



# Hilltown Community Health Center

## Interim Financial Statement Presentation

November 2020 - Presented 1/13/2021

# Highlights

- ▶ **\$1.2M** Net Income
  - ▶ PPP loan forgiven, counted as grant revenue
  - ▶ Month would have been slightly positive without \$1,171,200 PPP
- ▶ YTD Net **\$731K**
- ▶ **\$196K** positive cash flow

# Income Statement

	Jan Actual	Feb Actual	Mar Actual	Apr Actual	May Actual	June Actual	Jul Actual	Aug Actual	Sept Actual	Oct Actual	Nov Actual	YTD Total Actual	PY YTD Actual	\$ Change	% Change
<b>OPERATING ACTIVITIES</b>															
<b>Revenue</b>															
Patient Services - Medical	\$194,733	\$157,776	\$162,144	\$127,027	\$132,581	\$147,308	\$105,190	\$147,451	\$147,640	\$160,430	\$173,038	\$1,655,319	\$2,347,368	(\$692,049)	-29%
Patient Services - Dental	\$145,933	\$123,425	\$70,156	\$17,187	\$11,337	\$26,937	\$32,119	\$57,754	\$87,135	\$111,254	\$106,657	\$789,893	\$1,747,757	(\$957,864)	-55%
Patient Services - Beh. Health	\$39,953	\$37,463	\$29,811	\$29,864	\$25,700	\$30,858	\$46,280	\$22,958	\$31,480	\$36,598	\$36,260	\$367,224	\$347,384	\$19,840	6%
Patient Services - Optometry	\$19,191	\$13,103	\$12,268	\$4,184	\$3,632	\$3,162	\$9,814	\$16,594	\$15,561	\$19,168	\$13,072	\$129,748	\$191,810	(\$62,061)	-32%
Patient Services - Optometry Hard	\$10,443	\$4,945	\$2,446	\$998	\$996	\$3,574	\$3,894	\$5,390	\$6,201	\$5,579	\$9,081	\$53,547	\$81,698	(\$28,151)	-34%
Patient Services - Pharmacy	\$7,260	\$6,065	\$11,596	\$18,350	\$24,126	\$27,724	\$13,829	\$79,287	\$41,854	\$34,076	\$49,395	\$313,561	\$119,206	\$194,355	163%
Quality & Other Incentives	\$475	\$324	\$24,149	\$277	\$25	\$7,684	\$279	\$238	\$337	\$20,137	\$22,769	\$76,694	\$45,615	\$31,079	68%
HRSA 330 & Other Grant	\$136,455	\$138,372	\$139,990	\$225,857	\$131,598	\$155,075	\$24,098	\$88,619	\$33,534	\$348,885	\$315,664	\$1,738,148	\$1,621,993	\$116,155	7%
Other Grants & Contracts	\$59,052	\$60,987	\$64,025	\$289,624	\$187,345	\$245,236	\$200,559	\$66,665	\$102,503	\$176,324	\$1,227,374	\$2,679,696	\$789,619	\$1,890,077	239%
Int., Dividends Gain /Loss Investme	(\$2,424)	(\$22,104)	(\$40,933)	\$27,765	\$13,531	\$7,243	\$15,548	\$16,824	(\$6,562)	(\$4,693)	\$35,483	\$39,677	\$55,302	(\$15,625)	-28%
Rental & Misc. Income	\$4,002	\$3,700	\$1,132	\$2,333	\$2,567	\$2,567	\$4,002	\$2,159	\$2,567	\$4,387	\$1,132	\$30,548	\$31,345	(\$797)	-3%
Total Operating Revenue	\$615,073	\$524,057	\$476,784	\$743,467	\$533,437	\$657,368	\$455,612	\$503,939	\$462,251	\$912,143	\$1,989,925	\$7,874,055	\$7,379,097	\$494,958	7%

- ▶ Patient revenue consistent with October
- ▶ 330 Grant payments playing catch-up - **\$316K**
- ▶ **\$35K** in unrealized investment gain
- ▶ **\$1,171,200** PPP recorded as revenue

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Payroll taxes	(\$36,589)	(\$33,543)	(\$29,040)	(\$19,068)	(\$35,581)	(\$24,476)	(\$24,710)	(\$21,815)	(\$29,232)	(\$118,688)	(\$26,629)	(\$399,370)	(\$385,599)	(\$13,771)	-4%
Fringe benefits	(\$43,725)	(\$28,748)	(\$25,023)	(\$37,384)	(\$35,876)	(\$36,396)	(\$35,287)	(\$33,702)	(\$30,528)	(\$34,591)	(\$127,302)	(\$468,561)	(\$423,939)	(\$44,622)	-11%
Total Compensation & related exp	(\$561,390)	(\$510,716)	(\$440,516)	(\$313,198)	(\$552,684)	(\$410,274)	(\$440,720)	(\$399,060)	(\$492,093)	(\$606,563)	(\$577,278)	(\$5,304,493)	(\$5,819,446)	\$514,952	9%

► 9% or \$515K favorable to last year



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<b>Other Operating Expenses</b>															
Advertising and marketing	\$0	\$0	(\$99)	\$0	\$0	(\$240)	(\$341)	(\$255)	(\$561)	\$0	\$0	(\$1,496)	(\$8,139)	\$6,642	82%
Bad debt	(\$1,307)	\$6,292	(\$9,288)	(\$8,831)	(\$4,411)	(\$8,382)	\$8,168	\$988	\$5,524	\$4,486	(\$2,360)	(\$9,121)	(\$107,284)	\$98,163	91%
Computer support	(\$7,088)	(\$6,199)	(\$21,428)	(\$9,589)	(\$12,655)	(\$8,388)	(\$8,388)	(\$1,948)	(\$8,027)	(\$14,818)	(\$10,107)	(\$108,635)	(\$72,785)	(\$35,850)	-49%
Conference and meetings	(\$248)	(\$1,350)	\$0	\$1,475	(\$1,882)	(\$480)	(\$30)	(\$2,636)	(\$358)	(\$85)	(\$200)	(\$5,795)	(\$10,255)	\$4,460	43%
Continuing education	(\$2,368)	(\$1,092)	\$0	\$0	(\$308)	(\$1,733)	(\$275)	(\$496)	(\$218)	(\$530)	(\$900)	(\$7,921)	(\$26,356)	\$18,436	70%
Contracts and consulting	(\$2,713)	(\$17,931)	(\$28,137)	(\$20,701)	(\$38,786)	(\$22,638)	(\$19,439)	(\$18,699)	(\$36,352)	(\$39,509)	(\$18,922)	(\$263,825)	(\$66,295)	(\$197,530)	-298%
Depreciation and amortization	(\$27,651)	(\$29,438)	(\$28,544)	(\$28,544)	(\$28,544)	(\$28,544)	(\$28,544)	(\$28,544)	(\$28,544)	(\$28,544)	(\$28,544)	(\$313,988)	(\$304,156)	(\$9,831)	-3%
Dues and membership	(\$2,355)	(\$3,243)	(\$2,355)	(\$2,530)	(\$2,405)	(\$7,955)	(\$3,247)	(\$6,692)	(\$1,850)	(\$5,894)	(\$3,865)	(\$42,389)	(\$29,843)	(\$12,546)	-42%
Equipment leases	(\$2,580)	(\$1,877)	(\$2,273)	(\$1,735)	(\$2,911)	(\$2,487)	(\$945)	(\$1,413)	(\$2,529)	(\$3,018)	(\$1,120)	(\$22,888)	(\$25,516)	\$2,629	10%
Insurance	(\$2,128)	(\$2,202)	(\$2,202)	(\$2,192)	(\$2,192)	(\$2,192)	(\$2,192)	(\$2,192)	(\$2,192)	(\$2,192)	(\$2,206)	(\$24,080)	(\$23,202)	(\$878)	-4%
Interest	(\$1,289)	(\$1,279)	(\$1,187)	(\$1,258)	(\$1,209)	(\$1,238)	(\$1,187)	(\$1,723)	(\$156)	(\$355)	(\$363)	(\$11,244)	(\$14,693)	\$3,449	23%
Legal and accounting	(\$2,500)	(\$2,500)	(\$2,626)	(\$2,500)	(\$2,895)	(\$2,668)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,584)	(\$12,440)	(\$38,213)	(\$29,862)	(\$8,351)	-28%
Licenses and fees	(\$4,115)	(\$6,952)	(\$4,006)	(\$2,898)	(\$2,959)	(\$3,504)	(\$3,794)	(\$3,775)	(\$4,525)	(\$5,418)	(\$4,262)	(\$46,206)	(\$42,124)	(\$4,082)	-10%
Medical & dental lab and supplies	(\$10,442)	(\$9,416)	(\$6,226)	(\$897)	(\$283)	(\$1,630)	(\$3,256)	(\$8,571)	(\$7,997)	(\$7,624)	(\$7,444)	(\$63,787)	(\$110,932)	\$47,145	42%
Merchant CC Fees	(\$1,576)	(\$1,690)	(\$2,037)	(\$1,492)	(\$633)	(\$564)	(\$571)	(\$1,067)	(\$1,368)	(\$1,185)	(\$1,052)	(\$13,233)	(\$17,624)	\$4,391	25%
Office supplies and printing	(\$2,304)	(\$3,052)	(\$1,899)	(\$7,188)	(\$1,530)	(\$7,637)	(\$7,234)	(\$13,799)	(\$7,334)	(\$7,595)	\$271	(\$59,300)	(\$36,140)	(\$23,160)	-64%
Postage	(\$117)	(\$2,051)	(\$2,240)	(\$151)	(\$2,233)	(\$2,040)	(\$511)	(\$28)	(\$2,066)	(\$650)	(\$2,358)	(\$14,445)	(\$15,435)	\$990	6%
Program supplies and materials	(\$19,372)	(\$17,012)	(\$14,163)	(\$2,688)	(\$15,733)	(\$17,073)	(\$13,480)	(\$18,625)	(\$30,784)	(\$37,531)	(\$28,274)	(\$214,736)	(\$208,182)	(\$6,554)	-3%
Pharmacy & Optometry COGS	(\$7,980)	(\$10,963)	(\$4,699)	(\$3,785)	(\$3,420)	(\$9,287)	(\$6,308)	(\$19,791)	(\$30,040)	(\$26,752)	(\$15,389)	(\$138,414)	(\$114,734)	(\$23,679)	-21%
Recruitment	(\$4,049)	(\$527)	(\$90)	\$0	\$0	\$0	\$0	\$0	\$0	(\$75)	(\$25)	(\$4,766)	(\$33,610)	\$28,844	86%
Rent	(\$6,964)	(\$8,584)	(\$10,064)	(\$6,964)	(\$15,758)	(\$13,843)	(\$16,052)	(\$11,738)	(\$20,683)	(\$7,741)	(\$9,603)	(\$127,996)	(\$84,319)	(\$43,677)	-52%
Repairs and maintenance	(\$13,597)	(\$18,942)	(\$15,221)	(\$11,565)	(\$12,108)	(\$21,849)	(\$15,799)	(\$10,838)	(\$15,690)	(\$16,930)	(\$11,308)	(\$163,846)	(\$151,036)	(\$12,810)	-8%
Small equipment purchases	\$0	(\$1,669)	\$0	(\$1,299)	(\$4,240)	(\$12,046)	(\$7,050)	\$0	(\$1,704)	(\$3,213)	(\$8,053)	(\$39,274)	(\$20,810)	(\$18,464)	-89%
Telephone	(\$10,928)	(\$13,895)	(\$14,263)	(\$15,336)	(\$14,707)	(\$14,343)	(\$13,859)	(\$14,701)	(\$14,258)	(\$14,503)	(\$14,441)	(\$155,235)	(\$144,593)	(\$10,642)	-7%
Travel	(\$1,947)	(\$1,348)	(\$940)	(\$639)	(\$327)	(\$1,076)	(\$1,171)	(\$1,050)	(\$1,184)	(\$935)	(\$536)	(\$11,153)	(\$26,351)	\$15,199	58%
Utilities	(\$3,234)	(\$5,499)	(\$3,312)	(\$4,481)	(\$4,838)	(\$2,955)	(\$3,467)	(\$3,102)	(\$3,643)	(\$2,757)	(\$7,116)	(\$44,404)	(\$45,742)	\$1,338	3%
Total Other Operating Expenses	(\$138,848)	(\$162,418)	(\$177,298)	(\$135,788)	(\$176,969)	(\$194,792)	(\$151,474)	(\$173,195)	(\$219,038)	(\$225,951)	(\$190,617)	(\$1,946,389)	(\$1,770,019)	(\$176,370)	-10%
<b>NET OPERATING SURPLUS</b>	<b>(\$85,166)</b>	<b>(\$149,077)</b>	<b>(\$141,031)</b>	<b>\$294,481</b>	<b>(\$196,216)</b>	<b>\$52,302</b>	<b>(\$136,583)</b>	<b>(\$68,317)</b>	<b>(\$248,881)</b>	<b>\$79,629</b>	<b>\$1,222,030</b>	<b>\$623,173</b>	<b>(\$210,368)</b>	<b>\$833,541</b>	<b>396%</b>

