HILLTOWN COMMUNITY HEALTH CENTERS FINANCE COMMITTEE MEETING

June 30, 2021 1:00-2:00 pm

Zoom Meeting https://hchcweb-org.zoom.us/j/91783095735? pwd=RVVCUWlnWDBEUkd4eit1aUFiTU5rZz09

Passcode: 738165

AGENDA

- 1. Review minutes from early June Finance Committee meetings
- 2. Presentation of May2021 Financial Statements
- 3. Review of bid for auditing services
- 4. Other items as needed

Finance Committee Meeting Date/Time: 6/09/2021 1:00PM

Zoom Meeting

MEMBERS (all members present via teleconferencing): Lee Manchester, President, John Follet, Treasurer; Eliza Lake, CEO; John Melehov, CFO; Tabitha Griswold, Executive Assistant Guest: Carol J. Leibinger-Healey, CPA and Allison Bedard from Adelson & Company PC

Agenda Item	Summary of Discussion	Decisions/ Next Steps/ Person Responsible Due Date
Meeting called to order.	Meeting called to order by John Follet at 1:01pm.	N/A
Approval of Minutes 4/17/2021 and 5/13/2021	The minutes for April and May minutes were reviewed. Lee motioned to approve the April minutes and Lee Manchester second that motion. Lee motioned to approve the May minutes and Lee Manchester second that motion.	The Finance Committee unanimously approved the April and May minutes.
April Financials	• John Melehov reported on the Interim Financial Statement for April. John Melehov briefly noted positive net income and cash flow. Medical and Optometry patient revenue increased, and the cash position remains strong. Pharmacy revenue has seen a large increase in May, rebounding from April. Grant/ PPP coordination will continue to show through the financials through 2021, the 330 Grant accounting for a large share of the income. The comparison to 2019 is still down from those numbers but the gap is getting closer. Salaries are on the increase with new hires. The total surplus in April was \$198K which is reasonably close to the net budget. The current ratio is still strong at 3.1.	

Auditors Report	 Representative, Carol J. Leibinger-Healey, CPA and Allison Bedard, CPA from Adelson & Company PC presented the auditor report. The management letter was reviewed. The financials presented fairly in all financial respects. HCHC's liabilities grew about \$400K with a \$825K net surplus was found. The auditors reported that there was a finding. A discussion ensued over recommended changes to the UDS reporting procedures due to the finding. 	•
	 There is 3.2% USDA mortgage for Huntington. John Melehov discussed the advantages to pay this mortgage off with the cash on hand. This would be saying money for later, if needed this could be refinanced. There were no objections to this mortgage pay off. Lee Manchester motioned to approve the \$325K pay off on the mortgage, and John Follet seconded 	The committee voted unanimously to approve the pay off on the Huntington mortgage in full.
	 Eliza Lake provided a brief update on the 90 Russell Rd. project. Overall, recent conversations suggested a 2022 closing date, if agreed upon with sellers. John reported that the audit bids will be presented next month. 	
Adjourn &	A motion to adjourn the meeting was made first by Lee	The committee
Next Meeting	Manchester and seconded by Eliza Lake. The meeting	voted
	adjourned at 2:06pm.	unanimously to
	The next regular Finance Committee meeting is scheduled for	adjourn.
	July 7, 2021, at 1:00pm via Zoom.	

Submitted by, Tabitha Griswold, Executive Assistant



Interim Financial Statement Presentation

May 2021 - Presented 6/30/2021

Highlights

- ▶ \$146K Net Income
- ▶ \$200K positive cash flow
- ▶ No improvements in patient-based revenue
- ► Cash position remains strong

Income Statement

	Jan	Feb	Mar	Ame	May	YTD Total	PY YTD					
				Apr								
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	\$ Change	% Change	YTD Feb Budget	Variance	%
OPERATING ACTIVITIES												
Revenue												
Patient Services - Medical	\$135,440	\$144,778	\$192,632	\$202,177	\$169,384	\$844,411	\$774,261	\$70,150	9%	\$801,847	\$42,564	5%
Patient Services - Dental	\$106,182	\$97,030	\$137,833	\$118,194	\$122,025	\$581,264	\$368,037	\$213,227	58%	\$508,410	\$72,854	14%
Patient Services - Beh. Health	\$36,624	\$35,380	\$44,740	\$42,979	\$35,995	\$195,718	\$162,791	\$32,927	20%	\$173,896	\$21,821	13%
Patient Services - Optometry	\$9,337	\$8,577	\$11,981	\$12,558	\$16,778	\$59,231	\$52,377	\$6,853	13%	\$79,669	(\$20,438)	-26%
Patient Services - Optometry Hardware	\$6,162	\$6,444	\$8,379	\$7,537	\$5,192	\$33,714	\$19,828	\$13,886	70%	\$34,769	(\$1,055)	-3%
Patient Services - Pharmacy	\$37,224	\$35,267	\$21,233	\$38,116	\$88,012	\$219,851	\$67,397	\$152,454	226%	\$270,833	(\$50,982)	-19%
Quality & Other Incentives	\$3,776	\$9,268	\$6,325	\$80	\$7,495	\$26,944	\$25,250	\$1,694	7%	\$26,917	\$27	0%
HRSA 330 & Other Grant	\$261,014	\$215,010	\$212,593	\$477,985	\$313,961	\$1,480,562	\$772,273	\$708,289	92%	\$758,208	\$722,354	95%
Other Grants & Contracts	\$49,817	\$119,646	\$107,004	\$113,668	\$105,608	\$495,744	\$661,034	(\$165,290)	-25%	\$810,083	(\$314,339)	-39%
Int., Dividends Gain /Loss Investmenst	(\$465)	\$11,231	\$9,823	\$16,568	\$3,452	\$40,608	(\$24,165)	\$64,773	268%	\$14,735	\$25,873	176%
Rental & Misc. Income	\$2,577	\$2,567	\$2,577	\$2,938	\$4,632	\$15,292	\$13,734	\$1,558	11%	\$6,303	\$8,989	143%
Total Operating Revenue	\$647,688	\$685,199	\$755,120	\$1,032,797	\$872,534	\$3,993,339	\$2,892,818	\$1,100,521	38%	\$3,485,670	\$507,669	15%

- Patient revenue mostly lateral
- ► Pharmacy boom in May
- ► Grant/PPP coordination with continue throughout 2021
 - ▶ 330 Billings account for a large share of income

YTD 2021 vs 2019

OPERATING ACTIVITIES		Jan - May 2021	Jan - May 2019	Difference	%
Revenue					
P	atient Services - Medical	\$844,411	\$1,105,820	(\$261,409)	-24%
P	atient Services - Dental	\$581,264	\$849,501	(\$268,236)	-32%
P	atient Services - Beh. Health	\$195,718	\$147,977	\$47,740	32%
P	atient Services - Optometry	\$59,231	\$87,039	(\$27,809)	-32%
P	atient Services - Optometry Hardware	\$33,714	\$41,812	(\$8,098)	-19%
P	atient Services - Pharmacy	\$219,851	\$40,146	\$179,705	448%
Q	Quality & Other Incentives	\$26,944	\$27,386	(\$442)	-2%
Н	RSA 330 & Other Grant	\$1,480,562	\$697,142	\$783,420	112%
0	Other Grants & Contracts	\$495,744	\$401,725	\$94,019	23%
In	t., Dividends Gain /Loss Investmenst	\$40,608	\$24,320	\$16,288	67%
R	lental & Misc. Income	\$15,292	\$13,998	\$1,294	9%
To	otal Operating Revenue	\$3,993,339	\$3,436,865	\$556,473	16%
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	Actual	Actual	Actual	Actual	Actual	Actual	Actual	\$ Change	% Change	YTD Feb Budget	Variance	%
Compensation and related expenses												
Salaries and wages	(\$443,161)	(\$433,354)	(\$454,897)	(\$518,263)	(\$440,009)	(\$2,289,684)	(\$2,053,929)	(\$235,756)	-11%	(\$2,181,608)	(\$108,076)	-5%
Payroll taxes	(\$33,016)	(\$32,472)	(\$34,730)	(\$40,583)	(\$31,419)	(\$172,219)	(\$153,821)	(\$18,398)	-12%	(\$206,038)	\$33,819	16%
Fringe benefits	(\$47,695)	(\$42,289)	(\$44,019)	(\$44,255)	(\$34,574)	(\$212,831)	(\$170,755)	(\$42,076)	-25%	(\$197,338)	(\$15,493)	-8%
Total Compensation & related exp	(\$523,873)	(\$508,115)	(\$533,645)	(\$603,101)	(\$506,002)	(\$2,674,735)	(\$2,378,505)	(\$296,230)	-12%	(\$2,584,984)	(\$89,751)	-3%
									100			7

▶ Slight decrease in salary expense for May

	Jan	Feb	Mar	Apr	May	YTD Total	PY YTD					
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	\$ Change	% Change	YTD Feb Budget	Variance	%
Other Operating Expenses												
Advertising and marketing	(\$10)	(\$223)	\$0	(\$500)	(\$20,358)	(\$21,091)	(\$99)	(\$20,992)	-21204%	(\$3,085)	(\$18,006)	-584%
Bad debt	(\$10,871)	(\$7,853)	(\$8,793)	(\$11,750)	(\$4,063)	(\$43,330)	(\$17,545)	(\$25,786)	-147%	(\$33,251)	(\$10,080)	-30%
Computer support	(\$8,840)	(\$15,246)	(\$7,868)	(\$17,719)	(\$18,855)	(\$68,529)	(\$56,959)	(\$11,569)	-20%	(\$54,919)	(\$13,610)	-25%
Conference and meetings	(\$2,087)	(\$440)	(\$1,910)	(\$35)	(\$607)	(\$5,079)	(\$2,006)	(\$3,073)	-153%	(\$3,267)	(\$1,812)	-55%
Continuing education	(\$1,522)	(\$7,870)	(\$281)	(\$5,171)	(\$1,678)	(\$16,522)	(\$3,768)	(\$12,754)	-338%	(\$15,000)	(\$1,522)	-10%
Contracts and consulting	(\$13,540)	(\$8,482)	(\$12,971)	(\$10,791)	(\$11,736)	(\$57,521)	(\$108,266)	\$50,746	47%	(\$55,500)	(\$2,021)	-4%
Depreciation and amortization	(\$26,315)	(\$26,315)	(\$26,315)	(\$26,315)	(\$26,315)	(\$131,577)	(\$142,722)	\$11,144	8%	(\$142,722)	\$11,144	8%
Dues and membership	(\$6,731)	(\$1,857)	(\$4,579)	(\$4,841)	(\$7,571)	(\$25,578)	(\$12,886)	(\$12,693)	-98%	(\$20,302)	(\$5,276)	-26%
Equipment leases	(\$1,535)	(\$3,829)	(\$2,126)	(\$1,131)	(\$1,831)	(\$10,453)	(\$11,376)	\$923	8%	(\$11,111)	\$658	6%
Insurance	(\$2,206)	(\$2,319)	(\$2,330)	(\$2,364)	(\$2,364)	(\$11,584)	(\$10,916)	(\$668)	-6%	(\$10,982)	(\$602)	-5%
Interest	(\$354)	(\$350)	(\$313)	(\$342)	(\$327)	(\$1,686)	(\$6,222)	\$4,536	73%	(\$1,817)	\$130	7%
Legal and accounting	(\$2,630)	(\$4,167)	(\$2,501)	(\$2,508)	(\$2,433)	(\$14,240)	(\$13,021)	(\$1,219)	-9%	(\$17,440)	\$3,200	18%
Licenses and fees	(\$5,283)	(\$1,628)	(\$2,347)	(\$6,149)	(\$5,744)	(\$21,150)	(\$20,929)	(\$222)	-1%	(\$19,625)	(\$1,525)	-8%
Medical & dental lab and supplies	(\$6,811)	(\$7,785)	(\$7,342)	(\$12,376)	(\$9,361)	(\$43,675)	(\$27,264)	(\$16,411)	-60%	(\$38,442)	(\$5,234)	-14%
Merchant CC Fees	(\$136)	(\$1,601)	(\$1,403)	(\$1,542)	(\$1,186)	(\$5,868)	(\$7,427)	\$1,559	21%	(\$6,007)	\$139	2%
Office supplies and printing	(\$4,214)	(\$1,759)	(\$6,798)	(\$1,340)	(\$2,352)	(\$16,463)	(\$15,973)	(\$489)	-3%	(\$24,429)	\$7,966	33%
Postage	(\$2,189)	(\$1,701)	(\$165)	(\$63)	(\$2,190)	(\$6,308)	(\$6,792)	\$483	7%	(\$7,000)	\$692	10%
Program supplies and materials	(\$15,432)	(\$10,809)	(\$31,160)	(\$31,302)	(\$38,363)	(\$127,066)	(\$68,968)	(\$58,098)	-84%	(\$96,250)	(\$30,816)	-32%
Pharmacy & Optometry COGS	\$426	(\$14,659)	(\$9,127)	(\$10,043)	(\$7,757)	(\$41,160)	(\$30,847)	(\$10,313)	-33%	(\$122,385)	\$81,224	66%
Recruitment	\$0	(\$5,040)	\$0	\$0	(\$105)	(\$5,145)	(\$4,666)	(\$479)	-10%	\$0	(\$5,145)	
Rent	(\$9,927)	(\$9,227)	(\$10,053)	(\$12,919)	(\$12,152)	(\$54,278)	(\$48,336)	(\$5,941)	-12%	(\$42,998)	(\$11,280)	-26%
Repairs and maintenance	(\$17,864)	(\$17,421)	(\$15,978)	(\$21,441)	(\$13,492)	(\$86,195)	(\$71,432)	(\$14,763)	-21%	(\$73,212)	(\$12,983)	-18%
Small equipment purchases	(\$7,898)	(\$1,595)	(\$38,441)	(\$30,619)	(\$11,501)	(\$90,055)	(\$7,208)	(\$82,847)	-1149%	(\$21,617)	(\$68,438)	-317%
Telephone	(\$11,151)	(\$13,513)	(\$14,943)	(\$13,888)	(\$14,759)	(\$68,254)	(\$69,129)	\$875	1%	(\$72,004)	\$3,750	5%
Travel	(\$619)	(\$572)	(\$1,258)	(\$2,971)	(\$1,222)	(\$6,641)	(\$5,201)	(\$1,439)	-28%	(\$10,000)	\$3,359	34%
Utilities	(\$5,193)	(\$7,258)	(\$4,052)	(\$3,808)	(\$4,576)	(\$24,887)	(\$21,363)	(\$3,524)	-16%	(\$23,750)	(\$1,137)	-5%
Total Other Operating Expenses	(\$162,934)	(\$173,520)	(\$213,057)	(\$231,929)	(\$222,897)	(\$1,004,337)	(\$791,321)	(\$213,016)	-27%	(\$927,115)	(\$77,223)	-8%
NET OPERATING SURPLUS	(\$39,118)	\$3,564	\$8,418	\$197,767	\$143,635	\$314,267	(\$277,008)	\$591,275	213%	(\$26,429)	\$340,695	1289%
NON_OPERATING ACTIVITIES												
Donations, Pledges & Contributions	\$1,870	\$1,549	\$640	\$50	\$2,755	\$6,864	\$75,513	(\$68,650)	-91%	\$43,750	(\$36,886)	-84%
NET NON-OPERATING SURPLUS	\$1,870	\$1,549	\$640	\$50	\$2,755	\$4,109	\$75,513	(\$68,650)	-91%	\$43,750	(\$39,641)	-91%
NET SURPLUS/(DEFICIT)	(\$37,248)	\$5,113	\$9,058	\$197,817	\$146,390	\$321,130	(\$201,495)	\$522,625	259%	\$17,321	\$303,809	1754%

