

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Neighborhood Health, Inc. Contract # \_\_\_\_\_**

**GRANT CONTRACT  
BETWEEN THE METROPOLITAN GOVERNMENT  
OF NASHVILLE AND DAVIDSON COUNTY  
AND  
NEIGHBORHOOD HEALTH, INC.**

This Grant Contract issued and entered into pursuant to Resolution RS2023-\_\_\_\_\_ by and between the Metropolitan Government of Nashville and Davidson County ("Metro"), and Neighborhood Health, Inc., ("Recipient"), is for the provision of homeless healthcare services, as further defined in the "SCOPE OF PROGRAM" and detailed in this Grant Contract. Attachments A through E incorporated herein by reference.

**A. SCOPE OF PROGRAM:**

A.1. The Recipient will serve as a viable and expedient source of healthcare for the homeless, including primary medical, dental, mental health and substance abuse services. The Recipient will provide services at two or more clinics located in or near downtown Nashville, Tennessee.

These funds will be used to achieve the following outcomes:

- Primary medical services to at least 3,500 homeless individuals. Such services will be made available at two or more clinics located in or near downtown Nashville, Tennessee.
- All services are to be performed in accordance with all applicable federal, state, and local laws and regulations.
- Primary medical coverage after normal business hours using a twenty-four hour on-call system for emergencies. The on-call system should allow medical personnel to consult with patients after normal business hours, refer patients to an available clinic or hospital, and follow-up as needed to ensure that patients receive medically necessary care.
- Management and oversight of hospital admission, follow-up, and discharge services for homeless clients through direct care or hospitalization arrangements.
- Planning, management, and delivery of dental services to homeless clients, which, at a minimum, shall include all of the following services:
  - Emergency treatment;
  - Restorative treatment; and
  - Preventative treatmentThese services will be provided on a rotating basis at Contractor's centers with dental services. Contractor will assure homeless client's transportation as needed to assure that services are received in a timely way. A dental patient chart, or the equivalent, that documents the care provided, shall be maintained for all of the individuals served during the term of this Contract. At least 500 patient visits shall be provided for this Contract term.
- Mental health services and substance abuse services to at least 600 homeless clients. These services will include, at a minimum, screening, assessment, and treatment or referral into the appropriate treatment setting. Contractor must maintain current licensure as an outpatient treatment facility for these services.
- Provide transportation in the form of bus passes, motor vehicle rides, or taxi service for all homeless clients to medical, dental, substance abuse, mental health appointments, and social services appointments, for all appointments either with Contractor, with a contractor of Contractor, made by Contractor, or referred by Contractor. Such transportation is required only during the hours of 8:00 a.m. – 5:00 p.m. Monday through Friday and whenever the relevant contractor's clinic is open.

A.2. The Recipient must spend funds consistent with the Grant Spending Plan, attached and incorporated herein as **Attachment A**. The Recipient must collect data to evaluate the

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Neighborhood Health, Inc. Contract # \_\_\_\_\_**

effectiveness of their services and must provide those results to Metro according to a mutually acceptable process and schedule, and when needed, upon request.

- A.3. The Recipient must comply with all quarterly reporting requirements. Recipient must submit quarterly reports that contain the following:
- Demographic profile of consumer population to include: age, gender, race and ethnicity, primary language spoken (where applicable), country of origin, insurance coverage (insured/uninsured) and type or diagnosis of health condition/addiction status and acuity
  - Number of medical visits and patients
  - Number of dental visits and patients
  - Number of mental health visits and patients
  - Number of substance abuse visits and patients
  - Number of enabling visits and patients
  - Other data as requested.
- A.4. The Recipient will only utilize these grant funds for services the Recipient provides to residents and/or visitors of Davidson County through the Recipient's homeless healthcare program in Davidson County.
- A.5. Recipient and its employees must perform their duties under this Grant contract fairly and impartially. Recipient and its employees shall not give reasonable basis by their conduct the impression that any person can improperly influence, or unduly enjoy their favor in, the performance of their duties under this Grant contract, or that they are unduly affected by the kinship, rank, position or influence of any person.
- A.6. Recipient and all personnel associated with providing Homeless Healthcare Services for this Grant Contract must not engage in conduct that violates state, federal, or local laws or any conduct which would affect the ability of Recipient to effectively provide services under this Grant Contract.

**B. GRANT CONTRACT TERM:**

- B.1. **Grant Contract Term.** The term of this Grant will be twelve (12) months, commencing on July 1, 2023 and ending on June 30, 2024. Metro will have no obligation for services rendered by the Recipient that are not performed within this term.