- Year over Year increases (\$176K)
- Spending consistent with previous months

# Net Deficit (Income)

	Jan Actual	Feb Actual	Mar Actual	Apr Actual	May Actual	June Actual	Jul Actual	Aug Actual	Sept Actual	Oct Actual	Nov Actual	YTD Total Actual	PY YTD Actual	\$ Change	% Change
<b>NON-OPERATING ACTIVITIES</b>															
Donations, Pledges & Contribution	\$120	\$9,800	\$20,725	\$40,211	\$4,657	\$1,476	\$7,740	\$2,000	\$20,432	\$400	\$700	\$108,262	\$166,330	(\$58,069)	-35%
Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$124,590	(\$124,590)	-100%
<b>NET NON-OPERATING SURPLU</b>	<b>\$120</b>	<b>\$9,800</b>	<b>\$20,725</b>	<b>\$40,211</b>	<b>\$4,657</b>	<b>\$1,476</b>	<b>\$7,740</b>	<b>\$2,000</b>	<b>\$20,432</b>	<b>\$400</b>	<b>\$700</b>	<b>\$108,262</b>	<b>\$290,920</b>	<b>(\$182,658)</b>	<b>-63%</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>(\$85,046)</b>	<b>(\$139,277)</b>	<b>(\$120,306)</b>	<b>\$334,692</b>	<b>(\$191,559)</b>	<b>\$53,778</b>	<b>(\$128,843)</b>	<b>(\$66,317)</b>	<b>(\$228,449)</b>	<b>\$80,029</b>	<b>\$1,222,730</b>	<b>\$731,434</b>	<b>\$80,552</b>	<b>\$650,882</b>	<b>808%</b>

- ▶ **\$731K** YTD Surplus
- ▶ Cash should hold out for around 14 months at current levels
  - ▶ Current cash forecast has funds lasting until March 2022
- ▶ 65 days cash on hand (how long the cash will last if income dried up)

# Cash Flow

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	NET SURPLUS/(DEFICIT) FOR PERIOD	\$1,222,730
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH		
	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$203,250
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(\$6,938)
	<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>\$196,312</b>
	CASH AND CASH EQUIVALENTS AS OF 11/1/2020	\$1,932,305
	CASH AND CASH EQUIVALENTS AS OF 11/30/2020	<b>\$2,128,617</b>

- ▶ Cash on hand increased **\$196K**
- ▶ PPP Loan was in hand in a previous month. This is due mostly to catching up on 330 draws



## Balance Sheet (as of 11/30/20)

ASSETS		
	Total Current Assets	\$2,110,619
	Net Property & Equipment	\$4,036,453
	Total Other Assets	\$379,527
	<b>TOTAL ASSETS</b>	<b>\$6,526,599</b>
Liabilities & Fund Balance		
	Total Current Liabilities	\$1,290,821
	Mortgage Payable United Bank	\$133,501
	Total Long Term Liabilities	\$133,501
	<b>Total Liabilities</b>	<b>\$1,424,322</b>
	Fund Balance Prior Years	5,102,277
	<b>Total Liabilities &amp; Fund Balance</b>	<b>6,526,599</b>

▶ Current Assets = \$2.1 M

▶ Current Liabilities = \$1.3 M

▶ Current Ratio = 1.62



## Other Items

- ▶ PPP round 2 application should be filed next week
  - ▶ Waiting for Peoples Bank portal to open
- ▶ Budget process slowed by late close of November
  - ▶ Expect draft budget soon
  - ▶ Still expecting very negative cash flows for all 2021
  - ▶ PPP is the only unknown that could change forecast
- ▶ Contract Pharmacy/340B progress being made
  - ▶ As new contracts go into effect results should be noticeable
  - ▶ By the end of Q1 2021 we should have program mostly maximized

**Hilltown Community Health Centers  
Income Statement**

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Computer support	(\$7,088)	(\$6,199)	(\$21,428)	(\$9,589)	(\$12,655)	(\$8,388)	(\$8,388)	(\$1,948)	(\$8,027)	(\$14,818)	(\$10,107)	(\$108,635)	(\$72,785)	(\$35,850)	-49%
Conference and meetings	(\$248)	(\$1,350)	\$0	\$1,475	(\$1,882)	(\$480)	(\$30)	(\$2,636)	(\$358)	(\$85)	(\$200)	(\$5,795)	(\$10,255)	\$4,460	43%
Continuing education	(\$2,368)	(\$1,092)	\$0	\$0	(\$308)	(\$1,733)	(\$275)	(\$496)	(\$218)	(\$530)	(\$900)	(\$7,921)	(\$26,356)	\$18,436	70%
Contracts and consulting	(\$2,713)	(\$17,931)	(\$28,137)	(\$20,701)	(\$38,786)	(\$22,638)	(\$19,439)	(\$18,699)	(\$36,352)	(\$39,509)	(\$18,922)	(\$263,825)	\$66,295)	(\$197,530)	-298%
Depreciation and amortization	(\$27,651)	(\$29,438)	(\$28,544)	(\$28,544)	(\$28,544)	(\$28,544)	(\$28,544)	(\$28,544)	(\$28,544)	(\$28,544)	(\$28,544)	(\$313,988)	(\$304,156)	(\$9,831)	-3%
Dues and membership	(\$2,355)	(\$3,243)	(\$2,355)	(\$2,530)	(\$2,405)	(\$7,955)	(\$3,247)	(\$6,692)	(\$1,850)	(\$5,894)	(\$3,865)	(\$42,389)	(\$29,843)	(\$12,546)	-42%
Equipment leases	(\$2,580)	(\$1,877)	(\$2,273)	(\$1,735)	(\$2,911)	(\$2,487)	(\$945)	(\$1,413)	(\$2,529)	(\$3,018)	(\$1,120)	(\$22,888)	(\$25,516)	\$2,629	10%
Insurance	(\$2,128)	(\$2,202)	(\$2,202)	(\$2,192)	(\$2,192)	(\$2,192)	(\$2,192)	(\$2,192)	(\$2,192)	(\$2,192)	(\$2,206)	(\$24,080)	(\$23,202)	(\$878)	-4%
Interest	(\$1,289)	(\$1,279)	(\$1,187)	(\$1,238)	(\$1,209)	(\$1,238)	(\$1,187)	(\$1,723)	(\$156)	(\$363)	(\$11,244)	(\$14,693)	\$3,449	23%	
Legal and accounting	(\$2,500)	(\$2,500)	(\$2,626)	(\$2,500)	(\$2,895)	(\$2,668)	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,584)	(\$12,440)	(\$38,213)	(\$29,862)	(\$8,351)	-28%
Licenses and fees	(\$4,115)	(\$6,952)	(\$4,006)	(\$2,898)	(\$2,959)	(\$3,504)	(\$3,794)	(\$3,775)	(\$4,525)	(\$5,418)	(\$4,262)	(\$46,206)	(\$42,124)	\$4,082)	-10%
Medical & dental lab and supplies	(\$10,442)	(\$9,416)	(\$6,226)	(\$897)	(\$283)	(\$1,630)	(\$3,256)	(\$8,571)	(\$7,997)	(\$7,624)	(\$7,444)	(\$63,787)	(\$110,932)	\$47,145	42%
Merchant CC Fees	(\$1,576)	(\$1,690)	(\$2,037)	(\$1,492)	(\$633)	(\$564)	(\$571)	(\$1,067)	(\$1,368)	(\$1,185)	(\$1,052)	(\$13,233)	(\$17,624)	\$4,391	25%
Office supplies and printing	(\$2,304)	(\$3,052)	(\$1,899)	(\$7,188)	(\$1,530)	(\$7,637)	(\$7,234)	(\$13,799)	(\$7,334)	(\$7,595)	\$271	(\$59,300)	(\$36,140)	(\$23,160)	-64%
Postage	(\$117)	(\$2,051)	(\$2,240)	(\$151)	(\$2,233)	(\$2,040)	(\$511)	(\$28)	(\$2,066)	(\$650)	(\$2,358)	(\$14,445)	(\$15,435)	\$990	6%
Program supplies and materials	(\$19,372)	(\$17,012)	(\$14,163)	(\$2,688)	(\$15,733)	(\$17,073)	(\$13,480)	(\$18,625)	(\$30,784)	(\$37,531)	(\$28,274)	(\$214,736)	(\$208,182)	(\$6,554)	-3%
Pharmacy & Optometry COGS	(\$7,980)	(\$10,963)	(\$4,699)	(\$3,785)	(\$3,420)	(\$9,287)	(\$6,308)	(\$19,791)	(\$30,040)	(\$26,752)	(\$15,389)	(\$138,414)	(\$114,734)	(\$23,679)	-21%
Recruitment	(\$4,049)	(\$527)	(\$90)	\$0	\$0	\$0	\$0	\$0	\$0	(\$75)	(\$25)	(\$4,766)	(\$33,610)	\$28,844	86%
Rent	(\$6,964)	(\$8,584)	(\$10,064)	(\$6,964)	(\$15,758)	(\$13,843)	(\$16,052)	(\$11,738)	(\$20,683)	(\$7,741)	(\$9,603)	(\$127,996)	(\$84,319)	(\$43,677)	-52%
Repairs and maintenance	(\$13,597)	(\$18,942)	(\$15,221)	(\$11,565)	(\$12,108)	(\$21,849)	(\$15,799)	(\$10,838)	(\$15,690)	(\$16,930)	(\$11,308)	(\$163,846)	(\$151,036)	(\$12,810)	-8%
Small equipment purchases	\$0	(\$1,669)	\$0	(\$1,299)	(\$4,240)	(\$12,046)	(\$7,050)	\$0	(\$1,704)	(\$3,213)	(\$8,053)	(\$39,274)	(\$20,810)	(\$18,464)	-89%
Telephone	(\$10,928)	(\$13,895)	(\$14,263)	(\$15,336)	(\$14,707)	(\$14,343)	(\$13,859)	(\$14,701)	(\$14,258)	(\$14,503)	(\$14,441)	(\$155,235)	(\$144,593)	(\$10,642)	-7%
Travel	(\$1,947)	(\$1,348)	(\$940)	(\$639)	(\$327)	(\$1,076)	(\$1,171)	(\$1,050)	(\$1,184)	(\$935)	(\$536)	(\$11,153)	(\$26,351)	\$15,199	58%
Utilities	(\$3,234)	(\$5,499)	(\$3,312)	(\$4,481)	(\$4,838)	(\$2,955)	(\$3,467)	(\$3,102)	(\$3,643)	(\$2,757)	(\$7,116)	(\$44,404)	(\$45,742)	\$1,338	3%
Total Other Operating Expenses	(\$138,848)	(\$162,418)	(\$177,298)	(\$135,788)	(\$176,969)	(\$194,792)	(\$151,474)	(\$173,195)	(\$219,038)	(\$225,951)	(\$190,617)	(\$1,946,389)	(\$1,770,019)	(\$176,370)	-10%
NET OPERATING SURPLUS	(\$85,166)	(\$149,077)	(\$141,031)	\$294,481	(\$196,216)	\$52,302	(\$136,583)	(\$68,317)	(\$248,881)	\$79,629	\$1,222,030	\$623,173	(\$210,368)	\$833,541	396%
NON-OPERATING ACTIVITIES															
Donations, Pledges & Contributions	\$120	\$9,800	\$20,725	\$40,211	\$4,657	\$1,476	\$7,740	\$2,000	\$20,432	\$400	\$700	\$108,262	\$166,330	(\$58,069)	-35%
Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$124,590	(\$124,590)	-100%
NET NON-OPERATING SURPLUS	\$120	\$9,800	\$20,725	\$40,211	\$4,657	\$1,476	\$7,740	\$2,000	\$20,432	\$400	\$700	\$108,262	\$290,920	(\$182,658)	-63%
NET SURPLUS/(DEFICIT)	(\$85,046)	(\$139,277)	(\$120,306)	\$334,692	(\$191,559)	\$53,778	(\$128,843)	(\$66,317)	(\$228,449)	\$80,029	\$1,222,730	\$731,434	\$80,552	\$650,882	808%

**Hilltown Community Health Centers**  
**Statement of Cash Flows**  
**November 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