[•] Surplus in May = \$146k

Cash Flow

CASH FLOWS FROM OP	ERATING ACTIVITIES	
	NET SURPLUS/(DEFICIT) FOR PERIOD	146,390
PROVIDED (USED)	BY OPERATING ACTIVITIES	30,248
	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	176,638
CASH FLOWS FROM INV	VESTING ACTIVITIES	
	NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	22,864
	NET INCREASE/(DECREASE) IN CASH	199,502
	CASH AND CASH EQUIVALENTS AS OF 5/1/2021	3,309,299
	CASH AND CASH EQUIVALENTS AS OF 5/31/2021	3,508,801

► Cash on hand increased \$200K

Balance Sheet

ASSETS		
	Total Current Assets	\$3,601,084
	Net Property & Equipment	\$3,926,307
	Total Other Assets	\$396,373
	TOTAL ASSETS	\$7,923,764
Liabilities	& Fund Balance	
	Total Current Liabilities	\$2,284,595
	Total Long Term Liabilities	\$124,156
	Total Liabilities	\$2,408,751
Fund	Balance / Equity	
	Fund Balance Prior Years	\$5,515,013
	Total Fund Balance / Equity	\$5,515,013
	Total Liabilities & Fund Balance	\$7,923,764

- Current Assets = \$3.6 M
- Current Liabilities = \$1.2 M (PPP improperly included as current in statement)
- Current Ratio = 3.3



Bids for 2021 - 2023 Audit Services

Presented 6/30/2021

Bid Solicitation Process

- ▶ Vendors were required to have physical offices within a reasonable distance from HCHC (No farther than Hartford).
- ▶ Phone calls were placed to over 30 firms asking for bids. Most declined to quote because they do not perform audits.
- Bidding firms were asked to quote a 3-year term
- Additionally asked to detail or quote add-on services that we may find of interest
- Only 3 firms submitted bids

The 3 Finalists

- Whittlesey Holyoke MA
- ► Adelson & Company Pittsfield
- ► CLA (Clifton Larson Allen) Hartford

Full proposals are available in the Board Packet online

Base Price: Financial Audit, Uniform Financial Report Filing, 990 Tax Filing, 403(b) Audit

- #1 Whittlesey (includes UFR prep \$10K additional fee with Adelson)
 - ► Yr 1 = \$33,500
 - ► Yr 2 = \$34,750
 - Arr Yr 3 = \$36,000
- #2 Adelson (price is an estimate and fees have frequently exceeded quotes)
 - ► Yr 1 = \$37,750
 - ► Yr 2 = \$37,750
 - ► Yr 3 = \$38,250
- ▶ #3 CLA
 - ► Yr 1 = \$39,000
 - ► Yr 2 = \$40,150
 - ► Yr 3 = \$41,300

Relevant Experience Ranking

- ▶ #1 Whittlesey
 - ▶ 350 local non-profit clients
 - ► Healthcare specific experience with many current & local clients
 - ▶ FQHC specific experience with other current clients
- ▶ #2 CLA
 - National firm resources with many clients both non-profit, healthcare, & FQHC (ranked below Whittlesey due to lack of local, MA based healthcare similar clients)
- ▶ #3 Adelson
 - ▶ No other FQHC client
 - Very few healthcare clients and none similar

Motivation for Bid Solicitation

- Price creep: Adelson has frequently billed beyond the quoted/estimated fees
 - ► Payments made to Adelson in 2020 = \$44K
- Resources: Larger and/or more specialized firms typically can offer a wider range of services
 - ► Application for PPP round #1 required contracting another firm due to Adelson's lack of capacity
 - ▶ Other firms typically perform a larger portion of the data manipulation (Whittlesey compiles the UFR for all their clients as a courtesy. This is several weeks of work to do ourselves)
- Relevant Experience: It is important that the auditors understand the industry and specific environment
 - ► The auditors are in a unique position to examine our entire operation and compare it to their other clients in similar situations
 - ▶ Having an auditor/client partnership that aids best practices would be ideal

Hilltown Community Health Centers Income Statement 2021

	Jan Actual	Feb Actual	Mar Actual	Apr Actual	May Actual	YTD Total Actual	PY YTD Actual	\$ Change	% Change	YTD Feb Budget	Variance	%
OPERATING ACTIVITIES Revenue	Autuai	riotuui	Aotuui	Plotaul	Aotuui	Aotaui	Hotaui	ψ Onlange	70 Gildingo	115105 Badget	Variatios	70
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Conference and meetings	(\$2,087)	(\$440)	(\$1,910)	(\$35)	(\$607)	(\$5,079)	(\$2,006)	(\$3,073)	-153%	(\$3,267)	(\$1,812)	-55%
Continuing education	(\$1,522)	(\$7,870)	(\$281)	(\$5,171)	(\$1,678)	(\$16,522)	(\$3,768)	(\$12,754)	-338%	(\$15,000)	(\$1,522)	-10%
Contracts and consulting	(\$13,540)	(\$8,482)	(\$12,971)	(\$10,791)	(\$11,736)	(\$57,521)	(\$108,266)	\$50,746	47%	(\$55,500)	(\$2,021)	-4%
Depreciation and amortization	(\$26,315)	(\$26,315)	(\$26,315)	(\$26,315)	(\$26,315)	(\$131,577)	(\$142,722)	\$11,144	8%	(\$142,722)	\$11,144	8%
Dues and membership	(\$6,731)	(\$1,857)	(\$4,579)	(\$4,841)	(\$7,571)	(\$25,578)	(\$12,886)	(\$12,693)	-98%	(\$20,302)	(\$5,276)	-26%
Equipment leases	(\$1,535)	(\$3,829)	(\$2,126)	(\$1,131)	(\$1,831)	(\$10,453)	(\$11,376)	\$923	8%	(\$11,111)	\$658	6%
Insurance	(\$2,206)	(\$2,319)	(\$2,330)	(\$2,364)	(\$2,364)	(\$11,584)	(\$10,916)	(\$668)	-6%	(\$10,982)	(\$602)	-5%
Interest	(\$354)	(\$350)	(\$313)	(\$342)	(\$327)	(\$1,686)	(\$6,222)	\$4,536	73%	(\$1,817)	\$130	7%
Legal and accounting	(\$2,630)	(\$4,167)	(\$2,501)	(\$2,508)	(\$2,433)	(\$14,240)	(\$13,021)	(\$1,219)	-9%	(\$17,440)	\$3,200	18%
Licenses and fees	(\$5,283)	(\$1,628)	(\$2,347)	(\$6,149)	(\$5,744)	(\$21,150)	(\$20,929)	(\$222)	-1%	(\$19,625)	(\$1,525)	-8%
Medical & dental lab and supplies	(\$6,811)	(\$7,785)	(\$7,342)	(\$12,376)	(\$9,361)	(\$43,675)	(\$27,264)	(\$16,411)	-60%	(\$38,442)	(\$5,234)	-14%
Merchant CC Fees	(\$136)	(\$1,601)	(\$1,403)	(\$1,542)	(\$1,186)	(\$5,868)	(\$7,427)	\$1,559	21%	(\$6,007)	\$139	2%
Office supplies and printing	(\$4,214)	(\$1,759)	(\$6,798)	(\$1,340)	(\$2,352)	(\$16,463)	(\$15,973)	(\$489)	-3%	(\$24,429)	\$7,966	33%
Postage	(\$2,189)	(\$1,701)	(\$165)	(\$63)	(\$2,190)	(\$6,308)	(\$6,792)	\$483	7%	(\$7,000)	\$692	10%
Program supplies and materials	(\$15,432)	(\$10,809)	(\$31,160)	(\$31,302)	(\$38,363)	(\$127,066)	(\$68,968)	(\$58,098)	-84%	(\$96,250)	(\$30,816)	-32%
Pharmacy & Optometry COGS Recruitment	\$426 \$0	(\$14,659)	(\$9,127) \$0	(\$10,043) \$0	(\$7,757)	(\$41,160)	(\$30,847)	(\$10,313)	-33% -10%	(\$122,385)	\$81,224	66%
		(\$5,040)			(\$105)	(\$5,145)	(\$4,666)	(\$479)	-10%	\$0	(\$5,145)	000/
Rent Repairs and maintenance	(\$9,927) (\$17,864)	(\$9,227) (\$17,421)	(\$10,053) (\$15,978)	(\$12,919) (\$21,441)	(\$12,152) (\$13,492)	(\$54,278) (\$86,195)	(\$48,336) (\$71,432)	(\$5,941) (\$14,763)	-12% -21%	(\$42,998)	(\$11,280)	-26% -18%
Small equipment purchases	(\$17,864) (\$7,898)		(\$15,976)	(\$21,441) (\$30,619)	V	(\$90,055)		(\$82,847)	-21% -1149%	(\$73,212)	(\$12,983)	-18%
	V	(\$1,595)	V	V	(\$11,501)	V	(\$7,208)	V ,	1%	(\$21,617)	(\$68,438)	-317% 5%
Telephone Travel	(\$11,151) (\$619)	(\$13,513) (\$572)	(\$14,943) (\$1,258)	(\$13,888) (\$2,971)	(\$14,759) (\$1,222)	(\$68,254) (\$6,641)	(\$69,129) (\$5,201)	\$875 (\$1,439)	-28%	(\$72,004) (\$10,000)	\$3,750 \$3,359	34%
Utilities	(\$5,193)	(\$7,258)	(\$4,052)	(\$2,971)	(\$4.576)	(\$24.887)	(\$21,363)	(\$3.524)	-16%	(\$10,000)	(\$1,137)	-5%
Total Other Operating Expenses	(\$162,934)	(\$173,520)	(\$213,057)	(\$231,929)	(\$222,897)	(\$1,004,337)	(\$791,321)	(\$213,016)	-27%	(\$23,750)	(\$77,223)	-8%
Total Other Operating Expenses	(\$102,934)	(\$173,320)	(ΨΖ13,031)	(ψ231,929)	(ΨΖΖΖ,091)	(ψ1,004,337)	(\$7.51,321)	(ψ213,010)	-21 /0	(\$927,113)	(\$11,223)	-070
NET OPERATING SURPLUS	(\$39,118)	\$3,564	\$8,418	\$197,767	\$143,635	\$314,267	(\$277,008)	\$591,275	213%	(\$26,429)	\$340,695	1289%
NON_OPERATING ACTIVITIES												
Donations, Pledges & Contributions	\$1,870	\$1,549	\$640	\$50	\$2,755	\$6,864	\$75,513	(\$68,650)	-91%	\$43,750	(\$36,886)	-84%
NET NON-OPERATING SURPLUS	\$1,870	\$1,549	\$640	\$50	\$2,755	\$4,109	\$75,513	(\$68,650)	-91%	\$43,750	(\$39,641)	-91%
NET SURPLUS/(DEFICIT)	(\$37,248)	\$5,113	\$9,058	\$197,817	\$146,390	\$321,130	(\$201,495)	\$522,625	259%	\$17,321	\$303,809	1754%

OPERATING ACTIVITIES	Jan - May 2021	Jan - May 2019	Difference	%
Revenue				
Patient Services - Medical	\$844,411	\$1,105,820	(\$261,409)	-24%
Patient Services - Dental	\$581,264	\$849,501	(\$268,236)	-32%
Patient Services - Beh. Health	\$195,718	\$147,977	\$47,740	32%
Patient Services - Optometry	\$59,231	\$87,039	(\$27,809)	-32%
Patient Services - Optometry Hardware	\$33,714	\$41,812	(\$8,098)	-19%
Patient Services - Pharmacy	\$219,851	\$40,146	\$179,705	448%
Quality & Other Incentives	\$26,944	\$27,386	(\$442)	-2%
HRSA 330 & Other Grant	\$1,480,562	\$697,142	\$783,420	112%
Other Grants & Contracts	\$495,744	\$401,725	\$94,019	23%
Int., Dividends Gain /Loss Investmenst	\$40,608	\$24,320	\$16,288	67%
Rental & Misc. Income	\$15,292	\$13,998	\$1,294	9%
Total Operating Revenue	\$3,993,339	\$3,436,865	\$556,473	16%

