this going forward

	a formal decision. Senior Management has decided to put that money towards another project.		
Patient Satisfaction Survey	Janet reported that the patient satisfaction survey is handed out 2x a year – spring and fall. The spring surveys are in the process of being collected now. Data should be ready for review at the June meeting.		Janet will report on the findings next month
Adjourn	The meeting adjourned at 9am. The next meeting is scheduled for June 24, 2016 at the Huntington Health Center.		

Submitted by Janet Laroche, Executive Assistant