NET SURPLUS/(DEFICIT) FOR PERIOD		\$1,222,730
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH		
PROVIDED (USED) BY OPERATING ACTIVITIES		
01-11102-00	Decrease in ECW/AR PAYMENT	\$16,159
01-11103-00	Increase in DENTRIX/AR PAYMENT	(\$12,457)
01-13200-00	Decrease in PREPAID EXPENSES	\$891
01-13210-00	Decrease in PREPAID INSURANCE	\$1,916
01-13410-00	Increase in PREPAID VISION INSURANCE	(\$9)
01-13700-00	Decrease in PREPAID WORKMANS' COMP	\$1,626
01-22100-00	Increase in ACCOUNTS PAYABLE	\$76,649
01-22350-00	Decrease in NOTES PAYABLE	(\$1,189,200)
01-23000-00	Increase in ACCRUED EXPENSES - CREDIT CARD	\$147
01-24200-00	Increase in FICA TAX W/H	\$19
01-24400-00	Decrease in TSA WITHDRAWALS	(\$6,286)
01-24450-00	Decrease in 403B EMPLOYEE LOAN	(\$215)
01-24500-00	Increase in FLEXIBLE SPENDING BENEFIT	\$1,414
01-25600-00	Decrease in UNITED WAY PAYROLL DEDUCTION	(\$28)
01-25900-01	Increase in SALES TAX PAYABLE	\$7
01-26000-00	Increase in ACCRUED EXPENSES	\$17,490
01-26010-00	Increase in ACCRUED SALARIES/PAYROLL	\$21,942
01-26020-00	Increase in ACCRUED FICA PAYABLE	\$1,946
01-26030-00	Increase in ACCRUED VACATION	\$8,803
01-26040-00	Increase in ACCRUED VACATION FICA	\$674
01-28110-00	Decrease in UNITED BANK MORTGAGE HUNTG	(\$1,533)
01-29400-00	Increase in DEFERRED REVENUE	\$45,357
01-29405-00	Decrease in DENTRIX SUSPENDED CREDITS	(\$4,789)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		\$203,250
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
01-16250-01	LESS ACCUM DEPR	\$1,817
01-16250-02	LESS ACCUM DEPR	\$2,484
01-16252-02	ACCUM. AMORTIZATION	\$27
01-16350-01	LESS ACCUM DEPR	\$877
01-16350-02	LESS ACCUM DEPR	\$1,979
01-16450-04	LESS ACCUM DEPR LEASEHLD IMP	\$10,743
01-16550-00	LESS ACCUM DEPR FURN & EQUIP	\$671
01-16550-01	LESS ACCUM DEPR FURN & EQUIP	\$1,422
01-16550-02	LESS ACCUM DEPR FURN & EQUIP	\$1,101
01-16550-03	LESS ACCUM DEPR FURN & EQUIP	\$938
01-16550-04	LESS ACCUM DEPR FURN & EQUIP	\$6,361
01-16560-01	LESS ACCUM DEPR STATE	\$126
01-18220-00	INVESTMENT VANGUARD	(\$35,481)
01-18410-00	FARMERS HOME ADMIN ESCROW in Restricted Account	(\$19)
01-18440-00	FLORENCE SAVINGS RESTRICTED	\$18
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		(\$6,938)
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>\$196,312</b>
<b>CASH AND CASH EQUIVALENTS AS OF 11/1/2020</b>		<b>\$1,932,305</b>
<b>CASH AND CASH EQUIVALENTS AS OF 11/30/2020</b>		<b>\$2,128,617</b>

**Hilltown Community Health Centers**  
**Balance Sheet**  
**as of 11/30/2020**

**ASSETS**

Current Assets

Cash - Operating Fund	\$1,546,135
Patient Receivables	\$578,772
Less Allow. for Doubtful Accounts	(\$100,632)
Less Allow. for Contractual Allowances	(\$236,640)
A/R 340B-Pharmacist	\$18,505
A/R 340B-State	\$1,995
Contracts & Grants Receivable	\$287,281
Prepaid Expenses	\$12,393
A/R Pledges Receivable	\$2,810
Total Current Assets	<u>\$2,110,619</u>

Property & Equipment

Land	\$204,506
Buildings	\$2,613,913
Improvements	\$929,483
Leasehold Improvements	\$1,933,674
Equipment	\$1,422,848
Total Property and Equipment	<u>\$7,104,423</u>
Less Accumulated Depreciation	<u>(\$3,067,971)</u>
Net Property & Equipment	<u>\$4,036,453</u>

Other Assets

Restricted Cash	\$29,474
Pharmacy 340B and Optometry Inventory	\$9,863
Investments Restricted	\$9,476
Investment - Vanguard	\$330,714
Total Other Assets	<u>\$379,527</u>
<b>TOTAL ASSETS</b>	<b><u>\$6,526,599</u></b>

**Liabilities & Fund Balance**

Current Liabilities

Accounts Payable	\$320,839
Notes Payable	\$386,996
Sales Tax Payable	\$15
Accrued Expenses	\$12,337
Accrued Payroll Expenses	\$415,214
Payroll Liabilities	\$15,283
Unemployment Escrow	\$0
Deferred Contract Revenue	\$140,137
Total Current Liabilities	<u>\$1,290,821</u>

Long Term Liabilities

Mortgage Payable United Bank	\$133,501
Total Long Term Liabilities	<u>\$133,501</u>
<b>Total Liabilities</b>	<b><u>\$1,424,322</u></b>

Fund Balance / Equity

Fund Balance Prior Years	5,102,277
Total Fund Balance / Equity	5,102,277
<b>Total Liabilities &amp; Fund Balance</b>	<b><u>\$6,526,599</u></b>





## **Hilltown Community Health Centers, Inc.**

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### **Finance Department**

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#### **SUBJECT: NAME OF POLICY – FINANCIAL POLICY**

**REGULATORY REFERENCE:** Code of Federal Regulations 45 (CFR) Part 75 and PIN 2013-01

#### **Purpose:**

The Hilltown Community Health Centers, Inc. (HCHC) is a Health Center Program authorized under section 330 of the Public Health Service (PHS) Act 42 U.S.C. 254b) (“section 330”) and is required to maintain accounting and internal control systems appropriate to the size and complexity of the organization reflecting Generally Accepted Accounting Principles (GAAP) and separate functions appropriate to organizational size to safeguard assets and maintain financial stability. As such the Hilltown Community Health Centers, Inc. (HCHC) management has adopted this policy to have a formal documented process to meet these requirements and establish guidelines for developing financial and accounting procedures necessary to safeguard the financial resources of HCHC.

#### **Policy:**

HCHC will maintain and update as necessary a Financial Procedure Manual that contains procedures for the following topics:

- Maintenance of Account Records and Record Retention
- Cash Disbursements and Receipts
- Cost Allocation
- Purchasing and Reimbursement Procedures
- Reporting
- Payroll
- Fixed Asset Accounting
- Patient Revenue and Receivables

Questions should be directed to the Executive Director or the Chief Financial Officer at 413-238-5511.

Originally Drafted: MARCH 2004

Reviewed or Revised: January 2021

Approved by Board of Directors,

Date:

Approved by:

Eliza Lake

Eliza B. Lake

Chief Executive Officer, HCHC

Date:

Martin L Manchester

Martin L Manchester

President, HCHC Board of Directors

Date:

**Hilltown Community Health Centers, Inc.  
(HCHC)**

**FINANCIAL  
PROCEDURES  
MANUAL**

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### **APPENDICIES:**

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## **HILLTOWN COMMUNITY HEALTH CENTERS, INC.**

is a not-for-profit healthcare facility providing medical, dental, behavioral health and related services at Worthington Health Center, Worthington, MA; Huntington Health Center, Huntington, MA; J.P. Musante Health Center, Amherst, MA and a School-Based Health Center located within Gateway Regional High School, Huntington, MA.

### **Mission**

Creating access to high quality integrated health care and promoting well-being for individuals, families and our communities.

### **Vision**

Communities Engaged for Health

### **Values**

**We listen, consider and care.** We respect the individual strengths and diverse experiences of the people we serve and all of our employees.

**We commit to working together.** We provide integrated care through teamwork and collaboration.

**We hold ourselves accountable.** We work to the best of our abilities and commit to open communication.

**We encourage curiosity and growth.** We strive to continually improve through innovation and the use of best practices.

**We focus on our future.** We ensure financial sustainability through efficient practices and management.

## **Purpose of the Corporation**

To provide, encourage and administer facilities for health care access for all the inhabitants of the surrounding communities as are deemed necessary, feasible and affordable.

To participate in the coordination of community and area health projects and activities including cooperation with, and the providing of appropriate space for, healthcare services.

To be ready, and to act, at all times to conserve and promote the health of the population in the communities, regardless of ability to pay.

To sponsor charitable, scientific, and educational endeavors directed toward the promotion of any project designed to improve the health of the community.

To engage in any other activity, endeavor, or course of action not inconsistent with the above.

## **Financial Management**

HCHC's financial management systems, including records documenting compliance with Federal and state statutes, regulations, and the terms and conditions of the Federal and state awards, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal and state statutes, regulations, and the terms and conditions of the Federal award. *(See Appendix A Organizational Chart)*

HCHC must;

- a) Establish and maintain effective internal control over the Federal and state award that provides reasonable assurance that HCHC is managing the Federal and state award in compliance with Federal and state statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government," issued by the Comptroller General of the United States or the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- b) Comply with Federal and State statutes, regulations, and the terms and conditions of the awards.
- c) Evaluate and monitor the compliance with statutes, regulations and the terms and conditions of awards.
- d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

- e) Take reasonable measures to safeguard protected personally identifiable information and other information the awarding agency or pass-through entity designates as sensitive or what HCHC considers sensitive consistent with applicable Federal and state laws regarding privacy and obligations of confidentiality.

## Chart of Accounts

The chart of accounts is designed to provide management with an analysis of financial position and a statement of operating revenues and expenses on a time accrual basis. The chart of accounts is established using the total grant concept. As such, each individual funding source is segregated in the general ledger to allow management to easily distinguish revenues and expenses by funding source. This allows for easier preparation of monthly reimbursement vouchers for contracts as well as regulatory reporting (FSR, UFR, UDS, etc.)

All financial transactions are designated by an account code. The digits employed are selected from the chart of accounts.

### Definition of Coding Structure (Refer to Appendix B)

Each account code is subdivided into four separate segments.

Consisting of:

- |               |       |
|---------------|-------|
| 1. Fund       | XX    |
| 2. Account    | XXXXX |
| 3. Location   | XX    |
| 4. Department | XX    |

1. Fund - 01                      Used for all transactions

2. Account - The digits represent the major account classifications for balance sheet, revenue, and expense items. For example: ☒XXXX

- |                          |   |       |
|--------------------------|---|-------|
| a. Assets                | = | 1XXXX |
| b. Liabilities           | = | 2     |
| c. Net Assets            | = | 3     |
| d. Revenue / Income      | = | 3     |
| e. Salaries and Benefits | = | 5     |
| f. Expenses              | = | 6     |

3. Location – XX      Used to identify location.
4. Department – XX      Used to identify each department.

### Subaccount Segment

1. Alphanumeric codes that identify grants
2. UFR codes that correspond with UFR coding – if required
3. Raiser's Edge code – if required

## **Description of Accounts**

### **Assets**

All asset accounts are designated within the chart of accounts by the appropriate digit of the account-numbering scheme.

Cash Accounts are debited for bank deposits and when stop payments are placed on previously issued checks. These accounts are credited for funds withdrawn and any miscellaneous bank charges. Cash receipts are deposited into the operating account on a regular basis in accordance with the cash receipts policies. Insurance & patient payments are debited to cash on hand when received and then recorded to the General Operating Account when deposited in the bank.

A petty cash fund is established at each site. Reimbursements for expenses paid from petty cash are made from the operating account. Expenses are charged to the appropriate account at the time of reimbursement. Change Funds are set up for making change for patient cash payments, amounts are set and adjusted as needed.

Accounts Receivable accounts are debited for grant funds due, revenue billed, and any other amounts owed to the health center. Accounts receivable are credited for cash collected and any un-collectible amounts. A debit balance represents the balance owed to the health center.

Allowance for doubtful accounts is a reserve for estimated un-collectible patient receivables contained in the accounts receivable balance. The purpose of the allowance is to provide the estimated un-collectible amount of recorded receivables. The reserve is established based on the historical bad debt experience, current economic conditions, estimates and presumptions. The allowance is reviewed for revision periodically.



Prepaid expenses are debited for significant current cash outlays that are related to future periods.

Fixed Assets - The health center has established a capitalization amount for fixed assets of \$5,000 or more.

Accumulated depreciation accounts are credited monthly for estimated depreciation on assets and debited to operating expenses. Accounts are reconciled at yearend to actual amounts, per the annual audit

Other assets include accounts designated for investments or cash set aside for stability or future capital projects.

## **Liabilities**

### **Accounts Payable**

Accounts payable are credited for the amounts owed vendors for receipt of goods and services. An entry is made to an accounts payable register for vendors' invoices received and approved for payment regardless of which program incurred the expense. Accounts payable are debited for cash disbursements against established payables. The balance (credit) reflects outstanding vendor liabilities.

Accrued liabilities are established for payroll costs, amounts withheld from employees, and other accrued liabilities. These accounts are credited for amounts due and debited upon payment or settlement. The balance (credit) represents the amount owed. At the close of each month, the estimated accrued payroll expenses incurred in the current month are booked in the general ledger as an accrued expense. All expenses are accrued at yearend.

### **Loans/Mortgages payable**

Amounts borrowed for operating or capital purchases or improvements. These accounts are credited monthly as balances are paid or debited when new funds are borrowed.