Hilltown Community Health Centers Statement of Cash Flows May 2021

CASH FLOWS FROM OPERATING ACTIVITIES

	NET SURPLUS/(DEFICIT) FOR PERIOD	146,390
ADJUSTMENTS TO RE	CONCILE NET INCOME TO NET CASH	
PROVIDED (USED) I	BY OPERATING ACTIVITIES	
01-11102-00	Decrease in ECW/AR PAYMENT	18,053
01-11103-00	Decrease in DENTRIX/AR PAYMENT	7,826
01-13200-00	Decrease in PREPAID EXPENSES	1,726
01-13210-00	Increase in PREPAID INSURANCE	(2,464)
01-13410-00	Decrease in PREPAID VISION INSURANCE	20
01-13700-00	Decrease in PREPAID WORKMANS' COMP	2,145
01-22100-00	Decrease in ACCOUNTS PAYABLE	(54,212)
01-23000-00	Increase in ACCRUED EXPENSES - CREDIT CARD	938
01-24400-00	Increase in TSA WITHDRAWALS	7,457
01-24450-00	Increase in 403B EMPLOYEE LOAN	114
01-24500-00	Increase in FLEXIBLE SPENDING BENEFIT	174
01-25900-01	Increase in SALES TAX PAYABLE	23
01-25900-02	Increase in SALES TAX PAYABLE	2
01-26000-00	Decrease in ACCRUED EXPENSES	(1,692)
01-26010-00	Increase in ACCRUED SALARIES/PAYROLL	19,601
01-26020-00	Increase in ACCRUED FICA PAYABLE	1,437
01-26030-00	Increase in ACCRUED VACATION	5,539
01-26040-00	Increase in ACCRUED VACATION FICA	424
01-28110-00	Decrease in UNITED BANK MORTGAGE HUNTG	(1,570)
01-29400-00	Increase in DEFERRED REVENUE	37,834
01-29401-00	Decrease in HSN - DEFERRED REVENUE (INTERIM PAYMENTS)	(9,267)
01-29405-00	Decrease in DENTRIX SUSPENDED CREDITS	(3,860)
	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	176,638
CASH FLOWS FROM INV	VESTING ACTIVITIES	
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	369
01-16550-01	LESS ACCUM DEPR FURN & EQUIP	1,365
01-16550-02	LESS ACCUM DEPR FURN & EQUIP	325
01-16550-03	LESS ACCUM DEPR FURN & EQUIP	838
01-16550-04	LESS ACCUM DEPR FURN & EQUIP	5,279
01-16550-05	LESS ACCUM DEPR FURN & EQUIP	88
01-16560-01	LESS ACCUM DEPR STATE	126
01-18220-00	INVESTMENT VANGUARD	(3,452)
	NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	22,864
	NET INCREASE/(DECREASE) IN CASH	199,502
	CASH AND CASH EQUIVALENTS AS OF 5/1/2021	3,309,299
	CASH AND CASH EQUIVALENTS AS OF 5/31/2021	3,508,801



Hilltown Community Health Centers Balance Sheet as of 5/31/2021

ASSETS Current Assets Cash - Operating Fund \$2,894,678 Patient Receivables \$854,991 Less Allow. for Doubtful Accounts (\$92,237)Less Allow, for Contractual Allowances (\$331,764)A/R 340B-Pharmacist \$62.798 A/R 340B-State \$11,034 Contracts & Grants Receivable \$161,553 Prepaid Expenses \$40,032 **Total Current Assets** \$3,601,084 Property & Equipment Land \$204.506 Buildings \$2,613,913 Improvements \$946,983 Leasehold Improvements \$1,933,674 Equipment \$1,455,063 Total Property and Equipment \$7,154,139 Less Accumulated Depreciation (\$3,227,832) Net Property & Equipment \$3,926,307 Other Assets Restricted Cash \$4 Pharmacy 340B and Optometry Inventory \$9,863 Investment - Vanguard \$386,506 **Total Other Assets** \$396,373 **TOTAL ASSETS** \$7,923,764 Liabilities & Fund Balance Current & Long Term Liabilites **Current Liabilities** Accounts Payable \$112,126 Notes Payable \$1,504,176 Sales Tax Payable \$35 Accrued Expenses \$1,497 Accrued Payroll Expenses \$489.887 Payroll Liabilities \$11,328 Defered Contract Revenue \$165.548 **Total Current Liabilities** \$2,284,595 Long Term Liabilities Mortgage Payable United Bank \$124,156 **Total Long Term Liabilities** \$124,156 **Total Liabilities** \$2,408,751 Fund Balance / Equity

\$5,515,013

\$5,515,013

\$7,923,764

Fund Balance Prior Years

Total Fund Balance / Equity

Total Liabilities & Fund Balance

Create Opportunities



May 12, 2021

Proposal to provide professional auditing, tax, employee benefit plan audit and cost report services to:

Hilltown Community Health Centers, Inc.



Prepared by:
Evan Marleaux, CPA, Principal
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Cell 305-761-4136

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WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING

CLA (CliftonLarsonAllen LLP) 227 West Trade Street Suite 800 Charlotte, NC 28202 704-998-5200 | fax 704-998-5250 CLAconnect.com

May 12, 2021

John Melehov Hilltown Community Health Centers, Inc. 58 Old North Road Worthington, Ma 01098

Dear Mr. Melehov:

Thank you for inviting us to propose our services to you. We gladly welcome the opportunity to share our approach to helping Hilltown Community Health Centers, Inc. (Hilltown) meet its need for professional services. The enclosed proposal responds to your request for auditing, tax, and cost report services for three fiscal years, ending December 31, 2021.

We enjoyed speaking with you to understand your broader objectives to retain a service provider that has a strong background in providing services to FQHC's and who will communicate frequently and consistently during the process. Based on our discussions, we have tailored our responses to convey our commitment to helping health care clients through a relationship that exceeds the services themselves. We are confident our proposal not only addresses your requests, but also demonstrates our capabilities and insights.

If we were both candid, we would most likely agree there are other firms that are capable of providing the services you have requested. However, very few can provide it in a manner that creates exceptional value and a noticeably different experience. At CLA (CliftonLarsonAllen LLP), our greatest strengths correspond to your most critical needs; we possess a full spectrum of resources needed to most effectively help Hilltown meet their goals today and in the future.

CLA exists for one reason: to create opportunities — for our clients, our people, and our communities. We create these opportunities when we live the CLA Promise: We promise to know you and help you.

We achieve the CLA Promise by embracing our four strategic advantages. These advantages propel us forward as we create opportunities, build deep relationships, and provide value for organizations like Hilltown and satisfying careers for our people.

- Premier resource for health care and nonprofits We are champions and thought leaders promoting our capabilities, serving as a trusted advisor for health care providers. Our goal is to help our clients build a valuable and sustainable business for generations to come.
- **Deep industry specialization** Our people are leaders in the industries we serve, delivering strategic, operational, regulatory, financial, and other business capabilities. You will work with professionals who know you, your organization, and your industry – and combine their knowledge with yours to make you stronger.
- Seamless integrated capabilities CLA offers planning and guidance from startup through succession, with particular care for you and your organization's leaders. Our people connect with a vast network of resources behind the scenes — seamlessly presented and delivered for you.



Inspired careers - CLA strives to be a place for people to build careers, whether our professionals stay with the firm or become alumni of CLA, with multiple career choices available to grow professionally and personally. We have a long history of internally building future leaders from within. This helps to reduce our turnover and increases our ability to build long term relationships with our clients.

We are excited for the opportunity to serve in the services being requested but also related to the future changes and transformation of the organization and the industry into the future. Whatever Hilltown's' needs are we'll bring ideas to help with the things that matter. Thank you for this invitation and we look forward to hearing from you soon. If you have any questions regarding the content of our proposal, please to not hesitate to let me know.

Sincerely,

CliftonLarsonAllen LLP

Evan MarleauxEvan Marleaux

Principal 305-761-4136

evan.marleaux@claconnect.com



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Executive Summary

Why should Hilltown choose CLA?

With CLA by your side, you can find everything you need in one firm. We know your industry, and we want to know you.

- Need help getting started? We can provide resources.
- Want to improve your performance and results? We assemble the right team for you.
- Planning for an ownership or leadership transition? CLA has the tools you need.

Create opportunities

We understand your most important needs are:

- A proposed team of professionals carefully selected for compatibility with Hilltown's needs and circumstances — Your service
 - team understands the strategic, operational, and regulatory issues impacting your organization. These professionals dedicate a substantial percentage of their time assisting FQHC with financial, regulatory, and information security matters.
- **Diversity and inclusion** We are dedicated to building a diverse and inclusive culture that thrives on different beliefs and perspectives. Our diversity and inclusion council identifies strategies that foster and support the many dimensions of diversity within the firm. When we embrace an inclusive culture, we can truly know and help each other and our clients — that's how we create opportunities together.
- **Commitment to the community** CLA family members bring meaningful social impact through volunteer efforts, charitable contributions, service on boards, and a focus on sustainable practices. Our community engagement team is bolstered by the diversity and inclusion council and the CLA Foundation — a philanthropic organization that has awarded more than \$3.5 million through 200 grants (to 158 unique organizations) funded solely by the CLA family.
- **Efficiency** Our goal is to provide exceptional client service at the lowest possible cost. A well-planned and well-executed engagement by an experienced service team will minimize disruption to your staff and enable timely completion of all deliverables.
- **Experience and continuity** Each engagement team member has in-depth experience in FQHC accounting, auditing, or tax matters. We will commit the necessary resources to provide quality client service and timely report delivery. We have an extensive local and national FQHC practice from which to draw resources.
- Fresh perspective Hilltown will benefit from a fresh look at your business, systems, and processes. You will be served by an engagement team with enthusiasm and a desire to develop a strong relationship that will help us exceed your expectations. We are confident that our industry experience will reveal new ideas, approaches, and opportunities.



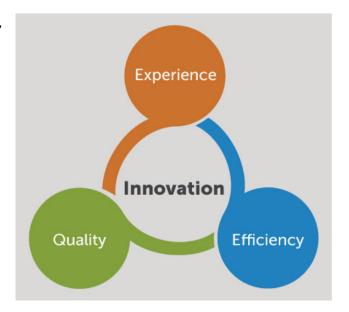


Innovation at CLA

Artificial intelligence, machine learning, cryptocurrencies, and other technologies are disrupting the way we all do business. Disruption creates the need for innovation; innovation is an opportunity to improve the way we do our work and interact with you. Our entrepreneurial culture requires us to embrace change wherever we find it, learn from it, and create solutions designed to make interactions easier, more transparent, and more seamless.

We use a combination of technical and non-technical means to improve efficiency, enhance quality, and make your experience better.

As your organization continues to innovate, we're doing the same by continually increasing our knowledge of you and understanding of your industry so we can help you address the business issues you face.



Innovation at CLA is a purposeful approach to problem-solving that transforms technology into better experiences for our clients.



The CLA Seamless Assurance Advantage

The CLA Seamless Assurance Advantage (SAA) is an innovative approach to auditing that utilizes leading technologies, analytics, and audit methods to help solve client problems and create a seamless experience.



A different approach

SAA is unlike any conventional audit process. SAA does not depend on physical location. It reduces the time our professionals spend on site, creates fewer disruptions, enables more efficient use of resources (yours and ours), and allows for more impactful interactions with your people.

"The CLA Seamless Assurance Advantage is a creative solution that was mutually beneficial ... and was a more efficient use of both parties' time and resources."

Joe Kelley, CFO and Treasurer, LifeSpire of Virginia



Insights through analytics

CLA uses strategic data analysis to examine whole data sets to gain a deeper understanding of your organization. Insights that were once impossible can now come into focus to help you measure performance, enhance strategic decision making, and understand your competitive opportunities.

"The CLA Seamless Assurance Advantage is a game changer."

— Wayne Atkins, Senior Director, Finance, RV Industry Association



Effective technology

CLA embraces technologies that help solve client problems and create a seamless experience. Assurance Information Exchange (AIE) is a web-based application, developed by CLA, to digitally request and obtain audit documents through a secure and efficient online portal.

"With the AIE and the new audit procedures put in place by CLA, this year's audit was very smooth and effortless."

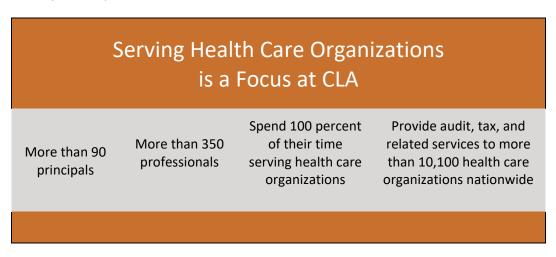
— Doug Stewart, Pella, Assistant General Manager and CFO, Cooperative Electric



Understanding Your Industry

Health care experience

CLA has developed one of the nation's largest health care practices. Our team includes CPAs and a diverse range of experienced professionals with backgrounds and skill sets ranging from CEOs and CFOs to RNs, certified coders, and certified medical practice executives. Represented by team members possessing up to 30 years of dedicated experience to the health care field, we develop innovative responses and creative strategies for clients who demand specialized consultation and advice, as well as providers who require traditional CPA services. Our consulting and advisory services focus on finance, strategy, capital planning, internal audit, operations and performance improvement, and facilities. Our independent and objective professionals are guided by your strategic vision and your unique environment.