### **Capital Leases**

Amounts are credited to these accounts if major leases are entered into that require financing. The accounts are debited monthly as principal payments are made on these leases to reduce the amount owed.

### **Deferred Revenue Accounts**

These accounts are credited when grants and other forms of payment are received by the health center for future services, equipment purchases, or capital projects. These amounts are debited as the services are provided or per current accounting regulations during the annual audit.

### **Net Assets**

#### **YTD Net Income**

These accounts accumulate the estimated net profit of each cost center on a monthly basis. After final adjustment at the completion of the annual audit, each balance is closed to the appropriate Fund Balance account. These accounts are zeroed out at the end of each fiscal year.

#### **Net Assets**

These are accounts that designate the net worth of the health center. Fund balance accounts are adjusted annually at the conclusion of the annual audit. Any net profit or loss is recorded to the appropriate fund balance at the conclusion of the annual audit.

#### **Net Assets without and with Donor Restrictions**

Beginning in 2018, *net assets without donor restrictions* is one of two classifications of net assets reported on the financial statements of a not-for-profit organization's financial statements. This classification replaces the previous classification unrestricted net assets.

Beginning in 2018, *net assets with donor restrictions* is second of two classifications of net assets reported on the financial statements of a not-for-profit organization's financial statements. This classification is to be used instead of the following two classifications: *temporarily restricted net assets* and *permanently restricted net assets*.

#### **Revenues**

Revenues are credited to revenue accounts as they are considered earned and receivable. These can be revenues for services provided to patients or related to grant conditions.

#### **Contra-Revenues**

These are accounts which are credited to adjust for patient amounts billed, but not considered collectible. These include, but are not limited to insurance allowances, free care, bad debt and billing errors.

## Expenses

Expense accounts are debited for paid or accrued expenditures. Types of expenses include but are not limited to:

**Salaries/Wages** – These costs are recorded to accrued liabilities and distributed to individual departments based on the gross salaries/wages recorded on the payroll allocation worksheet. The payroll timesheet has been established to account for the time and effort of each individual employee. Thus, the general ledger accounts properly reflect the amount paid to employees based on departmental and funding source time and effort recorded on timesheets.

**Payroll Taxes** – These are mandatory payments related to payroll which normally include FICA, Medicare, Workman's Compensation Insurance and State Unemployment Insurance. Applicable costs are distributed to programs and departments in proportion to monthly salary distributions.

**Fringe Benefits** – Included in this account are medical, dental, disability and group life insurance; and any other employee benefits which may be offered by the health center. A description of current benefits may be found in the employee handbook. Applicable costs are distributed to programs and departments in proportion to monthly salary distributions.

**Consultants and Contractual** – These costs include dental labs & those individuals to whom the health center issues 1099 statements at year-end. Examples include auditing firms, legal firms, payroll service, computer consultants, skilled labor, and independent health-care providers.

**Facilities Costs** – Costs associated with the occupancy of the health center's buildings are included in these line items.

**Utilities** – These expenses include electricity, heating and cooling fuel, water supply and related expenses.

**Repairs and Maintenance** – Costs associated with the upkeep of the property and equipment are recorded in these accounts.

**Mortgage Interest** – Interest costs associated with mortgage loans related to health center buildings and improvements.

**Depreciation** – The estimated depreciation related to the health center's fixed assets are recorded monthly in these accounts that are broken out by type of asset (buildings, building improvements, furniture and equipment, etc).

**Building & General Liability** – These accounts include any type of insurance related to the buildings, their contents and general liability related to agency facilities or use.

**Program Supplies** – Program supplies are supplies needed for providing medical, dental or other program services and are recorded separately from general office supplies or facility supplies.

**Telephone** – Includes regular monthly telephone costs, beepers, answering service, internet costs and other related communication expenses.

**Dues and Memberships** – These se expenses include all membership dues paid to organizations for the health center or any employee of the health center.

**Subscriptions & Journals** – All subscriptions to magazines and professional journals.

**Licenses and Fees** – These expenses include all individual provider and agency licenses required by state and federal agencies for which the health center pays.

**Travel** – These costs include all expenses related to employee travel for health center business or necessary to the functioning of the health center operations. They include staff mileage at current approved rate, parking, tolls, motels, some meals and other related travel expenses.

**Printing** – Costs associated with production of letterhead, newsletters, invoices, patient receivable statements, forms, business cards and envelopes are recorded to these accounts.

**Postage & Shipping** – Amounts incurred to mail business correspondence or to ship items as required for operation of the health center.

**Staff Recruitment/Training** - All costs associated with the recruitment and/or training of staff are recorded to these accounts. This may include workshops, skill trainings and other mandatory trainings required for licensure or other purposes.

**Interest** - Interest costs for general operating use, such as for a line of credit are charged to this line item. It does not include any interest for building purchases or improvements.

**Professional Insurance** – This account includes professional liability insurance related to services provided by the health center and its employees as well as Director's & Officer's insurance.

Bad Debt - All costs associated with the write off of those patient receivable accounts deemed not collectible are included in this account. Bad Debt is recorded as a Contra-Revenue Account on the general ledger and then adjusted to an expense account on the annual audit.

Expenses are charged to the program and funding source benefiting from the goods or services. If a specific department cannot be identified, the expense is charged to the Administration, Billing, Facility or other appropriate allocation pool. If all programs and funding sources are likely to derive benefit from the goods or services, the expense is charged to the appropriate overhead department. See cost principles as outlined in 45 CFR 75 subpart E for further cost definitions and information on allowable and unallowable costs associated with Federal awards.

## **Maintenance of Accounting Records**

The health center maintains the following accounting records:

- a) Accounts Payable Register
- b) Cash Receipts Journal
- c) Payroll Register
- d) General Ledger and General Journal Entries

Below is a description of each of these records and a brief summary explaining the procedures for how the entries are recorded.

### Accounts Payable Register

All cash disbursements are initially entered in the accounts payable system upon receipt of the vendor invoice. The expenditures are charged to the appropriate expense or asset accounts. Invoices are batched for data entry. A batch report is generated for each group of invoices entered. The individual batch reports are retained until a summary batch report is generated at month's end.

### Cash Receipts Journal

Front desk patient receipts (co-pays, deductibles and self-pays) are batched and posted to the cash receipts data entry journal from daily summaries prepared by front desk personnel at the end of each business day. The medical and dental departments submit separate summaries.

Third-party payments received in the mail are batched and posted to a cash receipts data entry journal from summaries prepared by the Billing Department.

Other receivables (grant funds, enhanced revenue payments, cobra payments, etc) are batched and posted to a cash receipts data entry journal from summaries prepared by the Accounting Department. *(See Cash Receipts section for description of procedures.)*

By the end of each month all entries are posted to the general ledger. The cash account is debited for the total of the monthly receipts.

### Payroll Register

The payroll register is obtained from the payroll processing company, currently Checkwriters. The monthly payroll entries are obtained from the data in the payroll register. A spreadsheet is prepared monthly using the payroll register and the allocations recorded on time sheets by each employee. This spread sheet allocates amounts paid to employees to the program and site in which they worked. The summarized totals for each program and site are recorded to the general ledger from these reports.

### General Ledger and General Journal Entries

Entries to the general ledger are posted monthly. The general ledger is printed monthly and filed for future reference.

Some journal entries consist of those that are recurring in nature. Entries are recorded first in a data entry file. Entries are batched according to type. Each data entry batch is automatically assigned a unique number by the computerized accounting system.

Correcting and/or adjusting entries are also posted monthly. Entries are recorded first on a data entry file. Entries are batched according to type. Each data entry batch is automatically assigned a unique number by the computerized accounting system.

## **Record Retention**

### Computerized/Electronic Records:

General Ledger / Financial records are maintained on Financial Edge which is a cloud-based software under a subscription service that also provides sophisticated security protocols, disaster recovery procedures and 24 hour system availability.

### Non-computerized Records:

#### Accounting Records

- Bank statements and deposit slips = 7
- Expense reports = 7
- Subsidiary ledger (A/P & A/R) = 7
- Checks (payroll and general) = 7
- Payroll - reports, earnings records = 8
- Vouchers (vendors) = 7
- Mortgages, notes, leases (expired) = 8
- Tax returns and working papers = Permanent

- External Audit reports = Permanent

#### Corporate Records:

- Bylaws, charters, operating certificates, minutes, stock & bond records, checks (for taxes, property, important contracts, agreements, copyright & trademark registrations, deeds, labor agreements, patents, proxies, pension records = As laws require.
- Correspondence
  - General = 2
  - Legal & tax = Permanent or as required.
- Insurance
  - Expired policies = 3
  - Accident and fire inspection reports = 6
  - Group disability records, safety reports = 8
  - Claims (after settlement) = 10
- Personnel:
  - Expired contracts = 7
  - Timesheets = 7
  - Disability & sick benefits records, terminated personnel files = 7
  - Withholding tax statements = 7

Further, the Office of Management and Budget Circular A-133 requires all entities that receive federal funds to retain all documents associated with the funds for a minimum of three years. Similarly, because the health center receives funding from Medicare and Medicaid, these documents must be retained for a minimum of three years after the date of final settlement on that year's cost report. As a rule, the documents associated with Medicare and Medicaid should be retained for at least 5 years. This allows for the time lag between the submission of the cost reports and the settlements from the intermediaries.

## Cash Disbursements

All disbursements are made out of one general operating account. Petty cash expended is reimbursed from the account monthly or upon request of the custodian of the petty cash fund. Petty cash expenses are recorded to the general ledger at the time of reimbursement.

### Disbursement Procedures

All checks drawn by the health center must be reviewed and signed by the Chief Financial Officer or the Executive Director. In his/her absence, a signature stamp may



be used for essential disbursements provided a list of the checks so stamped is submitted for review. The signature stamp is kept in a locked cabinet at all times. Checks in the amount of \$10,000 or more require two signatures.

Pre-approval limits and requirements are detailed on page 28 under Purchasing Procedures.

A multipart check is prepared for disbursements paid from the general operating account. The bottom two-thirds of the check is sent as payment to vendors. The top portion of the check is stapled to the invoice to provide the health center with adequate documentation for payment of the expenditure. The detailed procedures related to the preparation, distribution, and retention of the disbursement vouchers are prescribed in the accounts payable section.

Bank account reconciliation is completed each month to ensure that all cash transactions are properly recorded, and that there are no unusual endorsements. The bank statement is downloaded electronically and is reconciled to the appropriate cash balance in the general ledger.

### Petty Cash

The finance department maintains one petty cash fund. The fund is used for individual purchases. Receipts must be submitted to substantiate disbursements and attached to a completed petty cash reimbursement request. Transactions are recorded on the petty cash expenditures log.

The petty cash fund's balance is set so that it will normally be sufficient for a full month before it requires reimbursement. The fund is reimbursed either at the end of the month or whenever the fund's balance falls to a certain amount determined by the custodian of the account. Reimbursement is made from the general operating account upon submission of a requisition prepared by the custodian of the account. The requisition must include receipts or proper documentation for expenditures from the account.

The reimbursement check is drawn to the order of Petty Cash.

## **Cash Receipts**

The health center receives various types of cash receipts on a daily basis. These include payments received via mail or electronic transfer such as contract revenue reimbursement, contributions, payment on patient accounts, electronic wire transfers such as Medicaid receipts and grant draw downs, as well as cash from patients and other miscellaneous items.

Drawdowns on Federal awards must;

1. Be done in manner that minimizes the time elapsing between the transfer of the Federal award funds from HRSA and the disbursement of these funds by the HCHC.
2. Be used for expenditures that are allowable in accordance with the terms and conditions of the Federal award and with the Federal Cost Principles in 45 CFR Part 75 Subpart E.
3. Be limited to minimum amounts needed to cover allowable project costs.

All advance payments on Federal awards must be deposited and maintained in insured accounts whenever possible and in interest-bearing accounts unless the following applies;

- a) HCHC receives less than \$120,000 in Federal awards per year.
- b) The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.
- c) The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
- d) A foreign government or banking system prohibits or precludes interest bearing accounts.

Cash receipts procedures are established to insure that receipts are adequately safeguarded and properly deposited, that all receipts are properly recorded in the patient accounting records, and that receipts are identified in sufficient detail to facilitate preparation of the monthly financial reports.

Amounts received and prepared deposits are held in a locked cabinet at all times and deposits are made at least once weekly and more often when practical.

#### Cash Receipts – Mail or Billing

As the mail is sorted, checks are segregated and distributed to the appropriate departments. Third-party payments and patient payments received via mail are forwarded directly to the Billing Department, together with the Explanation of Benefits (EOB), for posting to patient accounts. All other checks are forwarded directly to the Finance Department.

Upon completion of each patient receipt posting batch, the designated person in the Billing Department forwards the checks in that batch to the Finance Department. Deposit slips are prepared in duplicate and are retained in the Finance Department. A check summary voucher, a copy of the register tape listing all checks in the batch, and a cover sheet showing the total of the batch and general ledger account is included.