To break it down further, we serve:

- 3,200+ senior living providers including nursing facilities, CCRCs, assisted living facilities, HUD housing,
- 200+ home care, hospice, and other community based providers
- 900+ hospitals and health systems, including approximately 80 critical access hospitals
- 5,800+ physicians, dentists, and medical practices

FQHC experience

Health care professionals from the proposed engagement team have been leaders in developing the FQHC assurance, tax, reimbursement, and consulting capabilities on a national basis and have been involved with providing value added services to these clients. We believe our role in serving FQHCs across the nation and our in-depth knowledge of what drives success in FQHCs positions CLA to not only prepare annual audits, tax returns and cost reports more efficiently and effectively, but also to provide greater value to Hilltown. CLA has a group of individuals that serve FQHCs. Through this cohesive group we are able to draw on the wide range of experiences CLA has in serving FQHCs on a national level. A listing of our 125+ current FQHC clients will be provided upon request.



Industry participation

CLA actively supports industry education as a thought leader and industry speaker. Our firm focuses on supporting the educational needs of the industry through nationally sponsored trade events. Our team of health care professionals is sought after, both as educators and as experienced speakers who are invited to speak and teach at major professional events by leading trade associations.

- National Association of Community Health Centers (NACHC)
- National Association of Home Care & Hospice (NAHC)
- Healthcare Financial Management Association (HFMA)
- American Health Care Association/National Center for Assisted Living (AHCA/NCAL)
- ElevatingHOME/VNAA (Visiting Nurses Associations of America)
- Health Care Compliance Association (HCCA)
- Medical Group Management Association (MGMA)
- National Rural Health Association (NRHA)
- LeadingAge Associations, both national and regional (LA)
- Massachusetts Assisted Living Associations (MASS-ALA)

Nonprofits

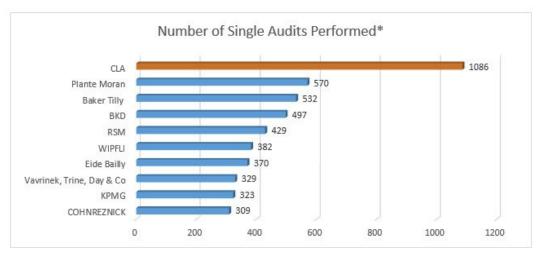
- American Institute of Certified Public Accountants
 - Not-for-Profit Entities Expert Panel
 - Not-for-Profit Financial Executive Forum
 - o Governmental Audit Quality Center Executive Committee
 - Health Care Entities Expert Panel
- IRS Advisory Council on Tax Exempt and Governmental Entities (ACT),
- **Exempt Organization Sub-Committee**
- Financial Accounting Standards Board, Not-for-Profit Resource Group
- Center for Nonprofit Advancement (CNA)
- National Association of Professional Women



Leaders in performing single audits

We realize that Hilltown receives federal funds and will be subject to a single audit for fiscal 2021 and therefore, we have included the table below as an example of CLA's quality infrastructure for meeting the most stringent regulatory requirements in the nonprofit and government sectors. This means you can be confident in the quality audit infrastructure at CLA. Compliance with these standards is in addition to our internal inspections and multiple clean opinions we have received in reviews by an independent peer review firm, PCAOB, and the Department of Labor.

CLA performs the largest number of single audits in the United States! We audited more than \$52 billion dollars in federal funds in 2018.



^{*}The information for the firms above was pulled from the Federal Audit Clearinghouse for audits with fiscal year ends between January 1, 2018 - December 31, 2018.

Single Audit Resource Center (SARC) Award

CLA received the Single Audit Resource Center (SARC) Award for Excellence in Knowledge, Value, and Overall Client Satisfaction. SARC's award recognizes audit firms that provide an outstanding service to their clients based on feedback received from an independent survey in June 2018.



The survey queried 10,762 nonprofit and government entities about the knowledge of their auditors, the value of their service, and overall satisfaction with their 2017 fiscal year-end audit. The SARC award demonstrates CLA's dedication to serving the government and nonprofit industry and maintaining the most stringent regulatory requirements in those sectors.



Value added services to federally qualified health centers

Our CLA New England offices audits a number of FQHCs including organizations comparable to Hillstown. In addition to the audit services provided, CLA provides tax, reimbursement, and other consulting services. In order to seamlessly support your critical business needs, our industry professionals seek lasting solutions to the problems you face. Experienced and methodical, we apply CLA processes and tools to help you overcome barriers. CLA professionals strive to deliver impactful interactions for the success of our clients in many ways, including the following:

- Coding and compliance reviews
- Cost report preparation
- Health reform advisory
- Internal audit
- Managed care contracting strategy and analysis
- Medical staff planning
- Mergers and acquisitions consulting
- Operations and performance improvement
- New markets tax credit advisory

- State and local tax consulting
- Post-acute network integration
- Price opportunity analysis
- Service line planning
- Strategic and capital planning
- Valuation and fair market value opinions
- Financial and operational benchmarking
- Agreed upon procedures

We pride ourselves on taking the initiative to meet each and every need of our clients, and therefore are always prepared to take on additional projects. However, independence is our first concern when providing additional services. Independence can become impaired when providing consulting services; therefore, we do not provide any services to our audit clients beyond those allowed.

If additional work is requested by Hilltown outside of the scope of the audit, tax, or cost report services, we will discuss with you our proposed fee for additional services prior to beginning the new services.



Value-added services beyond the audit

CLA audits numerous organizations comparable to Hilltown. In addition to the requested services provided, CLA provides numerous other consulting services. In order to seamlessly support your critical business needs, our industry professionals seek lasting solutions to the problems you face. Experienced and methodical, we apply CLA processes and tools to help you overcome barriers. CLA professionals strive to deliver impactful interactions for the success of our clients in many ways, including the following:

CLA Intuition

•CLA Intuition is a proprietary financial and capital planning process that identifies and models the financial impact of an organization's key performance drivers. The CLA Intuition process creates a series of interactive modeling dashboards that allow an organization to view its financial performance projections under a variety of scenarios.

Revenue Cycle Assessment and Improvement

•CLA will use available data to analyze your revenue cycle processes and technology and apply lean techniques to identify waste in processes and improve efficiency. You will benefit from our help in developing a long-term strategy to maintain an optimal revenue cycle once the engagement is complete.

Telecom Advisory Services

•Our team dissects telecom invoices to identify discrepancies and optimization strategies, preparing a comprehensive report outlining precisely how cost savings and refunds might be achieved. Our industry insight allows us to efficiently examine all aspects of your telecom billings, while remaining independent from telecom providers.

Executive Search

•CLA understands the challenges health care organizations face when they need to find the perfect person to complete the team. We have a vast network of industry relationships and contacts and we have an excellent reputation of identifying quality people that will meet your needs.

340B Assessment and Audit

• Our approach to evaluating 340B program integrity begins with understanding your current situation. We will utilize a systematic approach to auditing 340B compliance. We will then work with you to proactively implement effective strategies to identify 340B liabilities.

HIPAA Compliance

•The Health Insurance Portability and Accountability Act (HIPAA) provides federal protections for personal health information, and sets compliance standards for entities that handle and use the information. CLA's HIPAA risk assessment lays the foundation for developing and implementing administrative, technical, and physical controls to keep patient information secure. Our team consists of CPAs and consultants who understand health care industry regulations.

Information Security

•Our dedicated health care professionals have extensive security experience and can help you delveop a comprehensive cybersecurity program or identify opportunities to optimze your current security model. From policy development to incident response, we will help you achieve compliance with federal regulations, defend your IT systems, and protect your financial assets. Our team consists of information security professionals who stay current on hacking techniques and the latest cyber crimes.



Nonprofit tax experience

CLA prepares more 990s than any other professional services firm in the United States based on data obtained from CauseIQ. We share our experiences with our tax-exempt clients to keep them aware of potential tax issues, and will share our perspective and insights throughout the year, not just at tax filing time.

Income tax laws and regulations for nonprofit organizations are complex. Federal, state, and local tax laws affecting Hilltown create a complicated and ever-changing landscape which is under the watchful eye of the IRS and state taxing authorities. In addition, your tax returns are available for public inspection, making them available to a variety of stakeholders and interested persons. With CLA, Hilltown will get a firm that:

- Has extensive experience in preparing 990, 990-T, and state tax returns, including the required schedules
- Has working knowledge of the nonprofit community's accounting and tax needs
- Is diligent in meeting deadlines to avoid late filing and other tax penalties



The following table demonstrates the depth of CLA's experience serving tax exempt organizations:

CPA Firm Ranking of Nonprofits Served Nationwide**

Firm	# Served
CLA	5,399
PWC	4,087
E&Y	2,940
RSM	2,702
BKD	2,247
BDO	1,872
Wipfli	1,690
Eide Bailly	1,677
Deloitte	1,668
Baker Tilly Virchow Krause	1,610

^{**} The list is based on a database of approximately 400,000 nonprofit filed Forms 990 (filers with annual revenue greater than \$200,000) which is maintained by CauseIQ. The database does not include 990N, 990EZ, 990PF and other nonprofits that do not need to file such as religious organizations therefore the numbers listed above do not include all nonprofits served by CLA.



Thought leadership and industry information

CLA goes beyond the numbers and offers value-added strategies. Rest assured, you will hear from us throughout the year. We send periodic email publications and host webcasts to keep clients and friends of the firm informed of relevant industry updates. Below are just a few of the resources we offer. You can register for our webcasts and find our extensive resource library on our website, CLAconnect.com.

Market and Economic Outlook — A quarterly publication **Educational events and** that analyzes global economic conditions and market workshops — We share activity and what they mean to individual investors. our industry knowledge and experience at national, regional, and local events. We also host our own events on topics In-person events such as improving Local professionals profitability, reducing collaborate on seminars risk, building value, addressing the and succession. economy, capital **Thought** markets, and tax changes. Leadership **Perspectives** — Our periodic e-newsletter Industry webcasts provides news, tips, Seminars on industry strategies, insights, and trends, accounting, tax, updates on regulatory risk, and other industryand industry issues. We specific issues. Webcasts also write on topics like are free to clients personal finances, and offer attendees estate planning, and **Industry articles** — CLA CPE credit. investment planning for professionals publish widely. private clients. Visit CLAconnect.com.





Create opportunities

CLA exists to create opportunities for our clients, our people, and our communities through industry-focused wealth advisory, outsourcing, audit, tax, and consulting services.

More than

6,100



More than

120

people

U.S. locations







We promise to know you and help you

With CLA by your side, you can find everything you need in one firm. Professionally or personally, big or small, we can help you discover opportunities and achieve more than you believed possible.



What makes us different?

You can depend on CLA for several uncommon advantages:

Deep industry specialization

Our people are industry practitioners first and foremost. You will work with professionals who know you, your organization, and your industry. We combine their knowledge with yours to make you stronger.





Seamless, integrated capabilities

We offer planning and guidance from startup through succession, with particular care for the people behind the enterprise. Your team connects with a broad network of resources behind the scenes to support you.

Premier resource for health care and nonprofits

We are champions and thought leaders promoting our capabilities, serving as a trusted advisor for health care providers. Our goal is to help our clients build a valuable and sustainable business for generations to come.





Inspired careers

Our team members are personally invested in your success. You will work with entrepreneurial people who are constantly developing capabilities to help you meet any challenge you face.

For more information about CLA, visit CLAconnect.com/aboutus.



Services Approach

Seamless assurance advantage: a different way to audit

Many organizations view an audit as a requirement that doesn't contribute to their overall operations or value. At CLA, we believe an audit should be an annual check-up that gives you insight into your organization, allowing you to take advantage of opportunities and improve your operations.

Our industry experience makes it easier — CLA auditors are industry aligned, making our audit process fast and smooth. We focus on operational efficiency and leverage our industry experience to bring you meaningful insights that go beyond compliance requirements. A dedicated team of professionals will listen to your goals and concerns, then work with you to navigate industry pressures, changing markets, and complex standards, all with a common goal to drive your business toward success.

Your time has value — We recognize that you and your teams' day is filled with competing priorities and constant distractions. We elevate your experience by utilizing a variety of communication mediums, such as a web-based document portal, video conferencing, email, and phone calls, to keep everyone informed and on track. These mediums provide ultimate flexibility so that you can choose where and how your audit is performed. In contrast to a traditional engagement, where a team spends weeks on site at your location, our Seamless Assurance Advantage focuses on having the right team members on your engagement and isn't dependent upon any physical locations.

A simple transition — We recognize changing accounting firms presents an opportunity as well as a challenge. Our approach deliberately and effectively minimizes the impact of transition.

> We mitigate onboarding issues.

Selecting a team

We select a team experienced in transitioning new clients — this provides an effective bridge.

Arriving prepared for virtual fieldwork

We provide you with an extensive listing of necessary information in the early planning phase of your engagement, giving you adequate time to gather necessary information.

Minimizing your workload

Our planning process involves reviewing prior year workpapers, using workpapers routinely prepared as part of your monthly close process, and sharing templates we have developed for your industry.

Investing in our relationship

We spend additional time gaining an understanding of your organization and forming relationships.

No surprises —We will provide Hilltownwith a no surprises approach to our services, based on frequent and timely communication and clarity around roles and expectations. If and when issues arise during the course of your audit, we engage the right people in a frank discussion to resolve them.

Significant involvement of principals and managers — Because our principals and managers are directly involved in your engagement, we can proactively identify significant issues and resolve them with your



management. We believe that your time is best spent with key decision makers so that you can ask clarifying questions, discuss organizational strategies, and navigate sensitive reporting issues.

We tailor the audit just for you — While our audit programs provide typical approaches for given audit areas, CLA designs a client-specific, risk-based audit approach for each client. We use custom, industry-tailored programs, procedures, and tools that are designed specifically to focus on the issues that are applicable to FQHC organizations.

You'll learn about what we're doing and what we've found in plain, everyday language. We believe our services can contribute to better business and administrative practices. By working closely with your staff, CLA continuously learns about your organization. This involvement enables us to offer you recommendations for improvements in your systems and procedures that are more comprehensive, better understood, and more frequently implemented.

The CLA audit methodology utilizes a five-phase approach.

Phase 1 Assessment

Phase 2 **Planning** and strategy

Phase 3 **Systems** evaluations

Phase 4 Testing and analysis

Phase 5 Reporting and follow up

Continuous communication

When performing an audit, we are sensitive to and understanding of the fact that we report to those charged with governance. We maintain objectivity and independence in order to be able to issue our audit opinions. We will act within our philosophy of total client service, maintain the professional relationship refined with management, and fulfill our responsibilities with the utmost professionalism.

Year-long support — We encourage your staff to take advantage of our accessibility throughout the year for questions that may arise. Our people, working with you and your staff, can provide proactive advice on new accounting or GAAP pronouncements and their potential impact; help with immediate problems including answers to brief routine questions; and share insights and best practices to assist you in planning for your future success.

Summary of benefits

Hilltown will realize the following benefits from CLA's services:

- An objective look at your operations to help you make sound business decisions.
- Credibility only an outside professional can provide to your constituencies and stakeholders.
- Confidence that accounting principles have been evaluated for application accuracy.
- An opportunity to improve internal controls and accounting procedures, which increases reliability of accounting records and financial statements.
- Improved efficiency and effectiveness of the assurance service, thus adding value to the process while reducing disruption to your operations.



Single audit approach

In the current environment of increased oversight, it is more important than ever to find qualified auditors who have significant experience with federal grants specific to Hilltown and can enhance the quality of Hilltown's Single Audit. Therefore, the Single Audit will be performed by a team of individuals who specialize in Single Audits in accordance with OMB's Uniform Guidance and who will offer both knowledge and quality for Hilltown. As part of our quality control process, the Single Audit will be reviewed by a firm Designated Single Audit Reviewer.

The OMB's Uniform Guidance (2 CFR Part 200) affects how federal grants are managed and audited and impacts every organization that receives federal assistance. Grant compliance can be a confusing topic and many of our clients rely on their federal funding as a major revenue source, so it is important that they understand what these changes mean to their organization. As a leader in the industry, CLA was out in front of these changes and informed our clients of how to be proactive about these changes could impact their entity. CLA professionals are available to provide guidance and tools tailored to Hilltown's needs, and to assist in compliance with the new rules.

The AICPA clarified auditing standard, AU-C 801 "Compliance Audits" requires risk-based concepts to be used in all compliance audits including those performed in accordance with 2 CFR Part 200. Our risk-based approach incorporates this guidance.

We will conduct our Single Audit in three primary phases, as shown, below:

Phase 1 Risk Assessment and Planning

Phase 2 Major Program Testing

Phase 3 Final Assessment and Reporting

Phase 1: Risk Assessment and Planning

The risk assessment and planning phase will encompass the overall planning stage of the Single Audit engagement. During this phase, we will work closely with Hilltown's management to determine that programs and all clusters of programs are

properly identified and risk-rated for determination of the major programs for testing. We will also review the forms and programs utilized in the prior year to determine the extent of any changes which are required.

We will accomplish this by following the methodology below:

- Determine the threshold to distinguish between Type A and B programs, including the effect of any loans and loan programs
- Utilizing the preliminary Schedule of Expenditure of Federal Awards, we will identify the Type A and significant Type B programs (25% of Type A threshold) in accordance with the Uniform Guidance (UG)
- Identify the programs tested and the findings reported for the past two fiscal years. Determine and document the program risk based on the past two Single Audits
- Prepare and distribute Type B program questionnaires to determine risk associated with Type B programs
- Determine the major programs to be tested for the current fiscal year based on the previous steps
- Based on our determination of the major programs, we will obtain the current year compliance supplement to aid in the determination of Direct and Material Compliance requirements, and customize the audit program accordingly



Determine the preferred methods of communication during the audit

Phase 2: Major Program Testing

We will determine the programs to be audited based on the risk assessment performed in the planning phase. We will perform the audit of the programs in accordance with UG.

To accomplish this, we will perform the following:

- Schedule an introductory meeting and notify Hilltown's management of the major programs for the current fiscal year
- Plan and execute the testing of the expenditures reported on the Schedule of Expenditures of Federal
- Perform tests of compliance and internal controls over compliance for each major program identified
- Schedule periodic progress meetings to determine that schedules are adhered to and identify issues as
- Conduct entrance and exit conference meetings with each grant manager

Phase 3: Final Assessment and Reporting

We will re-perform the steps noted in the preliminary assessment and planning stage once the final Schedule of Expenditures of Federal Awards is received to determine if additional major programs were identified.

Based on the final determination of the programs we will perform the following:

- Identify Type A and significant Type B programs which were not previously identified.
- Re-assess the risk and determine if we are required to audit additional programs.
- Perform compliance testing at the entity wide level related to procurement and cash management requirements.
- Perform testing to validate the status of prior year findings for those programs not selected for audit.
- Prepare the Schedule of Findings and Questioned Costs.
- Conduct exit conference with Hilltown's management to review drafts of required reports:
 - Independent Auditors' Report on Internal Control over financial reporting and on compliance and other matters based on an audit of Financial Statements Performed in Accordance with **Government Auditing Standards**
 - Independent Auditor's Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Throughout the Single Audit, we will maintain communication through periodic progress meetings with those designated by Hilltown. These meetings will be on a set schedule, but as frequently as Hilltown determines. During these meetings, we will discuss progress impediments and findings as they arise.

Assurance Information Exchange (AIE)

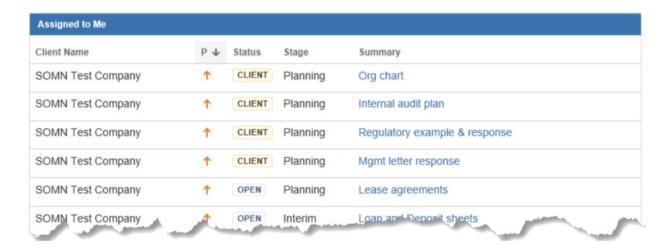
To make working with CLA a seamless experience, our team utilizes a secure web-based application to request and obtain documents necessary to complete client engagements. This application allows CLA and our clients to view a "live" client assistance letter clients, which provides detailed information, including due dates for all of the open items CLA is requesting. Additionally, clients have the ability to attach electronic files and add commentary related to the document requests directly on the application. The following is a link to our brief tutorial on Assurance Information Exchange.



https://www.youtube.com/watch?v=obcoLovjHaw

Below are some examples of the Assurance Information Exchange software:





Tax compliance approach

CLA proposes to perform tax planning and preparation services for Hilltown. Virtually every business decision you make has a tax consequence, and we believe working with a tax professional year-round can help you make knowledgeable decisions and keep more of your hard earned profit.

Our approach to tax planning and preparation begins with understanding your current tax situation. We will then work with you to proactively implement effective strategies to identify tax liabilities while helping you take advantage of every available incentive.

Process

Our tax services process is simple:

- We help prepare and file tax returns accurately well in advance of deadlines. We review past returns to understand your tax situation and determine if there are refund or planning opportunities.
- Keep you involved and informed to avoid errors and delays.

Deliverables

CLA will provide:

- Completed federal and applicable state tax returns by an agreed-upon deadline.
- Analysis and recommendations on the benefits of various tax credits.



• Strategies for streamlining your tax reporting process.

Ongoing insight

We are your business resource, so we encourage you to ask us for:

- Basic information throughout the year.
- Advice on new IRS announcements and their potential impact.

Benefits

You will receive the following benefits from our tax planning and preparation services:

- Ongoing assistance throughout the year, not just during the year-end procedures. This will help us recognize opportunities and resolve potential problems.
- Immediate communication of changes in tax law that may affect your operations and recommendations to address any resulting issues.
- Proactive planning to help you take advantage of any new opportunities.
- We go beyond compliance and investigate the tax benefit available to you.
- Thorough compliance with tax obligations means you can avoid penalties and surprises.

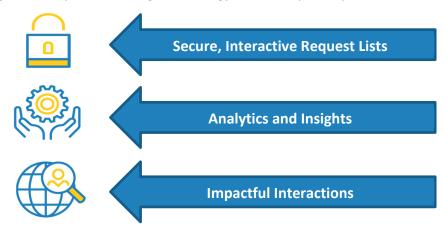
Reimbursement compliance approach

CLA has extensive experience with Medicare and Medicaid reimbursement and in preparing and analyzing Medicare and Medicaid cost reports. Nationally, on an annual basis, we prepare or review nearly 600 Medicare and Medicaid cost reports. In addition, we review intermediary adjustments for virtually all of our clients. We have extensive experience in providing other services such as revenue enhancement review, intermediary and PRRB appeals, and numerous other reimbursement consulting services.

At CLA, we act as your adviser when it comes to filing cost reports and interpreting reimbursement regulations. Our process is interactive and would involve Hilltown personnel from start to finish. We will advise you on opportunities within reimbursement regulations, and work with you to implement them. Consultation on how changes in your business environment will impact reimbursement will be provided to your organization. With CLA, Hilltown will receive proactive advice to assist you to reach peak operating performance.

Use of technology

We're reimagining the audit process through technology to elevate your experience!





Assurance Information Exchange (AIE) - To make working with CLA a seamless experience, our team utilizes a proprietary, secure web-based application to request and obtain documents necessary to complete client engagements. This application allows CLA and our clients to view a live client assistance letter clients, which provides detailed information, including due dates for all of the open items CLA is requesting. Additionally, clients have the ability to attach electronic files and add commentary related to the document requests directly on the application. Follow the link to view a brief tutorial of the Assurance Information Exchange.

Microsoft® Teams – Our services approach focuses on impactful interactions. We've said goodbye to the days of setting up camp in our clients' conference rooms for weeks on end. We know our clients have organizations to run, so our interactions have purpose. To assist with communications when we are not onsite, we utilize tools such as Microsoft Teams, which allow for two-way screen sharing and video. We've found this helps minimize disruptions in our clients' environments while continuing to effectively communication with each other.

TeamMate Analytics and Expert Analyzer (TeamMate) – To analyze and understand large data sets, we use TeamMate Analytics and Expert Analyzer. We customize the application by industry in order to perform the most applicable procedures. This allows us to go beyond sampling and instead analyze the entire general ledger for targeted anomalies. Far beyond the audit application, our six phase process of Risk Assessment, Data Analytics and Review (RADAR) can also provide actionable insights to help you understand your entity better.



Services integration

An engagement such as outlined in this proposal requires the interaction of numerous individuals working within relatively narrow time frames. Our assurance, tax, and cost report staff work as a team. We are in close, regular contact, keeping each other informed of our progress and any issues that arise. We emphasize communication — making sure that issues that cross disciplines are fully evaluated by the entire team.

Engagement timetable

Our project management methodology results in a client service plan that provides for regular, formal communication with the entire management team and allows us to be responsive to your needs. The schedule allows for input from your personnel to make certain that the services are completed based on your requirements. The plan may also be amended during the year based on input from the finance committee and/or the Board of Directors.

Significant Milestones	Target dates
Entrance conference	Upon selection
Interim audit work begins	Fall 2021
Field audit work begins	February 2022
Draft reports	March 2022
Presentation to governance	April 2022



Engagement Team Experience

Roles and responsibilities

An experienced engagement team has been aligned to provide the most value to your organization. The team members have performed numerous engagements of this nature and will commit the resources necessary to provide top quality service throughout the engagement. Following are our proposed management team members:

The most important resource any business has is people — the right people.

Engagement Team	Title	Role	Total Years Experience
Evan Marleaux, CPA	Principal	Relationship and Engagement Principal	15
Kasia Padzik, CPA	Director	Audit Engagement Director	14
Jennifer Corliss, CPA	Principal	Employee Benefit Plan Principal	20+
John Norman	Director	Tax Engagement Director	25+
Joan McGowan, CPA	Manager	Reimbursement Manager	15

Detailed biographies are available in the Appendix of this proposal.



References

CLA offers its clients the best of two worlds — a firm with national FQHC experience, complemented by a local team dedicated to accessibility and responsiveness. We are pleased to provide you with the following references, who can describe their experience in greater detail.

Provider Name	Location	Reference Name, Title and Email	Phone	Experience
Care Net of Lancaster	Lancaster, SC	Dr. Stewart Barre, CEO sbarre@carehealthcenter.net	(843) 991- 0147	А, В, С
Wood River Health Services	Hope Valley, RI	Alison L. Croke, President & CEO	(401) 387- 9648	А, В, С
Safe Alliance	Charlotte, NC	Karen Parker, President and CEO Karen.Parker@safealliance.org	(704) 367- 2760	А, В
South Carolina Primary Health Care Association	Columbia, SC	Maurishka Williams, CFO maurishkaw@scphca.org	(803)788- 2778	А, В, С

Key:

A – Entity has programs funded by the Federal Government

B – Entity is a nonprofit organization

C – Entity is a FQHC, clinic, or health care association



Professional Fees

Our fees are based on the timely delivery of services provided, the experience of personnel assigned to the engagement, and our commitment to meeting your deadlines.

CLA understands the importance of providing our clients with value-added strategies. We propose to provide routine, proactive quarterly meetings — as part of our fee — that will allow us to review and discuss with you the impact of new accounting issues, as well as any other business issues you are facing and how they should be handled. This level and frequency of interaction will no doubt enable CLA to help you tackle challenges as they come up, and take full advantage of every opportunity that presents itself.

Professional Services	FY 2021	FY 2022	FY 2023
Financial statement audit (including single audit)	\$25,000	\$25,750	\$26,500
Employee Benefit Plan audit	\$11,000	\$11,300	\$11,600
Prepare IRS Form 990 and related schedules and submission	\$3,000	\$3,100	\$3,200
Medicare/Medicaid cost report preparation	\$4,000	\$4,150	\$4,300
Technology and client support fee (5%)	\$2,150	\$2,215	\$2,280
Total	\$45,150	\$46,515	\$47,880

We have found over the years that our clients don't like fee surprises. Neither do we. We commit to you, as we do all of our clients, that:

- We will be available for brief routine questions at no additional charge, a welcome investment in an ongoing relationship.
- Like most firms, we are investing heavily in technology to enhance the client experience, protect our data environment, and deliver quality services. We believe our clients deserve clarity around our Technology and Client Support Fee, and we will continue to be transparent with our fee structure.
- Any additional charges not discussed in this proposal will be mutually agreed upon up front.
- We will always be candid and fair in our fee discussions, and we will avoid surprises.