The amount and account code indicated on the cover sheet is used to prepare the monthly billing cash receipts journal entry to the General Ledger.

### Cash Receipts – Front Desk

Self-pay receipts (co-payments, deductibles, uninsured services) are received by the medical and dental front desks daily. Payments may be made using cash, check or a credit card.

The amount to be collected appears on the patient's electronic record. Front desk staff may enter the amount collected and the form of payment on their electronic patient record or manually record the amount collected.

At the end of each day, the staff member responsible for closing each front desk reconciles the cash receipts. A transmittal receipt is prepared in triplicate showing a breakdown of cash, check and credit card payments for that day. One copy is forwarded to the Finance Department with the payments, one copy is forwarded electronically to the Billing Department, and one copy is retained at the front desk.

A log is kept in the Finance Department to ensure that each day's cash receipts are received from the designated departments at all sites.

A person preparing the bank deposit may combine several days' front-desk cash receipts into a single deposit. Deposit slips are prepared in duplicate. One copy is included in the deposit to the bank and the other copy is retained in the Finance Department. The transmittal receipts, a copy of the register tape listing all checks, and a cover sheet showing the total of the batch and the general ledger account is retained in the Finance Department.

The amounts and account numbers indicated on the cover sheet are used to prepare the monthly front desk cash receipts journal entry to the General Ledger.

### Cash Receipts – Miscellaneous

Other miscellaneous cash receipts include, but are not limited to, contract revenue reimbursements, contributions, COBRA payments, and enhanced fee payments. These checks are forwarded directly to the Finance Department for processing.

Checks are batched and prepared for deposit. Deposit slips are prepared in duplicate. One copy is included in the deposit to the bank and the other copy is retained in the Finance Department. A copy of the register tape listing all checks, and a cover sheet showing the total of the batch and the general ledger account is retained in the Finance Department.

The amounts and account numbers indicated on the cover sheet are used to prepare the monthly miscellaneous cash receipt journal entry for the General Ledger.

### General Operating Account

This account is currently held by Florence Savings Bank, One Main Street, Florence, Massachusetts. Both manual and electronic transactions account for the monthly activity in the G.O.A. An excel spreadsheet is maintained to give an approximate current balance. Each month's beginning balance is adjusted to reflect the actual amount reconciled to the general ledger. If the balance in the G.O.A exceeds the amount reasonably needed for the operation of the Health Center, money is transferred to a money market account at Florence Savings Bank that earns higher interest. Funds from this money market account are transferred back to the general operating account as needed.

### Other Non-Operating Revenue

On occasion, the health center receives other revenue unrelated to normal operations. This can include donations, pledges, or other non-operating receipts. Unless specifically designated for operating purposes, these funds are separated and deposited to one of the health centers designated or restricted bank accounts. Funds received in this manner are reported monthly to the Finance Committee.

## **Grant and Contracts Revenue and Receivable Procedures**

Grants and contracts are managed based on specific instructions from each grantor or contract. Some advance funds and require progress reports for activities related to the funding. Funds received from these funding sources are recorded as deferred revenues until earned. Once funds are considered earned they are recorded by general ledger entry to the proper earned revenue account.

Other Grants or Contracts require that expenses be incurred before being reimbursed. These are vouchered on a regular schedule acceptable to the granting agency, in the format required. The vouchers could be monthly, quarterly or by some other agreed upon time line. The amounts of the vouchers are credited to the proper earned revenue account and debited to a receivable account. The proper code for the grant or contract is required to properly record the earned revenue. The revenue is also recorded to the proper department as some contracts fund more than one department or program. When payment is received, standard monthly journal entries are made to credit the proper receivable account and debit the general operating cash account.

## **Standard Journal Entries**

Most journal Entries are recorded and posted monthly. Standard journal entries include: bank interest and fees, deposits, withdrawals, depreciation, and contracts vouchered to name a few. Adjusting or correcting entries are also posted each month. Gains or losses on investments are recorded and posted quarterly.

Journal entries are recorded first in excel spreadsheets. The entries are labelled to allow for tracing the entries in the accounting software. Each entry is assigned a number that includes the month and the number of the entry. An example would be G/L entry 10-06. This was done in October and is the sixth entry for that month. The backup documentation which supports the journal entry is also numbered similarly.

Once an entry is posted, all reports including backup are filed with all other general ledger entries for that month. These reports are kept for future reference, reconciliation and documentation.

## **COST PRINCIPLES**

HCHC is responsible for the effective and efficient administration of Federal, state and private awards through the application of sound management practices and must comply with applicable cost principles as outlined in 45 CFR 75 subpart E.

## **COST ALLOCATION PLAN**

### Direct Cost Allocation:

Costs are allocated to programs on a direct basis whenever possible. Department Heads or their designees submit invoices and bills with their approval and confirm that the expense is for their departments. In cases where an expense is shared by departments/programs allocation methods have been developed to allocate expenses to the departments/programs that benefit from the costs. Following are the current allocation plans and methods used by the Health Center.

Payroll is the largest expense that needs to be allocated. Salaries and wages are allocated based on individuals actual time worked in each program. Each employee completes a bi-weekly electronic time sheet listing the hours and the department those hours were worked in. This information is then entered into an excel spreadsheet that is used to generate a monthly journal entry to allocate payroll expenses to the correct departments.

### Cost Allocation for Internal Management:

There are many departments that support different segments of the Health Centers. The departments that are shared by different segments of the Center are:

Facilities/Maintenance for each site, Billing Office services which are shared by Medical, Dental and Mental Health Services (all billable services), Administration/Front desks at each main site and Overhead/Indirect which is shared by all services of the agency. Each department is used by more than one program and allocation plans have been

developed to allocate expenses to the programs based on what is considered fair and logical. Costs for these shared services are pooled into one cost center and then allocated to programs based on the following:

- a) Facilities costs are recorded in separate cost pools for each site. Any expenses related to overall building operation are considered shared services and recorded to these pools. Costs are then allocated monthly to each program based on the square footage occupied by each program in that building. This pool can contain non-facility costs that need to be distributed by square feet.
- b) Administration/Front Desk services are located at each main site and the services currently benefit two Departments/Programs at each site. These departments are Medical & Behavioral Health. Originally the Dental Department was part of the allocation, currently dental has its' own front desk, so no costs are allocated to dental. Administrative or Front Desk costs are allocated to the programs based on the annual visits in each program during the previous fiscal year.
- c) The billing office is one service that is shared by all sites, but not by all programs. The billing office services only benefit the programs that bill for patient services. For this reason the costs that are associated with the billing office are pooled and allocated based on visits or units of service provided for the month.
- d) Indirect/Overhead costs are costs that benefit the whole Center. These are costs such as salaries and associated costs of the Executive Office, Finance Department or Human Resources. These expenses are pooled and allocated based on the modified direct costs (excludes cost of subcontracts over \$25,000 in the base) of each program, sub-program or grant. Every program gets an even share allocated to it based on their direct expenses (with all other allocated expenses already included). This method allows each program to be allocated the same percentage of Indirect/Overhead costs as every other department in the Center.

These allocation methods are currently in place in the event that a managerial cost allocation is used, but are to be reviewed from time to time based on changes to programs, sites or need.

#### Regulatory Cost Allocation Methods:

Other methods as directed by regulatory agencies are used per their guidelines and requirements.

## **Procurement**

HCHC general procurement standards;

- a) Procurement procedures reflect applicable federal and state regulations.
- b) HCHC maintains a written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. This policy has a formal documented process for disclosing all real or apparent conflicts of interest that are discovered or that have been brought to attention in connection with HCHC's activities. See copy of CONFLICT OF INTEREST POLICY with REGULATORY REFERENCE: 45 CFR 75.327 and 42 CFR Pt 51c.304 (b) attached as Appendix F.

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of HCHC may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, HCHC may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

- c) HCHC's procurements must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
- d) HCHC encourages the use of entering into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.
- e) HCHC encourages the use of Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
- f) HCHC encourages the use of value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.
- g) HCHC must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed



procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

- h) HCHC must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- i) HCHC may use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk.
  - 1) Time and materials type contract means a contract whose cost to a non-Federal entity is the sum of:
    - i. The actual cost of materials; and
    - ii. Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.
  - 2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, HCHC must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.
- j) HCHC alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The HHS awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, tribal, state, or Federal authority having proper jurisdiction.
- k) The type of procuring instruments used will be determined HCHC but shall be appropriate for the particular procurement and for promoting the best interest of the program or project involved.

#### Competition;

- a) All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- 1) Placing unreasonable requirements on firms in order for them to qualify to do business;
  - 2) Requiring unnecessary experience and excessive bonding;
  - 3) Noncompetitive pricing practices between firms or between affiliated companies;
  - 4) Noncompetitive contracts to consultants that are on retainer contracts;
  - 5) Organizational conflicts of interest;
  - 6) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
  - 7) Any arbitrary action in the procurement process.
- b) HCHC must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.
- c) HCHC must have written procedures for procurement transactions. These procedures must ensure that all solicitations:
- 1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and
  - 2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.
  - 3) HCHC must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, HCHC must not preclude potential bidders from qualifying during the solicitation period.

Procurement Procedures;

HCHC must use one of the following methods of procurement;

- a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold as defined by the Federal Acquisition Regulation (current threshold \$3,500). To the extent practicable, HCHC will distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations provided the acquisition price is considered to be reasonable.
- b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold as defined by the Federal Acquisition Regulation (current thresholds greater than \$3,500 and less than or equal to \$150,000). If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.
- c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply.
  1. In order for sealed bidding to be feasible, the following conditions should be present:
    - i. A complete, adequate, and realistic specification or purchase description is available;
    - ii. Two or more responsible bidders are willing and able to compete effectively for the business; and
    - iii. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.
  2. If sealed bids are used, the following requirements apply:
    - i. Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;
    - ii. The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
    - iii. All bids will be opened at the time and place prescribed in the invitation for bids;
    - iv. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in

bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

- v. Any or all bids may be rejected if there is a sound documented reason.

d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

1. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
2. Proposals must be solicited from an adequate number of qualified sources;
3. HCHC must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
4. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
5. HCHC may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

e) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

1. The item is available only from a single source;
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
3. The HHS awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
4. After solicitation of a number of sources, competition is determined inadequate.

f) Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms

1. HCHC must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.
2. Affirmative steps must include:
  - i. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
  - ii. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
  - iii. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
  - iv. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
  - v. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce;
  - vi. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (2)(i) through (v) of this section.

g) Contract cost and price.

1. HCHC must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold, (currently \$150,000) including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, HCHC must make independent estimates before receiving bids or proposals.
2. HCHC must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.
3. Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable under CFR 75 subpart E.
4. The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

h) Bonding requirements.

1. For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, (currently \$150,000) the HHS awarding agency or pass-through entity may accept the bonding policy and requirements of the non-Federal entity provided that the HHS awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:
  - i. A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
  - ii. A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.
  - iii. A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.
  - iv. Where bonds are required in the situations described herein, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties pursuant to 31 CFR part 223.

#### Additional Procurement Procedures;

Purchase orders are not used. Regular operating supplies are ordered by the designated person within each department and do not require prior approval. Additionally, a designated person within each department checks and confirms the accuracy and completeness of deliveries. Invoices are randomly audited by the Finance Department to ensure that orders are for normal operating supplies and do not require further approval.

Requests for purchases of items that cost more than \$500 and which are not considered regular operating supplies must be submitted on a Purchase Requisition form. (See *Appendix C*) All other non-regular purchases can be submitted either on a Purchase Requisition or a Check Request form (See *Appendix D*). The purchase can be made when proper approval for the purchase has been received. See below for guidelines of required approvals based on the cost of the purchase. In most cases the purchase will be for a specific department who will then arrange the purchase. The Finance Department offers assistance and guidance whenever needed.

Payment arrangements need to be made in advance, as the health center cannot accept C.O.D. shipments.

Required signature authorizations on purchase requests for different levels of purchases are as follows:

<u>PURCHASE</u>	<u>REQUIRED SIGNATURES/APPROVALS</u>
Up to \$500	Dept. Head <b>or</b> Designee signature only
\$501 to \$5,000	Dept. Head <b>and</b> CEO <b>or</b> CFO
\$5,001 to \$10,000	Dept. Head <b>and</b> CEO <b>and</b> CFO.
\$10,001 & over	CEO, CFO <b>and</b> Finance Committee <b>or</b> Chair of BOD

## **Travel Reimbursement Procedures**

HCHC will reimburse employees for business-related travel. The amount of reimbursement per mile is determined by the Finance Committee or Board and is subject to change. Mileage Reimbursement Requests (*See appendix E*) must be completed and signed by the employee and the employee's supervisor and submitted to the Finance Department for payment. Expenses for transportation, parking, tolls, hotels, food incurred as part of a business related trip and other related travel expenses are considered reimbursable if they comply with the Health Center travel policy as established by the Personnel Committee and listed in the Personnel Policies Handbook.

Reimbursement for travel-related expenses requires documentation of the expenditure through third-party receipts or other verifiable documentation.