Fee considerations

The fee proposal is based on the following:

- Hilltown personnel will provide assistance periodically throughout the year and during the assurance fieldwork with regard to account analysis and provision of year-end account reconciliation work papers and schedules.
- Hilltown personnel will prepare the year-end tax workpapers and schedules to the extent performed in prior years, which we will complete, review, and examine.
- The assurance reports will be delivered in accordance with Hilltown's deadlines.
- The tax returns will be completed by a mutually agreed upon date sufficient to allow timely filings.
- Satisfactory completion of our firm's normal client acceptance procedures.
- Professional standards and regulations currently in effect. We reserve the right to modify your proposed fee if professional standards or regulations change for any engagement period.
- No significant changes in the operations of Hilltown subsequent to the date of this proposal.
- Preparation of the state income tax returns filed in the prior year.

Billing for phone calls and questions

It is not our policy or practice to bill our clients every time we receive a phone call. In the course of providing our services to you, we will regularly consult with you regarding accounting, financial reporting, and significant business issues. If a specific project is complex or requires significant time or resources, we will discuss the scope of the project and its fee with you first to make sure there are no surprises. While it is difficult to establish an exact policy for billing in these situations, we commit to discussing the request with you in advance of performing our services if we believe the time requirement to provide you the desired assistance is other than routine. We will discuss the scope of the project and our estimate to complete it prior to commencing work.

Our last word on fees — we are committed to serving you. Therefore, if fees are a deciding factor in your selection of an accounting firm, we would appreciate the opportunity to discuss our audit plan.

At CLA, it's more than just getting the job done.



Appendix

Engagement team biographies



Evan S. Marleaux, CPA

CLA (CliftonLarsonAllen LLP)

Principal Boston, Massachusetts

617-984-8100 evan.marleaux@CLAconnect.com



Profile

Evan serves as a principal with CliftonLarsonAllen specializing in professional audit services for nonprofit health care organizations and has more than 14 years of public accounting experience. He also has significant experience with both Yellow Book and single audits. He is a veteran of the United States Air Force and served in both Operations Enduring Freedom and Iraqi Freedom.

Technical experience

- Supervised and completed audits across multiple nonprofit sectors
 - Continuing care retirement communities
 - o Federally qualified health centers
 - Hospital and health systems
 - Mental health authorities
 - Social services
 - Foundations
 - Museums

Recent speaking engagements

- April 2021 LeadingAge CT "Recession: History of Recessions in the US and How Senior Living Reacted"
- September 2020 "COVID-19 Financial Reporting, PRF Funds, and Demystifying the Single Audit"
- September 2019 LeadingAge Massachusetts "Compensation, Retention, and Incentive Compensation Practices"
- May 2019 and September 2019 LeadingAge New York "Thriving in a Highly Competitive Environment: Comparing the Not For Profit vs. For Profit Difference"

Education/professional involvement

- Bachelors of science in business administration and bachelors in accounting Florida Gulf Coast University, Fort Myers, Florida
- Certified Public Accountant in the state of Massachusetts
- United States Air Force Firefighting Academy Goodfellow AFB

Civic organizations

- American Heart Association
- Charlotte Bilingual Preschool Finance Committee

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Jennifer Corliss, CPA

CLA (CliftonLarsonAllen LLP)

Signing Director Boston, Massachusetts

617-984-8134 jennifer.corliss@CLAconnect.com

Profile

Jen is a signing director that leads the New England employee benefit plan group. With more than 20 years of experience in the employee benefit plan and health care industries, her background includes audits of defined contribution plans and defined benefit plans. She has extensive knowledge of internal controls, plan compliance with ERISA, DOL and IRS regulations and fiduciary responsibilities. Jen has vast experience related to auditing and accounting issues affecting employee benefit plans and can bring that knowledge base to improve reporting and compliance for her clients.



She will oversee all engagement responsibilities for the employee benefit plan audit services, including reviewing the audit program, coordinating activities with management, and directing meetings with you.

Technical experience

- Employee benefit plans
- Health care

Education and professional involvement

- Bachelor of Science, University of Massachusetts Dartmouth
- Certified Public Accountant
- American Institute of Certified Public Accountants, Member
- Massachusetts Society of Certified Public Accounts, Member

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John Norman, JD

CLA (CliftonLarsonAllen LLP)

Tax Director Charlotte, North Carolina

704-998-5245 john.norman@CLAconnect.com

Profile

John has 24 years of experience in public accounting income tax, with a heavy emphasis on helping nonprofit senior living organizations address a variety of tax and business issues. He is a frequent speaker, both internally and at external webinars and conferences, on various tax issues that impact the healthcare industry.



Experience serving clients

Prior to joining CliftonLarsonAllen, John spent over 13 years with "Big Five" firms leading their health care tax practice in North and South Carolina. John is proficient in identifying value added tax strategies that strengthen the tax-exempt status of tax-exempt organizations as well as tax strategies that help minimize tax issues that negatively impact those organizations. He has provided tax consultation on many subjects, including corporate restructuring issues, medical expense deductions, governance, executive compensation, intermediate sanctions, unrelated business income, tax-exempt bonds, community benefit, IRS examinations, and private letter rulings.

Education/professional involvement

John received his Bachelor of Arts degree from The University of the South and his law degree from Oklahoma City University.

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Kasia Padzik, CPA, MSA, MBA

CLA (CliftonLarsonAllen LLP)

Director Boston, Massachusetts

781-402-6327 kasia.padzik@CLAconnect.com

Profile

Kasia is a director in the Health Care industry and has served a diverse group of clients in her 17 years in public accounting.

Kasia has served skilled nursing, assisted living facilities and other long-term care organizations. She has also served academic research hospitals, community hospitals, rehabilitation hospitals, employee benefit plans, nonprofit foundations and other nonprofit organizations.



Technical experience

- Health care entities
- Nonprofit entities
- Employee benefit plans

Education/professional involvement

- Masters of science in accounting and masters of business administration from Northeastern University, Boston, MA
- Bachelors of administration in biochemistry and molecular biology with a minor in economics from Boston University, Boston, MA
- American Institute of Certified Public Accountants
- Certified Public Accountant in the state of Massachusetts

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Joan McGowan, CPA, MBA

CLA (CliftonLarsonAllen LLP)

Director Quincy, MA

Phone 617-984-8140 joan.mcgowan@CLAconnect.com



Profile

Joan has more than 20 years of accounting, auditing and reimbursement experience in the senior health care field. She has served various healthcare organizations including skilled nursing facilities, continuing care retirement communities, assisted living facilities, and hospice and home health care agencies. Joan's focus is mainly Medicare and Medicaid cost reporting and consulting including overseeing and maintaining our local office internal healthcare reporting process and training to ensure quality reporting for clients. Consulting services focus on reimbursement analysis, research, appeals, intermediary/contractor communications, audits and special projects. She has extensive experience with preparation and review of Medicare and Medicaid cost reports for nursing facilities, residential care facilities, adult day health facilities, adult/group foster care programs, home health agencies and hospice agencies.

Technical experience

- Medicare cost reporting
- Medicaid cost reporting (primarily Massachusetts, Connecticut, New Hampshire, Rhode Island, New York, Pennsylvania, Maryland)

Education and professional involvement

- Master's of business administration Babson College, Wellesley, MA
- Bachelor's of science in accounting Boston College, Chestnut Hill, MA
- American Institute of Certified Public Accountants
- Certified Public Accountant in Massachusetts
- Massachusetts Society of Certified Public Accountants



Quality control procedures and peer review report



In the most recent peer review report, we received a rating of pass, which is the most positive report a firm can receive. We are proud of this accomplishment and its strong evidence of our commitment to technical excellence and quality service. The full report is provided on the following page.

In addition to an external peer review, we have implemented an intensive internal quality control system to provide reasonable assurance that the firm and our personnel comply with professional standards and applicable legal and regulatory requirements. Our quality control system includes the following:

- A quality control document that dictates the quality control policies of our firm. In many cases, these policies exceed the requirements of standard setters and regulatory bodies. Firm leadership promotes and demonstrates a culture of quality that is pervasive throughout the firm's operations. To monitor our adherence to our policies and procedures, and to foster quality and accuracy in our services, internal inspections are performed annually.
- Quality control standards as prescribed by the AICPA. The engagement principal is involved in the planning, fieldwork, and post-fieldwork review. In addition, an appropriately experienced professional performs a risk-based second review of the engagement prior to issuance of the reports.
- Hiring decisions and professional development programs designed so personnel possess the competence, capabilities, and commitment to ethical principles, including independence, integrity, and objectivity, to perform our services with due professional care.
- An annual internal inspection program to monitor compliance with CLA's quality control policies. Workpapers from a representative sample of engagements are reviewed and improvements to our practices and processes are made, if necessary, based on the results of the internal inspection.
- Strict adherence to the AICPA's rules of professional conduct, which specifically require maintaining the confidentiality of client records and information. Privacy and trust are implicit in the accounting profession, and CLA strives to act in a way that will honor the public trust.
- A requirement that all single audit engagements be reviewed by a designated single audit reviewer, thereby confirming we are in compliance with the standards set forth in the *Uniform Guidance*.





Report on the Firm's System of Quality Control

November 21, 2019

To the Principals of CliftonLarsonAllen LLP and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; audits of employee benefit plans; audits performed under FDICIA; audits of broker-dealers; and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of CliftonLarsonAllen LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. CliftonLarsonAllen LLP has received a peer review rating of pass.



Cheny Befort LLP



Proposal for **Assurance and Tax Services**

Prepared for:

Hilltown Community Health Centers, Inc.

April 7, 2021





Headquarters

280 Trumbull St 24th Floor Hartford, CT 06103 Tel: 860.522.3111

www.WAdvising.com

One Hamden Center 2319 Whitney Ave, Suite 2A Hamden, CT 06518 Tel: 203.397.2525

14 Bobala Road #3 Holyoke, MA 01040 Tel: 413.536.3970

April 7, 2021

John Melehov, Chief Financial Officer Hilltown Community Health Centers, Inc. 9 Russell Road Huntington, MA 01050

Dear Mr. Melehov:

We are pleased to submit our proposal to Hilltown Community Health Centers, Inc. ("Hilltown CHC") to provide assurance and tax services for the years ending December 31, 2021, 2022, and 2023. We are confident we can provide value and services to support the mission of Hilltown CHC.

Whittlesey has served nonprofits since 1961. Since we service over 350 nonprofit organizations, we can seamlessly transition into Hilltown CHC as your auditor. Our team specializes in nonprofit accounting and advisory services, so we will support your mission and provide actionable solutions to help you achieve your goals.

We pride ourselves on developing relationships where clients call upon us as their most trusted business advisor. The value-added benefits of working with our team include:

- ♦ Federally Qualified Health Center (FQHC) experience Wheeler Clinic and InterCommunity can speak to our skills.
- An internal healthcare advisory resource with a deep understanding of operational and financial issues unique to entities that provide patient care.
- Extensive experience auditing Federal and State grant programs including the Health Centers Program, Crime Victim Assistance, and Violence Against Women.
- Partner and manager level support at every phase of your audit so we can tailor our recommendations to the facts and circumstances impacting Hilltown CHC.

For all these reasons, we can deliver a smooth transition and minimal learning curve. Nonprofits are our firm's largest practice area, so your engagement team will understand your unique challenges, support your mission, and recommend actionable strategies and solutions. We look forward to developing a relationship with you. If you should have any questions or need additional information, please contact us at 413.536.3970. Thank you for this opportunity.

Sincerely,

Lisa Wills, CPA – Partner lwills@WAdvising.com

Jin M. Wills Stone Gradeson

Steve Erickson, CPA – Partner serickson@WAdvising.com

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PROFESSIONAL EXPERIENCE

Founded in Hartford in 1961, Whittlesey is one of the largest regional CPA and information technology consulting firms in New England. With offices in Holyoke, MA and Hartford and Hamden, CT, we provide a comprehensive array of assurance, tax, advisory, and technology services.

The Firm's current staff of 150 professionals includes 20 partners. We are large enough to offer a broad knowledge base and continuity of our professionals, but not so large as to lose sight of the importance of personalized and responsive service. As members of Allinial Global, an association of legally independent accounting and consulting firms, we share in the strength of a worldwide network while maintaining personal service in the communities where we live and work.

Our clients think of us as an extension of their leadership team, delivering expert counsel and actionable insights for their current success while helping them see future potential. **We call this process Forward Advising™**.

Firm Accolades

- ♦ Largest Connecticut-Based Firm, with headquarters in Hartford
- ♦ 7th Largest Regional Firm in New England
- Inside Public Accounting's 2020's "Top 200 Accounting Firms"



Our resources provide <u>direct benefits to Hilltown CHC</u>:

- Experience with Your Funders and Programs. We have extensive experience serving FQHCs and nonprofits with similar operations and needs as Hilltown CHC. We currently perform audit and tax services for Wheeler Clinic and InterCommunity. We have numerous clients that receive grant funding from the Departments of Health and Human Services, Justice, and Housing and Urban Development. We perform more than 150 Federal and Single Audits annually.
- Commitment to Nonprofits. We understand the importance of keeping current with the unique accounting and regulatory issues affecting nonprofits and are committed to building upon the strong knowledge base that we currently have. Serving nonprofits is a focused niche of our Firm.
- Internal Controls. We will work with your staff to gain an expert understanding of your internal controls. We will strive to provide effective and efficient recommendations to allow Hilltown CHC to achieve the best use of its resources.
- Actionable Insights. We seek to provide meaningful and actionable insights as we provide our audit
 and accounting services. We dig deep into client data to extract useful information that can provide
 insights into the organization and help management make the best decision possible.
- Education. We provide educational resources to all of our clients at no additional charge. We produce educational webinars, newsletters, and hold various training seminars during the year on industry developments that all of our clients are invited to attend. In addition to these events, we present and educate board members on various aspects of nonprofit accounting.
- Partner Access. While many accounting firms have a ratio of approximately one partner to ten or more professional staff, we maintain a ratio of about one to seven. This enables us to provide each client with services directly supervised by a partner.
- Year-Round Accessibility. We encourage ongoing communication with our clients throughout the year. The partner and team members are never more than a video/phone call or email away. We offer consultation on routine accounting questions at no extra charge.