For local travel, an employee who uses his or her own vehicle will be reimbursed upon completion of a Mileage Reimbursement Request. (*Refer to Appendix E*) The employee's immediate supervisor must approve the request. Reimbursement will be at the current mileage rate established by the Finance Committee. Receipts must be presented for reimbursement of other related travel expenses, such as tolls and parking.

Overnight travel will be reimbursed, or pre-paid when required, using a Check Request Form. Payments will be limited to the cost of transportation, hotel accommodations, transfers to and from the destination (taxi or bus fares, etc.) and any other items determined to be travel related. The employee's immediate supervisor must approve the check request. Receipts or other verifiable documentation must accompany the request.

## **Continuing Education Reimbursement Procedures**

The health center pays for continuing education and related travel expenses provided such education is relevant to the employee's responsibilities and is deemed beneficial to the health center.



Request for reimbursement, or pre-payment when required, must be submitted on a Check Request Form and approved by the employee's immediate supervisor. Third-party receipts or supporting documentation must accompany the request.

Certain direct care providers receive stipulated amounts based on their current contracts. Approval of continuing education expenses for all other staff is outlined in the Personnel Policies Handbook or at the discretion of the employee's immediate supervisor.

## **Accounts Payable Procedures**

The health center maintains its accounting records on an accrual basis of accounting.

The Finance Department maintains copies of receiving reports. Approval must appear on the receiving report by the receiving employee attesting that the goods were received and meet specification. These documents are used to establish the propriety of payments on vendor's invoices. Upon the receipt of the invoice, the invoice is compared with the supporting documentation. Finance prepares the payment voucher and records an entry in the Accounts Payable module of the financial software debiting an asset or expense account and crediting the accounts payable account.

A payment voucher is not prepared for an open invoice until the invoice presented for payment has been matched to the approved receiving report. In the absence of a receiving report, approval may be given directly on the invoice.

Invoices for consultants and other services are approved by appropriate personnel.

Standard recurring expenses do not require supervisory approval; however, all expenses are reviewed by the Accounts Payable Manager or Chief Financial Officer prior to payment.

Travel expenses are reimbursed upon submission of a Mileage Reimbursement Request or a Check Request as appropriate. Requests must be supported by receipts and approved by the employee's immediate supervisor.

Reimbursement of miscellaneous expenses incurred on behalf of the Health Center is issued upon submission of a Check Request. Requests must be supported by receipts and approved by the employee's immediate supervisor.

Upon receipt of a vendor's invoice, the receiving report on file is matched with the invoice. Approved invoices are assigned an account code and submitted to the Accounts Payable Manager for review and approval. Invoices are entered into the financial software system daily. The software system automatically assigns a unique reference number to each invoice as it is entered and a unique batch number to each batch of invoices. The reference number is written on the invoice for later identification. The batch is held until intentionally released for posting to the General Ledger. Entered invoices are then filed alphabetically.

### Check Preparation

The check is a multi-part form containing the check and additional accounting information such as vendor identification, invoice number, invoice date, purchase price and invoice description.

Multiple invoices for a single vendor may be combined in one check.

Each check run is automatically assigned a unique check batch number by the software system. A batch report for each check run is printed and retained in the Finance Department.

Checks are printed weekly. Additional checks may be issued in the case of emergency or as determined by the Finance Department.

The Chief Financial Officer may review the supporting documentation before signing checks.

### Payment Procedures

The bottom 2/3 of the check is mailed to the vendor for payment, together with remittance copies as may be requested by the vendor. The top portion of the check is attached to the related invoices and supporting documentation and filed alphabetically by vendor in the Finance Department.

### Check not cleared

If a check is not cleared after 120 days, the payee will be notified in writing with suggested options for resolving the final distribution of funds.

### Lost Checks

Lost checks will be re-issued upon written request by the payee.

## **Monthly Management Reports**

Upon completion of all monthly journal entries, financial reports are generated from the accounting software system. The reports include balance sheet and income statement reports. The reports are reviewed by the Chief Financial Officer prior to distribution to the Chief Executive Officer, Finance Committee, Board of Directors, and Department Heads. Reports are usually run by the fifteenth of each month so as to be ready for the monthly Finance Committee meeting.

## **Payroll Procedures**

Payroll is based upon time sheets electronically prepared by each employee. If an employee works in more than one department/program, he or she must indicate the number of hours spent on each.

Time sheets are generated bi-weekly with a beginning date of Monday and an ending date of the following Sunday. Checks are issued bi-weekly by the payroll service, currently Checkwriters. There are normally 26 pay periods annually.

The Human Resources Department maintains all personnel records. Hilltown Community Health Centers, Inc. is an at-will employer committed to non-discrimination & affirmative action. All transactions pertaining to personnel are documented with the Personnel Action Form being the most used of all personnel forms. The Personnel Policies Handbook details personnel procedures, benefits and other pertinent personnel information.

Employees' vacation, sick, personal and accrued holiday time is tracked through the payroll systems and appears on each check stub. Benefit leave for each employee is pro-rated based on the customary number of hours worked. (For a detailed explanation of benefits, refer to the Personnel Policies Handbook.)

Employees may voluntarily contribute to United Way through payroll deductions.

Employees may contribute to a tax-deferred 403b retirement annuity. Contributions are voluntary. Matching contributions by the Health Center, in any, are determined annually for eligible employees.

At the end of each 2-week pay period, employees electronically submit their timesheet. Managers then electronically approve timesheets. Once all timesheets have been approved by a manager, the Finance Department transfers the information and prints copies of each timesheet. Timesheets and a draft copy of the payroll register are reviewed by the approved staff before final submission to the payroll company.

For each pay period, payroll costs are entered into payroll and tax journals that are posted to the general ledger at month's end. Payroll allocation of employees time is determined by the department/program entered on their timesheet.

United Way pledge forms are made available annually. The HR and /or Finance Department keeps copies of the signed pledge forms. The total United Way contribution for each pay period is recorded in the payroll journal and is posted to the general ledger at month's end. At the end of each month, a check request is processed and a check issued totaling the payroll deductions that month.

The Human Resource Department keeps copies of enrollments in the tax-deferred retirement annuity. Contributions are forwarded to the managing agency each pay period. The contribution list is submitted electronically; payment is made by via electronic withdrawal from the operating account.

### Payroll Reports Maintained

1. Payroll register that identifies gross pay, less deductions and net pay by employee per pay period. Prepared by payroll service and held in Finance.
2. Check register. Prepared by payroll service and held in Finance.
3. Employees' earnings records that identifies cumulative gross pay and cumulative deductions and net pay for individual employees. Prepared by payroll service and held in Finance.
4. Available vacation leave, sick leave, personal hours and accrued holiday hours per employee. Prepared by payroll service and held in the Human Resources Department.
5. Individual contributions to the health center's tax-deferred retirement annuity. Report from payroll service and transmission report prepared by Finance.
6. Quarterly IRS Form 941. Prepared by payroll service and held in Finance.
7. 1099 Forms. Prepared by Finance.
8. Payroll distribution reports documenting gross payroll for each employee and the program in which they worked.

### **Accounting for Fixed Assets**

Items which have a useful life of more than one year and a cost of \$5,000 or more are considered capital items or fixed assets. These items must meet the guidelines set out in the Purchasing Procedures outlined above. These items are depreciated in a straight-line method based on current acceptable depreciation guidelines, acceptable useful lives and approved by our annual financial audit.

Purchased items are recorded on a spread sheet each fiscal year. The spreadsheet records the date and item purchased, the vendor from which it was purchased, cost, account to which it was coded and any other information considered pertinent. Depreciation is recorded based on our interpretation of current guidelines and is adjusted as determined at time of the annual audit. Items are assigned a unique number used to identify the item when physical inventories are completed. Physical inventories are completed and documented at least every two years. The physical inventory matches the item to the inventory record and notes the location of the item. All discrepancies must be resolved.

When a fixed asset is retired, it is removed by netting the original value against the depreciation to determine any net loss. If the asset is sold, the amount from the sale is

added to the net value at disposal and any difference is recorded as a gain or loss on the asset sold, whichever is appropriate.

As required by Federal awarding agencies, HCHC will submit reports on the status of Real Property in which the Federal Government retains an interest.

## **Patient Revenue and Receivable Process**

Reports are generated monthly by the Billing Department. The reports detail charges, receipts, adjustments and bad debt for patient receivables. Each set of monthly reports includes a reconciliation of receivable balances which matches the amounts on the patient receivable systems. An input sheet of all transactions is prepared using these reports and is entered into the general ledger. Copies of all pertinent reports are attached to the input sheet for documentation of the monthly entries. See cash receipts section for how patient receipts are handled and recorded.

## **Liquidity Management**

HCHC will review and quantify the available resources on hand to meet cash needs for expenditures within one year and communicate qualitative and quantitative information regarding liquidity. The result of the review process, i.e. the Liquidity Plan will determine how liquid assets are managed to meet cash needs for general expenditures within one year following the balance sheet date.

HCHC's Liquidity Management Plan will consider the following items;

1. Determining the amount of cash and short-term investments to keep on hand to meet 60 days of operating expense (how is the organization going to structure its financial assets to ensure they are available).
2. Identifying the average monthly operating expenses.
3. Consider investing any excess daily cash balances not needed to meet current general operating expenses.
4. Appropriate use of the line of credit to cover cash short-falls.
5. Ensuring the timely collection of receivables.
6. Consideration of contractual obligations, covenants, or donor restrictions that would limit the availability of resources to meet operating expenses in the next year.

In compliance with FASB ASU 2016-14 HCHC will consider and if required implement and disclose the following:

1. Present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, That is, HCHC will report amounts for net assets with donor restrictions and net assets without donor restrictions, as well as the currently required amount for total net assets.
2. Present on the face of the statement of activities the amount of the change in each of the two classes of net assets. HCHC will continue to report the currently required amount of the change in total net assets for the period.
3. Continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting but no longer require the presentation or disclosure of the indirect method (reconciliation) if HCHC were to use the direct method.
4. Provide the following enhanced disclosures about:
  - a. Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions as of the end of the period.
  - b. Composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources.
  - c. Qualitative information that communicates how HCHC manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date.
  - d. Quantitative information, either on the face of the balance sheet or in the notes, and additional qualitative information in the notes as necessary, that communicates the availability HCHC's financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date. Availability of a financial asset may be affected by (1) its nature, (2) external limits imposed by donors, grantors, laws, and contracts with others, and (3) internal limits imposed by governing board decisions.
  - e. Amounts of expenses by both their natural classification and their functional classification. That analysis of expenses is to be provided in one location, which could be on the face of the statement of activities, as a separate statement, or in notes to financial statements.
  - f. Method(s) used to allocate costs among program and support functions.
  - g. Underwater endowment funds, which include required disclosures of (1) HCHC's policy, and any actions taken during the period, concerning appropriation from underwater endowment funds, (2) the aggregate fair value of such funds, (3) the aggregate of the original gift amounts (or level required by donor or law) to be maintained, and (4) the aggregate amount by which funds are underwater (deficiencies), which are to be classified as part of net assets with donor restrictions.
5. Report investment return net of external and direct internal investment expenses and no longer require disclosure of those netted expenses.
6. Use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used

to acquire or construct a long-lived asset and reclassify any amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restriction over the estimated useful life of the acquired asset).

## **Regulatory Reporting**

Systems and reports have been established to help the health center comply with all regulatory reporting. Many reports are required of the health center and all reports require different formats to report the information. The accounting system has been developed to allow for the different reporting formats and must include;

- a) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the CFDA title and number, Federal award identification number and year, name of the HHS awarding agency, and name of the pass-through entity, if any.
- b) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§75.341 and 75.342. If an HHS awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient must not be required to establish an accrual accounting system. This recipient may develop accrual data for its reports on the basis of an analysis of the documentation on hand. Similarly, a pass-through entity must not require a subrecipient to establish an accrual accounting system and must allow the subrecipient to develop accrual data for its reports on the basis of an analysis of the documentation on hand.
- c) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.
- d) Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes.
- e) Comparison of expenditures with budget amounts for each Federal award.
- f) Written procedures to implement the requirements of §75.305.
- g) Written procedures for determining the allowability of costs in accordance with subpart E of this part and the terms and conditions of the Federal award.

The major reports which are required include:



Annual, Federal Uniform Data System (UDS) Report  
 Annual audit in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards  
 45 (CFR) Part 75  
 Annual grant year Federal Financial Status Report (FSR)  
 State annual Uniform Financial Report (UFR)  
 IRS Tax Form 990  
 State tax Form PC  
 Federal cash draw down quarterly report PSC-272  
 Medicare annual cost report  
 Medicaid annual cost report  
 The system also allows for grant reporting, salary surveys and other numerous reports which may be required from time to time. These include the annual Federal 330 grant budget renewal, DPH annual contract budget adjustments and various local and private grants.