Nonprofit Experience

Whittlesey has specialized in nonprofit auditing and accounting since its inception. Perhaps even more important is the fact that we are one of the only major regional firms with service to nonprofits as its largest practice focus, servicing over 350 nonprofit clients (majority are 501(c)(3) organizations), approximately 100 of which have single audit requirements. Our entire assurance team receives specialized training specific to these entities. The size of our nonprofit practice is not coincidental – it is the result of a dedicated focus to provide the highest level of service to the nonprofit community, such as organizations like Hilltown CHC, a focus which has spanned over several decades. We understand the importance of becoming advisors to our clients' financial teams, and that fosters both efficiency and effectiveness.

Tax Experience

Whittlesey provides a full range of tax services for clients throughout the U.S. Our tax practice is built on the same basic philosophy that guides our audit and accounting practice: we provide the highest quality of service with an extra measure of personal attention. Our professionals not only have experience in preparing and filing our nonprofit clients' Forms 990, 990-T, and state tax filings, they are also available to our clients in dealing with payroll tax issues, unrelated business income tax, state and local tax issues such as sales and property taxes, representation of clients undergoing federal or state audits, and other tax consulting as the need arises.

Healthcare Advisory Experience

We have internal consulting resources who are experienced at understanding operational and financial issues unique to entities that provide patient care. This expertise includes optimization of patient accounts receivable, physician compensation models, clinical staff incentive planning, performance metrics, and strategic planning. Additional services may be provided through our Allinial Global affiliation including new service line pro-formas, payer contracting and credentialing, clinical space buildouts, and Medicare and Medicaid cost reporting.

Technology Experience

Our technology team provides consulting services in three major areas: security and assurance, accounting system consulting, and systems support. Our staff includes cybersecurity specialists, Certified Information Systems Auditors, Certified Fraud Examiners, and Certified Risk Assessment consultants. Services routinely provided to its many nonprofits clients include: GLB IT Risk Assessments, cybersecurity audits, implementing best security practices, breach response, network hardening, Network Vulnerability Assessments (NVA), and Service Organization Control (SOC) audits.

Having this level of expertise in-house ensures that we bring the very best technology to our audit engagements and that our clients' confidential data is protected in accordance with the latest federal and state regulations. In addition, our close working relationship with our technology team allows us to call on them as trusted advisors and partners should a situation arise where technology or database assistance is needed. Access to our technology team's knowledge and expertise is a great benefit to the Whittlesey staff and our clients as well.

ENGAGEMENT TEAM AND STAFFING

Members of the Firm's leadership team whom we have assigned to this engagement were selected based on their history of serving similar clients in the nonprofit sector. Following are brief backgrounds of the key

members of the leadership team that we propose to work with Hilltown CHC. Detailed resumes are in the Exhibits section.

Holyoke office managing partner and audit partner **Steve Erickson**, **CPA**, will maintain the overall relationship with Hilltown CHC while ensuring team members meet all engagement requirements and timelines. Steve has more than 30 years of experience providing audit and consulting services to a variety of tax-exempt organizations.

Lisa Wills, CPA, will serve as partner of this engagement. Lisa will have overall responsibility for the services provided to Hilltown CHC and will be directly involved in all aspects of our relationship with you. With nearly 30 years of experience in public accounting, including time at a "Big Four" firm. Lisa has devoted the majority of her professional career to serving nonprofit organizations. Lisa is the leader of the Firm's Nonprofit Niche and is a member and past Chair of the Nonprofit Committee of the Connecticut Society of Certified Public Accountants (CTCPA).

Kimberly Napp, CPA, will serve as technical partner of this engagement. With more than 17 years of experience in public accounting, Kim has devoted the majority of her professional career to serving nonprofit organizations. She is a member of the Firm's Nonprofit Niche and serves as the Firm's Quality Control Officer.

Thomas Dowling, CPA, CFE, will serve as director of the engagement. Tom has nearly 15 years of experience serving nonprofit entities. Tom will be responsible for supervising the audit staff and conducting the review of all work papers and financial statements.

John Trusler, CPA, will serve as a healthcare advisory resource to Hilltown CHC and the engagement team. John has more than 20 years of experience with healthcare organizations in both public accounting and private industry.

Brenden Healy, CPA, will serve as the tax partner of this engagement. Brenden has more than 25 years of experience in public accounting. He will oversee the technical review of the tax returns and is available for consultation throughout the year on any tax-related matters.

Mark Torello, CPA, CFE, CISE, CRSIC, is the partner in charge of technology. Mark has more than 25 years of experience in consulting, with an emphasis on security and accounting systems technology. Mark and his team will review Hilltown CHC's IT control environment. He will also oversee any IT special services and/or cybersecurity and privacy concerns.

Qualified Assigned Personnel

Upon selection as your service provider, we will assign the appropriate seniors and staff to perform the audit work. All members of our team will be assigned based on the qualifications necessary to complete the required tasks. The diverse nature of our client base allows us to be flexible enough to meet any need that may arise. Your entire team has been exposed to the unique requirements of nonprofit organization audits and will bring relevant experience to the engagement.

Staff Continuity

We emphasize our staff continuity as we feel it is unrivaled and promotes an efficient, effective professional relationship. Over the past three years, we have had a retention rate of approximately 85%, which we believe exceeds the industry average. Our low turnover of professional staff supports our ability to maintain a consistent team throughout the life of a client relationship and are available to you as needed. It is our practice and Firm philosophy to maintain consistency of personnel on all engagements. We believe

continuity of staff will provide value to Hilltown CHC by reducing the learning curve and maintaining an indepth understanding of your operations, allowing us to provide quality feedback and insightful risk assessment.

REFERENCES

Whittlesey has a history of more than 60 years of providing quality client service. We have worked with a number of our clients for decades – that alone is a testament to their satisfaction with our quality of service and the dedication we bring to this sector. The following is a list of clients that we encourage you to contact for reference as to the quality and value of our services.

Client Name	Principal Contact
InterCommunity	Kim Beauregard, Chief Executive Officer (860) 291-1340 kimbeauregard@intercommunityct.org
Wheeler Clinic	Athena Dellas, Vice President, Finance (860) 793-4235 adellas@wheelerclinic.org
YWCA of Western Massachusetts	Elizabeth Dineen, J.D., Executive Director (413) 732-3121 Idineen@yworks.org
Gandara Mental Health Center	Lois Nesci, Executive Director (413) 736-8329 Inesci@gandaracenter.org

AUDIT APPROACH

Understanding of the Services to be Performed

Based on our discussion with you, our understanding of the services required for the years ending December 31, 2021, 2022 and 2023, is as follows. We will dedicate all necessary resources to ensure that the services required by Hilltown CHC are provided in a manner that represents the highest standards of our profession.

Our understanding of the scope of the engagement is as follows:

- Annual audits of financial statements;
- Annual audits of federal and state financial assistance in accordance with *Government Auditing Standards* and the Uniform Guidance;
- Preparation of the Uniform Financial Report;
- Preparation of IRS Form 990 and applicable state forms;
- Limited scope audit of the 403(b) plan;
- Management letter containing comments and recommendations with respect to internal accounting controls and administrative controls and efficiency;

- Presentation of final audited financial statements and management letter to the Finance Committee and Board of Directors; and
- Availability throughout the year to provide advice and guidance on financial, tax and other matters.

Approach to the Audit

Each entity that we audit is unique and has variations in operations and controls. Therefore, each audit requires planning that is tailored to that client's particular operations and financial reporting needs. Generally, we design our audit approach to create minimal disruption to understand your operations to provide an in-depth audit and meaningful advice. We emphasize the use of risk-based and analytical review procedures in planning and executing the audit. These procedures enable us to design an audit program which will include the most effective and efficient audit procedures.

Our approach is comprised of three phases: Planning, Performance, and Reporting.

Planning: The planning process enables us to develop an effective audit strategy and provides us with an understanding of operations, audit areas and accounting matters. We perform our planning procedures prior to the close of your fiscal year end. Some of the specific tasks in planning the audit include documenting and understanding systems and controls; identifying major federal and state programs and related compliance requirements; developing audit programs; arranging for confirmation requests; completing some of the required control and grant compliance testing as available; and preparing a list of audit needs to be provided to your internal staff prior to our performing the audit.

As part of our planning, we will obtain certain data files, including the general ledger, which we will utilize with our data extraction software to assist us with some of our audit procedures. This process allows us to bring efficiencies to our audit and produce valuable information to be shared with you.

All audit documentation is maintained electronically, and we prefer that all supporting documentation be provided to us in an electronic format. Our electronic documentation strategy includes a core audit software package. To add a necessary level of security, we can provide you a secure client portal that will allow us to exchange sensitive information securely.

In the first year of the engagement, this phase would also include contacting the predecessor auditors and making the inquiries required by professional standards, and other procedures key to a smooth transition.

Performance: Performing the audit is the essence of the engagement. Performing the audit involves applying analytical procedures, testing controls, performing compliance testing on your major federal and state programs, and performing substantive test work.

Reporting: Reporting is the final stage of the audit process. Conveying the results of the audit is accomplished by providing draft financial statements and Federal and State Single Audit reports, preparing the draft management letter, and presenting the reports. Your engagement team is fully responsible for all deliverables. There is no national office or regional review process to bog down the timely completion of the audit and resulting deliverables.

The management letter will describe noted weaknesses, if any, in the internal control structure, observations regarding efficiency and controls, and specific recommendations to resolve any noted deficiencies. The goal of our management letter is to take a proactive approach in identifying issues before they become problems.

We have consistently provided our clients with recommendations to improve governance, strengthen internal controls and best practices in business operations. This type of consultation is developed through our observations and vast experience with similar types of organizations.

In accordance with auditing standards, we will communicate relevant matters to the Finance Committee and Board of Directors including, but not limited to, the auditors' responsibility under generally accepted auditing standards and *Government Auditing Standards*; Federal and State compliance findings, significant accounting policies; management judgments and accounting estimates; and audit adjustments.

Use of Technology in the Audit

Whittlesey provides its professional teams with the most current technology resources, an important aspect in our delivery of quality service, which significantly enhances real-time communication and audit team performance. The Firm is committed to a "paperless" work environment and strives to provide the necessary tools to our staff so that they can meet this objective.

Our investment in technology, including video conferencing and a secure portal, has allowed Whittlesey to continue audits at the vast majority of our clients despite not being on-site during the COVID-19 pandemic.

Communication and Responsiveness During the Audit

We employ a real-time partner/manager review process so that after the performance stage of the audit, the partner and director will have already completed their reviews of critical areas and potential issues. Throughout the performance phase of our audit, we will schedule regular meetings with management and your internal accounting staff to provide status updates on the audit. During those meetings, we will discuss potential audit adjustments, performance improvement observations, potential Single Audit findings, open items, and any issues that could result in changes in our audit scope.

Clear, Year-Round Communication and Accessibility

We value the candid exchange of ideas and opinions with our clients. We strive to maintain an open door with management. Our key team members will meet with management frequently and the Finance Committee and Board of Directors, as requested. We are always available whenever our clients wish to meet with us.

Clear communication includes providing cost-efficient recommendations for improvements. We place particular emphasis on providing meaningful business advice throughout the year, not just in connection with our audits. This communication can be in the form of verbal comments, electronic mail notices, newsletters, through our management letter and discussions with the Board of Directors and management. At all times we keep our communication directed toward your specific needs and not just generic dialog.

Technical Consultation and Issues Resolution

Our technical consultation process is local and resides principally with your engagement team. We are knowledgeable in the accounting, financial reporting, tax and business matters that are important to you. We will first discuss any potential issues with management. Our team members bring extensive first-hand knowledge of significant accounting transactions that may arise and methods of reporting such transactions. Other firm personnel with applicable experience would be consulted if considered necessary. We have found that this process results in the timely development of appropriate resolutions.

We have also found that continuous open communication with our clients is the best means to avoid any differences of opinion about accounting matters. Should a difference of opinion arise related to accounting or auditing matters, we will work with management to understand all aspects of the issues and management's proposed accounting treatment. We will share with management where our understanding of the guidance may differ and discuss how we arrived at our understanding. We are confident that we will arrive at an appropriate resolution of the question but, if not, would jointly present the issue to the Finance Committee and Board of Directors, if significant.

Work Plan to Ensure A Smooth Transition Strategy

Our history spans more than 60 years, and throughout this period we have worked with countless clients in the transition to Whittlesey from other professional service providers. We have developed a strategy that makes the transition smooth for both our clients and our engagement team. The transition begins immediately upon our appointment as auditors and involves clear communication of expectations and deadlines.

Timetable

We have developed the following a schedule based on our review of the RFP and your expectations. This timetable is designed to meet your scheduling dates, requirements and milestones so that all required submissions are made timely. **Upon appointment as auditors, we will adjust the timeline as needed.**

Schedule				
Meet with management to discuss the audit plan	November			
Year-end financial statement audit fieldwork	February			
Draft audited financial statements, management letter and Form 990 for management review	By March 15			
Presentation of audit results to Finance Committee and Board of Directors	March			
Issuance of final audit reports and Uniform Financial Report	By April 1			
Filing of Form 990 and state returns	By May 15			

Once we are engaged, we will develop our detailed audit plan. At that time, we will determine the budgeted number of hours by level and by segment.

PROPOSED FEES

Whittlesey is committed to making a substantial investment in what we believe will be a long and mutually beneficial relationship. Our fees reflect this commitment, as does our policy not to bill for out-of-pocket expenses. Based on our industry knowledge and the experience of your engagement team, we are confident our professional fees are reasonable and are one of the many facets of value you will receive from Whittlesey.

Our fee estimate for the audit and tax return preparation for the years ending December 31 is as follows:

	2021	2022	2023
Audit of financial statements, Federal Single Audit, preparation of UFR, and preparation of federal Form 990 and state filings	\$25,000	\$26,000	\$27,000
Limited scope audit of 403(b) plan	\$8,500	\$8,750	\$9,000

During our meeting with you, you indicated that you would be open to the performance of the audit remotely. We anticipate no difficulties with performing the work remotely, and will work with you to obtain the required documentation electronically through a secure portal. Our fee estimate assumes the audit will take place in this manner.

Our fee estimate assumes no significant changes in the business environment, major changes in regulatory issues, major technology changes or significant changes in generally accepted accounting principles or auditing standards.

Our policy is to progress bill for services on a monthly basis, as the work is performed.

We understand that special projects may come up throughout the year that may require our services and/or consultation. We are available to support additional projects outside the scope of this proposal and would discuss fees prior to the commencement of any additional work.

Involvement of Hilltown CHC Personnel

During the planning phase of the audit, we will provide you with a list of required documents to be prepared by you in advance of our fieldwork. This list will include select schedules and reconciliations of accounts. We do not anticipate that a significant amount of time would be required to produce these schedules as we try to utilize reports and schedules that are already prepared internally on a monthly or quarterly basis.

During the performance of the audit, we would expect your accounting staff to be available to answer questions regarding the operations of Hilltown CHC and provide supporting documentation on selected accounts and transactions.

We will perform extensive pre-audit planning sessions with your internal accounting staff and management to ensure that our fieldwork progresses as smoothly as possible with the least amount of disruption to your operations.

Audit Preparation and Year-End Close

During our meeting with you, you expressed your desire for the auditors to perform a certain amount of audit preparation including year-end closing entries. The amount of client assistance we can perform is limited under generally accepted auditing standards and *Government Auditing Standards*, in that we are precluded from performing any functions that are deemed to be management responsibilities. We are not able to prepare year-end reconciliations of your accounts, but we are able review your records and reconciliations and to propose year-end cash to accrual adjustments.

PEER REVIEW

The Firm is independent, as defined by auditing standards generally accepted in the United States as Our Firm has a strong track record of providing responsive service within a rigorous quality system. A cornerstone of this system is the peer review. Our most recent peer review has been completed for the year ended December 31, 2016, and obtained the highest rating — "pass" (See Exhibit).

ADDITIONAL INFORMATION

Knowledge of Accounting Standards and Emerging Issues

Whittlesey maintains compliance with accounting standards through the following:

- Lisa Wills served as the Chair of the Nonprofit Committee of the Connecticut Society of Certified Public Accountants for three years and continues to be involved with the committee. Through this involvement, she has a front row seat to accounting pronouncements and industry developments, which she shares with our audit professionals and clients.
- Members of our nonprofit niche regularly attend FASB conferences and webcasts, keeping updated on current and emerging FASB standards.
- Our Firm's Technical Committee monitors accounting and auditing pronouncements as they
 emerge, and disseminates this information to all audit professionals through internal
 communications and at monthly audit staff meetings, and to our clients in a timely manner
- All audit professionals are required to remain in compliance with Government Auditing Standards for Continuing Professional Education (CPE): a minimum of 24 hours of CPE is required to be focused on nonprofit specific topics. Firm CPE is delivered by national instructors, and also developed and delivered in-house.
- Our audit professionals use internal best practices developed from our knowledge of hundreds of nonprofit clients in determining our audit approach.

Thought Leadership and Client Communications

As a client, you will not only receive information from your engagement team, but you will also have access to others within the Firm who may provide information or services important to you. Our clients receive information on nonprofit issues that will affect their organizations in the following ways:

- ♦ Direct correspondence sent to clients via email as issues arise, ensuring you are aware of developments that impact your organization. Recent client communications have included updates on the release of the CARES Act and its funding and tax relief, and the FASB Accounting Standards Updates Revenue from Contracts with Customers and Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, and the potential impact to our clients.
- Quarterly newsletter to our nonprofit clients. Recent articles have included topics such as
 procurement standards, reconciling audited financial statements to internal reporting, profitability
 of special events, and educating donors on unrestricted donations.
- Webinars Recent presentations have included the new nonprofit reporting model, preparing for an audit, and revenue recognition for nonprofits.

Specifically related to each client engagement, as new pronouncements are issued or regulatory changes take place, each partner or manager will consider the effect that the change may have on their clients and

contact the client to inform them of the change and the expected impact. Additionally, we routinely present issue updates and developments as part of a Board of Directors and Audit Committee meeting in order to provide current industry information.

Capabilities Performing Advisory Services

Beyond the scope of our standard audit procedures, we have worked with many nonprofit clients in performing additional services for a wide array of advisory projects. We have a strong reputation as trusted advisors to nonprofit organizations, assisting in the analysis of business opportunities and threats, operations improvement, and design and installation of computer accounting systems. We provide the following additional services to our clients:

	Advisory	Technology	Tax
•	Internal Controls and Business Process Reviews Long-Term Strategic Planning Board Training on Governance Issues	 Cybersecurity Assessment Accounting and Fundraising Systems Staff Training Software Selection 	 Payroll tax issues State and local tax issues Representation on federal or state audits Review of tax impacts of
•	Federal and State Program Compliance & Monitoring Benchmarking Risk Management	Software OptimizationTechnology Planning & Assessment	agreements

Ехнівітѕ **ENGAGEMENT TEAM BIOS** PEER REVIEW REPORT

ENGAGEMENT TEAM BIOS

Steve Erickson, CPA Managing Partner – Holyoke Office

Assurance and Accounting Partner



serickson@WAdvising.com 413.536.3970 X121

Professional Experience

- More than 30 years of experience in public accounting
- Joined Whittlesey in 1984; named partner in 1996
- Practice concentration in accounting, consulting and audit services to nonprofit organizations, real estate/affordable housing industry and closely held businesses

Education

- Master of Science in Economics, Trinity College, Hartford, CT
- ♦ Bachelor of Science degree in Accounting, Drake University, Des Moines, IA
- Continuing professional education in accounting and assurance issues

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, Massachusetts and Connecticut Societies of Certified Public Accountants (MSCPA & CTCPA)
- Board of Directors of Community Health Resources
- Member, Finance Committee of the United Way of the Capital Area
- Member, Audit Committee of the United Way of the Pioneer Valley
- Board member, Windsor Federal Savings and Loan, chairman of audit committee
- Former member, and two-time former president, Rotary Club of Windsor, CT
- ♦ Member, Holyoke Rotary Club
- Awarded Paul Harris Fellow for Service to the Community and Rotary International

Lisa M. Wills, CPAAssurance Partner



lwills@wadvising.com 860.524.4412

Professional Experience

- Joined Whittlesey in 2015, named partner in 2017
- More than 30 years of experience in public accounting at national and regional firms, a majority
 of which was spent at a "Big 4" firm where she was a partner
- Practice concentration in governments and nonprofits
- ♦ Leader in the Firm's nonprofit niche
- Extensive experience with presentation and delivery of audit results to Boards of Directors
- Frequent presenter at industry conferences on accounting, industry, and governance issues

Education

- ♦ Bachelor's Degree in Accounting and Business Management, Elms College
- Continuing professional education in accounting and assurance issues

- Member, American Institute of CPAs (AICPA)
- Member, Connecticut Society of CPAs (CTCPA)
- Past Chair, Nonprofit Committee, CTCPA
- ♦ Co-Chair, Women of Whittlesey
- Published author on topics related to nonprofit financial reporting for various outlets
- Member, Board of Trustees and Chair of the Finance Committee, Mercy High, Middletown, CT

Kimberly A. Napp, CPA Assurance Partner



knapp@wadvising.com 860.524.4437

Professional Experience

- More than 17 years of experience in public accounting
- ♦ Joined Whittlesey PC in 2003, named partner in 2019
- Practice concentration in financial reporting, audit, review, and compilation of financial statements and preparation of 990s
- Significant experience on engagements for nonprofits

Education

- Bachelor of Science in Accounting, Bentley College, Waltham, MA
- Masters of Business Administration, University of Hartford, West Hartford, CT
- Continuing professional education in accounting and assurance issues

- Member of New Haven Chamber of Commerce Nonprofit Council
- ♦ Named one of Hartford Business Journal's "Forty Under 40" in 2019
- Member, American Institute of Certified Public Accountants (AICPA)
- Member, Connecticut Society of Certified Public Accountants (CTCPA)
- Co-Chair, Women of Whittlesey
- ♦ Leader, Whittlesey Employee Engagement Committee
- ♦ Leader, Whittlesey Quality Control Program
- ♦ Member, Highland Yalesville PTO

Thomas Dowling, CPA, MST, CFE

Assurance Director



tdowling@WAdvising.com 413.536.3970 x129

Professional Experience

- Joined Whittlesey in 2017
- Nearly 15 years of experience in public accounting
- Extensive experience with accounting, consulting and audit services to nonprofit organizations
- Areas of consulting expertise include internal control frameworks and fraud prevention and detection
- Speaker at Human Services Forum events regarding internal control and nonprofit best practices

Education

- Master of Science degree in Taxation, Bentley University
- ♦ Bachelor of Science degree in Accountancy, Bentley University
- Continuing professional education in accounting and assurance issues

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, Massachusetts Society of Certified Public Accountants (MSCPA)
- Member, Association of Certified Fraud Examiners
- Finance Committee, Tantasqua Educational Foundation
- ♦ Committee Member for Make-A-Wish Massachusetts and Rhode Island, Swish Night Event

John Trusler, CPA Healthcare Director



jtrusler@WAdvising.com 860.206.5205

Professional Experience

- More than 20 years of experience in public accounting
- Joined Whittlesey in 2019
- Significant experience serving the healthcare industry. He specializes in medical revenue cycle management, physician compensation and production analysis, budgeting and forecasting, overhead analysis, cash flow management, and KPI and dashboard development

Education

- Bachelor's Degree in Accounting, University of Connecticut, Storrs, CT
- Continuing professional education in accounting, auditing, and tax issues for employee benefit plans, construction, real estate, governmental, and nonprofit organizations

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, Connecticut Society of Certified Public Accountants (CTCPA)

Brenden M. Healy, CPA Tax Partner Tax Department Chairman



bhealy@WAdvising.com 860.524.4407

Professional Experience

- More than 25 years of experience in public accounting
- ♦ Joined Whittlesey in 2013, named partner in 2017
- Practice concentration in closely held and retail and wholesale businesses
- Adjunct faculty member for various Connecticut colleges and universities since 2000
- ♦ Lecturer on tax issues for professional groups throughout the New England area

Education

- Master of Science in Taxation, University of Hartford, Hartford, CT
- Bachelor of Science in Accounting, Central Connecticut State University, New Britain, CT
- ♦ Continuing professional education in accounting and tax issues

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, Connecticut Society of Certified Public Accountants (CTCPA)
- Past Chairman, State Taxation Committee, CTCPA
- Pervious member, Governing Advisory Council, CTCPA
- Previous member, Supervisory Committee of the Nutmeg State Federal Credit Union
- Treasurer for various not-for-profit groups

Mark R. Torello, CPA, CFE, CISA, CRISC

Partner-in-Charge, Technology



mtorello@WAdvising.com 860.524.4433

Professional Experience

- Partner-in- Charge of Technology, made up of three divisions: Information Security & Assurance; Systems Support; and Accounting Systems Consulting.
- More than 25 years of consulting experience with a specialty in information technology (IT) security. Mark is a Certified Fraud Examiner, IT Auditor, and CPA

Education

- Bachelor of Science in Finance & Banking, University of Bridgeport, Bridgeport, CT
- ♦ Computer Science Curriculum University of Connecticut, Storrs, CT
- ♦ Accounting Curriculum Central CT State University, New Britain, CT

- Certified Information Systems Auditor (CISA)
- Certified in Risk & Information Systems Control (CRISC)
- Member, Information Systems Audit and Control Association (ISACA)
- Certified Fraud Examiner (CFE)
- Member, Association of Certified Fraud Examiners (ACFE)
- Member, CTCPA
- Chair, CTCPA Technology Committee



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Report on the Firm's System of Quality Control

June 27, 2017

To the Partners of Whittlesey & Hadley, P.C. and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Whittlesey & Hadley, P.C. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended December 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans, an audit performed under FDICIA, and an examination of a service organization [SOC 1] engagement.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Two City Center, 645 Hamilton Street, Suite 204, Allentown, PA 18101-2108 ~ 610.821.8580 ~ fax 610.821.9679
444 Main Street, Bethlehem, PA 18018-5831 ~ 610.691.0113 ~ fax 610.691.5273
1167 Interchange Road, Lehighton, PA 18235-9068 ~ 610.377.6960 ~ fax 610.377.6980
2 Ridgedale Avenue, Suite 205, Cedar Knolls, NJ 07927-1108 ~ 973.984.0100 ~ fax 973.984.7467

In our opinion, the system of quality control for the accounting and auditing practice of Whittlesey & Hadley, P.C. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended December 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Whittlesey & Hadley, P.C. has received a peer review rating of pass. Buckno Lisicky & Company . Buckno Lisicky & Company

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