## **Annual Fiscal Audit Requirements**

- a)
 

HCHC must provide for and submit an independent annual financial audit that is conducted in accordance with Generally Accepted Accounting Principles (GAAP) and the applicable requirements prescribed in 45 CFR Part 75 Subpart F. HCHC must promptly follow up and take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with 45 CFR 75.511 Auditor procurement;

In procuring audit services, the procurement standards prescribed under this policy must be adhered to, as applicable. When procuring audit services, the objective is to obtain high-quality audits. In requesting proposals for audit services, the objectives and scope of the audit must be made clear and HCHC must request a copy of the audit organization's peer review report which the auditor is required to provide under GAGAS. Factors to be considered in evaluating each proposal for audit services include the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of peer and external quality control reviews, and price. Whenever possible, HCHC must make positive efforts to utilize small businesses, minority-owned firms, and women's business enterprises, in procuring audit services, as applicable.
- b) *Restriction on auditor preparing indirect cost proposals.*

An auditor who prepares the indirect cost proposal or cost allocation plan may not also be selected to perform the audit required by this part when the indirect costs recovered by the auditee during the prior year exceeded \$1 million. This restriction applies to the base year used in the preparation of the indirect cost

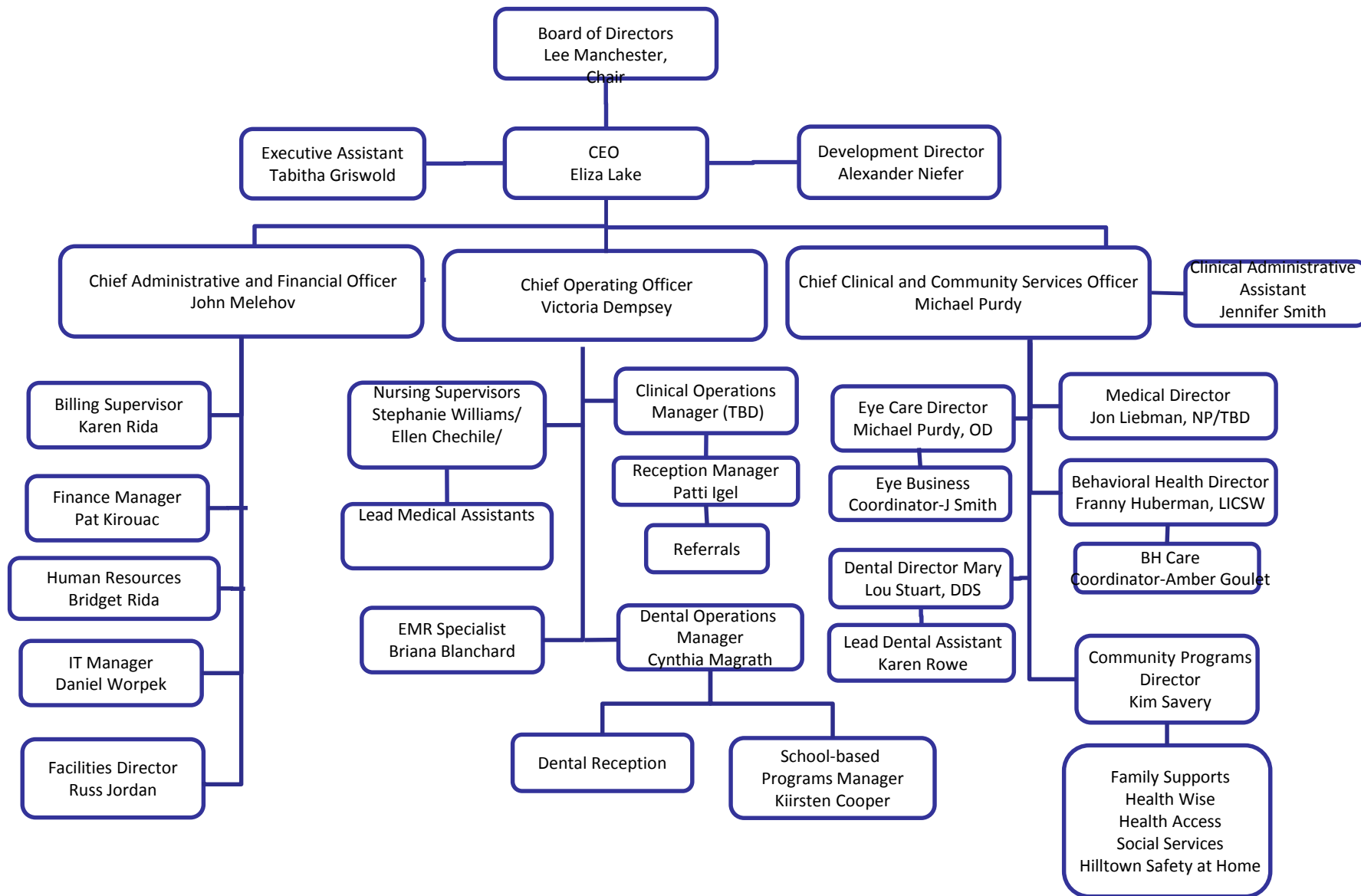
- proposal or cost allocation plan and any subsequent years in which the resulting indirect cost agreement or cost allocation plan is used to recover costs.
- c) HCHC Board of Director involvement in selection of auditor;  
Annually the HCHC Board of Directors will review and appoint the Auditor based upon the procurement standards.

## **APPENDIX A**

### **ORGANIZATIONAL CHART**



# Management Organizational Chart



**APPENDIX B1 & B2**

**CHART OF ACCOUNTS  
AND  
SUB ACCOUNT SEGMENTS**

# Hilltown Community Health Centers

## Appendix B-1

### Standard Chart of Accounts

Acct Class/ No.	Account Description
01-10300-00	REGULAR CHECKING
01-10350-00	MONEY MARKET
01-10355-00	CAPITAL RESERVE MONEY MARKET
01-10356-00	JOHN P MUSANTE CAPITAL CAMPAIGN ACCOUNT
01-10400-00	PEOPLES BANK
01-10500-00	PETTY CASH
01-10510-00	CHANGE FUNDS
01-10510-01	CHANGE FUNDS
01-10510-02	CHANGE FUNDS
01-10510-04	CHANGE FUNDS
01-10520-00	CREDIT CARD CLEARING ACCOUNT
01-11100-00	A/R - ECW
01-11101-00	A/R DENTRIX
01-11101-01	A/R DENTRIX
01-11101-02	A/R DENTRIX
01-11101-03	A/R DENTRIX
01-11102-00	ECW/AR PAYMENT
01-11103-00	DENTRIX/AR PAYMENT
01-11105-00	A/R 340B PROGRAM-PHARMACIST
01-11110-00	A/R 340B PROGRAM-STATE
01-11115-00	A/R - GRANTS
01-11120-00	A/R - OTHER
01-11125-00	A/R - FEDERAL GRANT
01-11200-00	LESS: DOUBTFUL ACCOUNTS - ECW
01-11205-00	LESS: DOUBTFUL ACCOUNTS - DENTRIX
01-11210-00	CONTRACTUAL ALLOWANCE RESERVE - ECW
01-11220-00	CONTRACTUAL ALLOWANCE RESERVE - DENTRIX
01-12000-00	GIFT IN KIND
01-12010-00	PLEDGE PAYMENT - IN KIND
01-13200-00	PREPAID EXPENSES
01-13210-00	PREPAID INSURANCE
01-13400-00	PREPAID HEALTH INSURANCE
01-13410-00	PREPAID VISION INSURANCE
01-13500-00	PREPAID DENTAL INSURANCE
01-13600-00	PREPAID DISABILITY & LIFE INS.
01-13700-00	PREPAID WORKMANS' COMP
01-13800-00	MASS UNEMPLOYMENT TAX ESCROW

# Hilltown Community Health Centers

## Appendix B-1

### Standard Chart of Accounts

Acct Class/ No.	Account Description
01-15000-00	PHARMACY INVENTORY
01-15000-01	PHARMACY INVENTORY
01-15500-02	OPTICAL INVENTORY
01-16100-02	LAND HHC
01-16102-01	LAND WHC
01-16200-01	BUILDING
01-16200-02	BUILDING
01-16202-02	BLDG LOAN FEES - CAPITAL PROJ
01-16250-01	LESS ACCUM DEPR
01-16250-02	LESS ACCUM DEPR
01-16252-02	ACCUM. AMORTIZATION
01-16300-01	BUILDING IMPROVEMENTS
01-16300-02	BUILDING IMPROVEMENTS
01-16300-04	BUILDING IMPROVEMENTS
01-16350-01	LESS ACCUM DEPR
01-16350-02	LESS ACCUM DEPR
01-16350-04	LESS ACCUM DEPR
01-16400-04	LEASEHOLD IMPROVEMENTS
01-16450-04	LESS ACCUM DEPR LEASEHLD IMP
01-16500-00	FURNITURE & FIXTURES
01-16500-01	FURNITURE & FIXTURES
01-16500-02	FURNITURE & FIXTURES
01-16500-03	FURNITURE & FIXTURES
01-16500-04	FURNITURE & FIXTURES
01-16500-05	FURNITURE & FIXTURES
01-16510-00	STATE EQUIPMENT
01-16510-01	STATE EQUIPMENT
01-16510-02	STATE EQUIPMENT
01-16510-03	STATE EQUIPMENT
01-16510-04	STATE EQUIPMENT
01-16550-00	LESS ACCUM DEPR FURN & EQUIP
01-16550-01	LESS ACCUM DEPR FURN & EQUIP
01-16550-02	LESS ACCUM DEPR FURN & EQUIP
01-16550-03	LESS ACCUM DEPR FURN & EQUIP
01-16550-04	LESS ACCUM DEPR FURN & EQUIP
01-16560-00	LESS ACCUM DEPR STATE
01-16560-01	LESS ACCUM DEPR STATE

# Hilltown Community Health Centers

## Appendix B-1

### Standard Chart of Accounts

Acct Class/ No.	Account Description
01-16560-02	LESS ACCUM DEPR STATE
01-16560-03	LESS ACCUM DEPR STATE
01-16560-04	LESS ACCUM DEPR STATE
01-16599-00	CONSTRUCTION IN PROGRESS
01-16599-01	CONSTRUCTION IN PROGRESS
01-16599-02	CONSTRUCTION IN PROGRESS
01-16599-03	CONSTRUCTION IN PROGRESS
01-16599-04	CONSTRUCTION IN PROGRESS
01-18220-00	INVESTMENT VANGUARD
01-18250-00	WADDELL & REED FUND
01-18410-00	FARMERS HOME ADMIN ESCROW in Restricted Account
01-18420-00	COMMONWEALTH MONEY MARKET FUND
01-18440-00	FLORENCE SAVINGS RESTRICTED
01-18450-00	UNITED BANK BS.CAPITAL GROWTH
04-18440-00	(Don't use) FLORENCE SAVINGS RESTRICTED
A/R - Pledges	
01-11130-00	A/R - PLEDGES RECEIVABLE
01-11135-00	A/R - MATCHING GIFT PLEDGE
A/R - Stock	
01-12005-00	STOCK
Total A/R - Stock	
<b>Total Assets</b>	
<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
01-22100-00	ACCOUNTS PAYABLE
01-22110-00	A/P OTHER
01-22350-00	NOTES PAYABLE
01-23000-00	ACCRUED EXPENSES - CREDIT CARD
01-24100-00	FED TAX W/H
01-24200-00	FICA TAX W/H
01-24250-00	PFMLA TAX W/H
01-24300-00	STATE TAX W/H

# Hilltown Community Health Centers

## Appendix B-1

### Standard Chart of Accounts

Acct Class/ No.	Account Description
01-24400-00	TSA WITHDRAWALS
01-24450-00	403B EMPLOYEE LOAN
01-24500-00	FLEXIBLE SPENDING BENEFIT
01-25100-00	UNEMPLOYMENT ESCROW
01-25600-00	UNITED WAY PAYROLL DEDUCTION
01-25900-00	SALES TAX PAYABLE
01-25900-01	SALES TAX PAYABLE
01-25900-02	SALES TAX PAYABLE
01-25900-04	SALES TAX PAYABLE
01-26000-00	ACCRUED EXPENSES
01-26010-00	ACCRUED SALARIES/PAYROLL
01-26020-00	ACCRUED FICA PAYABLE
01-26025-00	ACCRUED PFMLA TAX
01-26030-00	ACCRUED VACATION
01-26035-00	ACCRUED HOLIDAY PAY
01-26040-00	ACCRUED VACATION FICA
01-26045-00	ACCRUED HOLIDAY FICA
01-28100-00	MORTGAGE-HUNTINGTON
01-28110-00	UNITED BANK MORTGAGE HUNTG
01-28120-00	MORTGAGE PMTS CDBG WORTHINGTON
01-28130-00	LINE OF CREDIT
01-29400-00	DEFERRED REVENUE
01-29405-00	DENTRIX SUSPENDED CREDITS
<b>Total Liabilities</b>	
<b>Net Assets</b>	
01-30000-00	FUND BALANCE-UNRESTRICTED
01-30000-01	FUND BALANCE-UNRESTRICTED
01-30000-02	FUND BALANCE-UNRESTRICTED
01-30000-03	FUND BALANCE-UNRESTRICTED
01-30000-04	FUND BALANCE-UNRESTRICTED
01-30000-05	FUND BALANCE-UNRESTRICTED
01-30001-00	FUND BALANCE - TEMPORARILY RESTRICTED
01-30002-00	FUND BALANCE - BOARD OF DIRECTORS
01-30003-00	FUND BALANCE - PERMANENTLY RESTRICTED
02-30000-00	(Don't use) FUND BALANCE - TEMPORARILY RESTRICTED
03-30000-00	(Don't use) FUND BALANCE - BOARD OF DIRECTORS



# Hilltown Community Health Centers

## Appendix B-1

### Standard Chart of Accounts

Acct Class/ No.	Account Description
04-30000-00	(Don't use) FUND BALANCE - PERMANENTLY RESTRICTED
<b>Total Net Assets</b>	

#### Total Liabilities and Net Assets

#### Revenues

01-40000-01	MEDICARE PATIENT REVENUE
01-40000-02	MEDICARE PATIENT REVENUE
01-40000-03	MEDICARE PATIENT REVENUE
01-40000-04	MEDICARE PATIENT REVENUE
01-40050-01	MASS HEALTH PCC PATIENT REVENUE
01-40050-02	MASS HEALTH PCC PATIENT REVENUE
01-40050-03	MASS HEALTH PCC PATIENT REVENUE
01-40050-04	MASS HEALTH PCC PATIENT REVENUE
01-40100-01	CONNECTOR/COMMONWEALTH CARE PATIENT REVENUE
01-40100-02	CONNECTOR/COMMONWEALTH CARE PATIENT REVENUE
01-40100-03	CONNECTOR/COMMONWEALTH CARE PATIENT REVENUE
01-40100-04	CONNECTOR/COMMONWEALTH CARE PATIENT REVENUE
01-40150-01	HEALTH SAFETY NET PATIENT REVENUE
01-40150-02	HEALTH SAFETY NET PATIENT REVENUE
01-40150-03	HEALTH SAFETY NET PATIENT REVENUE
01-40150-04	HEALTH SAFETY NET PATIENT REVENUE
01-40200-01	MASS HEALTH MCO PATIENT REVENUE
01-40200-02	MASS HEALTH MCO PATIENT REVENUE
01-40200-03	MASS HEALTH MCO PATIENT REVENUE
01-40200-04	MASS HEALTH MCO PATIENT REVENUE
01-40250-01	MANAGED CARE PATIENT REVENUE
01-40250-02	MANAGED CARE PATIENT REVENUE
01-40250-03	MANAGED CARE PATIENT REVENUE
01-40250-04	MANAGED CARE PATIENT REVENUE
01-40300-01	COMMERCIAL INSURANCE PATIENT REVENUE
01-40300-02	COMMERCIAL INSURANCE PATIENT REVENUE
01-40300-03	COMMERCIAL INSURANCE PATIENT REVENUE
01-40300-04	COMMERCIAL INSURANCE PATIENT REVENUE
01-40350-01	MEDICAID/DENTAL PATIENT REVENUE
01-40350-02	MEDICAID/DENTAL PATIENT REVENUE
01-40350-03	MEDICAID/DENTAL PATIENT REVENUE

# Hilltown Community Health Centers

## Appendix B-1

### Standard Chart of Accounts

<b>Acct Class/ No.</b>	<b>Account Description</b>
01-40350-04	MEDICAID/DENTAL PATIENT REVENUE
01-40500-01	SELF PAY PATIENT REVENUE
01-40500-02	SELF PAY PATIENT REVENUE
01-40500-03	SELF PAY PATIENT REVENUE

## Appendix B-2 Chart of Sub-Accounts

### HILLTOWN COMMUNITY HEALTH CENTERS, INC. CHART OF SUB-ACCOUNTS

FUND	ACCOUNT #	LOCATION	DEPARTMENT
01	5 digits	00 - None	99 - None
		01 - WHC	01 - Medical
		02 - HHC	02 - Oral Health
		03 - SBHC	03 - Behavioral Health
		04 - AHC	04 - Optometry
		04 - COMM	05 - School - Based (not used any longer)
			06 - Community
			07 - Admin/Indirect
			08 - Billing
			09 - Facilities
			10 - Fundraising
			11 - Podiatry
			12 - Laboratory
			13 - Physical Therapy

*NOTES: Department Code 99 can be used with Account #'s beginning with 1 & 2.  
Location "none" can be used with Department codes 6, 7, 8, & 10.  
Gator Grins: Loc #3, Dept #2, UFR #6*

**APPENDIX C**

**PURCHASE REQUISITION FORM**

**HILLTOWN COMMUNITY HEALTH CENTERS, INC.**  
**58 OLD NORTH ROAD**  
**WORTHINGTON, MA 01098**  
**413-238-5511 FAX 413-238-5570**  
**MA SALES TAX EXEMPT # 042-161-484**  
**EXPIRES 12/31/2028**

**PURCHASE REQUISITION**

**Suggested Vendor:** \_\_\_\_\_ **Requested by:** \_\_\_\_\_

**Address:** \_\_\_\_\_ **Program:** \_\_\_\_\_

\_\_\_\_\_ **Date:** \_\_\_\_\_

Catalog # (if known)	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST

**( A CHECK REQUEST FORM IS REQUIRED FOR PAYMENT)**

**SUB-TOTAL**

**SHIPPING**

**TOTAL**


**NOTE – See Financial  
Procedures Manual for  
Procurement standards.**

Approved by: \_\_\_\_\_  
DEPARTMENT MANAGER DATE \_\_\_\_\_

Approved by: \_\_\_\_\_  
CHIEF FINANCIAL OFFICER DATE \_\_\_\_\_

Approved by: \_\_\_\_\_  
CHIEF EXECUTIVE OFFICER DATE \_\_\_\_\_

Approved by: \_\_\_\_\_  
FINANCE COMM. or CHAIR of BOD DATE \_\_\_\_\_

*Up to \$500 - Dept. Head or Designee signature only*  
*\$501 to \$5,000 - Dept. Head and either CEO or CFO*  
*\$5,001 to \$10,000 - Dept. Head and CEO and CFO*  
*\$10,001 and above - CEO, CFO, and Finance Committee or Chair of BOD*

**APPENDIX D**

**CHECK REQUEST FORM**

## Appendix D Check Request Form

<b>Hilltown Community Health Centers, Inc.</b>						
<b>CHECK REQUEST FORM</b>						
<b>REQUESTER INFORMATION</b>						
Payable To: _____				Date: _____		
Address: _____				Dept: _____		
City, State, Zip: _____				Grant Code: _____		
<b>REQUESTED AMOUNT INFORMATION</b>						
Amount: _____						
Justification: (Attach Proper Documentation)						
Special Check Instructions: _____						
<b>VERIFICATION</b>						
Requested By: _____ Your Name Here						
Approved By: _____ Supervisor				Date: _____		
Approved By: _____ Administration				Date: _____		
<b>FISCAL USE ONLY</b>						
Fund	Acct #	Loc	Dept	Grant	UFR	Amount
TOTAL ALLOCATION: \$						-
Approval: _____						

**APPENDIX E**

**MILEAGE REIMBURSEMENT REQUEST**



## Appendix E Mileage Reimbursement Request Form

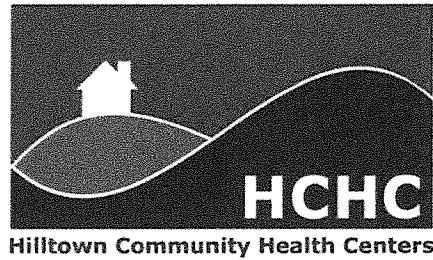
[illegible]

Revised September 2017

January 2021

## **APPENDIX F**

### **Copy of Conflict of Interest Policy**



<b>Policy Title:</b> Conflict of Interest Policy	<b>Policy Number:</b> ADM-02
<b>Department:</b> Administrative	<b>Policy status:</b> Active
<b>Regulatory Reference:</b> 45 CFR 75.327 and 42 CFR Pt 51c.304(b)	
<b>Date Published:</b> JULY 2007	
<b>Dates Reviewed:</b> SEP 2018, JUL 2019, AUG 2020	
<b>Dates Revised:</b> SEP 2018, AUG 2020	

### **PURPOSE:**


Hilltown Community Health Centers, Inc. (HCHC) management has adopted this policy to have a formal documented process for disclosing all real or apparent conflicts of interest that are discovered or that have been brought to attention in connection with HCHC's activities.

### **POLICY:**

1. Employees of HCHC, its board of directors and agents are prohibited from participating in the selection, award and/or administration of any contract supported by federal funds that furnishes goods or services to HCHC.
2. No board member, HCHC employee, or agent of HCHC may solicit or accept gratuities or favors of a monetary value from any person or organization having a contractual relationship with HCHC. This includes businesses soliciting business from HCHC.
3. No member of the Board of Directors or an immediate family member shall be an employee of HCHC.
4. All board members and senior management shall disclose real or apparent conflicts of interest.
5. Violations of this policy will be handled in accordance with procedures established in the Corporate Compliance Plan, Sect III, Para A & B and the Board of Directors' By-Laws.

Questions regarding this policy or any related procedure should be directed to the Chief Executive Officer at 413-238-4128.

Approved by Board of Directors on: 9/10/2020

Approved by: 

Chief Executive Officer, HCHC



HCHC Board of Directors

## **PROCEDURE:**

- 1. Employees of HCHC, its board of directors and agents are prohibited from participating in the selection, award and/or administration of any contract supported by federal or other funds that furnishes goods or services to HCHC.**

An individual officer, agent, or identified employee who believes that he or she or an immediate member of his or her immediate family might have a real or apparent conflict of interest, in addition to filing a notice of disclosure, must abstain from:

1. Participating in discussions or deliberations with respect to the subject of the conflict (other than to present factual information or to answer questions),
2. Using his or her personal influence to affect deliberations,
3. Executing agreements, or
4. Taking similar actions on behalf of the organizations where the conflict of interest might pertain by law, agreement, or otherwise.
5. If a Board member, Voting or,
6. Making motions on these measures.

- 2. No board member, HCHC employee or agent of HCHC may solicit or accept gratuities or favors of a monetary value from any person or organization having a contractual relationship with HCHC. This includes businesses soliciting business from HCHC**

A "gift" is defined as anything of value offered directly by or on behalf of an actual or potential patient, vendor or contractor, except for materials of little or nominal value such as pens, food items, calendars, mugs, and other items intended for wide distribution and/or not easily resold. Gifts include (but are not limited to): personal gifts, such as sporting goods, household furnishings and liquor; social entertainment or tickets to sporting events; personal loans or privileges to obtain discounted merchandise, and the like.

- 3. No member of the Board of Directors or an immediate family member shall be an employee of the health center.**
  - a) Except under extenuating circumstances, as determined by the Chief Executive Officer, HCHC will not hire any individual (or assign, transfer or promote a current employee) who is related to one of its employees or contractors, if in the position being applied for (or assigned, transferred or promoted to), the applicant will supervise, be supervised by, or have a direct reporting relationship with the related employee or contractor.
  - b) Every applicant for employment or consultancy with HCHC must disclose any and all family, business and personal relationships with any Individual Affiliated with HCHC.
  - c) Members of the HCHC Board of Directors and their immediate family members are not eligible for employment at HCHC.

- 4. All board members and senior management shall disclose real or apparent conflicts of interest.**

All officers, Board members, and senior management employees (Chief Executive Officer, Chief Financial Officer, Chief Clinical and Community Services Officer, Chief Operating Officer, Department Managers) of this organization shall disclose all real or apparent conflicts of interest that they discover or that have been brought to their attention in connection with this organization's activities.

"Disclose" shall mean providing properly, to the appropriate person, a written description of the facts comprising the real or apparent conflict of interest. An annual disclosure statement shall be circulated to officers, Board members, and certain identified employees to assist them in considering such disclosures, but disclosure is appropriate and required whenever conflicts of interest may occur.

The written notices of disclosures shall be filed with the Chief Executive Officer or other person designated by the Chief Executive Officer to receive such notifications.

All disclosures of real or apparent conflicts of interest shall be noted for the record in the minutes of a scheduled Board of Directors meeting.

At the discretion of the Board of Directors or a committee thereof, a person with a real or apparent conflict of interest may be excused from all or any portion of discussion or deliberations with respect to the subject of the conflict.

A member of the Board or a committee thereof, who, having disclosed a conflict of interest, nevertheless shall be counted in determining the existence of a quorum at any meeting in which the subject of the conflict is discussed. The minutes of the meeting shall reflect the individual's disclosure, the vote thereon, and the individual's abstention from participation and voting.

The Chief Executive Officer shall ensure that all officers, agents, employees, and independent contractors of the organization are made aware of the organization's policy with respect to conflicts of interest.