**C. PAYMENT TERMS AND CONDITIONS:**

- C.1. **Maximum Liability.** In no event will Metro's maximum liability under this Grant Contract exceed Three Hundred Fifty-Five Thousand and Two Hundred dollars (\$355,200). The Grant Spending Plan will constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Spending Plan line items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

Subject to modification and amendments as provided in section D.2 of this agreement, this amount will constitute the Grant Amount and the entire compensation to be provided to the Recipient by Metro.

- C.2. **Payment Methodology.** The Recipient will only be compensated for actual costs based upon the Grant Spending Plan, not to exceed the maximum liability established in Section C.1. For each invoice submitted, the Recipient shall certify that the funds were utilized for necessary expenditures related to homeless healthcare.

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Neighborhood Health, Inc. Contract # \_\_\_\_\_**

Upon progress toward the completion of the work, as described in Section A of this Grant Contract, the Recipient shall submit invoices and any supporting documentation as requested by Metro to demonstrate that the funds are used as required by this Grant, prior to any payment for allowable costs. Such invoices shall be submitted no more often than monthly and in the amount Twenty-Nine Thousand Six Hundred dollars (\$29,600).

Recipient must send all invoices to Metro Public Health Department, Bradley.thompson@nashville.gov.

Final invoices for the contract period should be received by July 15, 2024. Any invoice not received by the deadline date will not be processed and all remaining grant funds will expire.

- C.3. **Annual Expenditure Report.** The Recipient must submit a final grant Annual Expenditure Report, to be received by Metro Public Health Department, within forty-five (45) days of the end of the Grant Contract. Said report must be in form and substance acceptable to Metro and must be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- C.4. **Payment of Invoice.** The payment of any invoice by Metro will not prejudice Metro's right to object to the invoice or any other related matter. Any payment by Metro will neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.
- C.5. **Unallowable Costs.** The Recipient's invoice may be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by Metro, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs. Any unallowable cost discovered after payment of the final invoice shall be returned by the Recipient to Metro within fifteen (15) days of notice.
- C.6. **Deductions.** Metro reserves the right to adjust any amounts which are or become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or become due and payable to Metro by the Recipient under this or any Contract.
- C.7. **Travel Compensation.** Payment to the Recipient for travel, meals, or lodging is subject to amounts and limitations specified in Metro's Travel Regulations and subject to the Grant Spending Plan.
- C.8. **Electronic Payment.** Metro requires as a condition of this contract that the Recipient have on file with Metro a completed and signed "ACH Form for Electronic Payment". If Recipient has not previously submitted the form to Metro or if Recipient's information has changed, Recipient will have thirty (30) days to complete, sign, and return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.
- D. **STANDARD TERMS AND CONDITIONS:**
  - D.1. **Required Approvals.** Metro is not bound by this Grant Contract until it is approved by the appropriate Metro representatives as indicated on the signature page of this Grant and approved by the Metropolitan Council.
  - D.2. **Modification and Amendment.** This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Neighborhood Health, Inc. Contract # \_\_\_\_\_**

- D.3. **Termination for Cause.** Metro shall have the right to terminate this Grant Contract immediately if Metro determines that Recipient, its employees or principals have engaged in conduct or violated any federal, state or local laws which affect the ability of Recipient to effectively provide services under this Grant Contract. Should the Recipient fail to properly perform its obligations under this Grant Contract or if the Recipient violates any terms of this Grant Contract, Metro will have the right to immediately terminate the Grant Contract and the Recipient must return to Metro any and all grant monies for services or programs under the grant not performed as of the termination date. The Recipient must also return to Metro any and all funds expended for purposes contrary to the terms of the Grant Contract. Such termination will not relieve the Recipient of any liability to Metro for damages sustained by virtue of any breach by the Recipient.
- D.4. **Termination - Notice.** Metro may terminate the Grant Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by Metro. Metro shall give the Recipient at least thirty (30) days written notice before effective termination date.
- (a) The Recipient shall be entitled to receive compensation for satisfactory, authorized service completed as of the effective termination date, but in no event shall Metro be liable to the Recipient for compensation for any service that has not been rendered.
- (b) Upon such termination, the Recipient shall have no right to any actual general, special, incidental, consequential or any other damages whatsoever of any description or amount.
- D.5. **Termination - Funding.** The Grant Contract is subject to the appropriation and availability of local, State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, Metro shall have the right to terminate the Grant Contract immediately upon written notice to the Recipient. Upon receipt of the written notice, the Recipient shall cease all work associated with the Grant Contract on or before the effective termination date specified in the written notice. Should such an event occur, the Recipient shall be entitled to compensation for all satisfactory and authorized services completed as of the effective termination date. The Recipient shall be responsible for repayment of any funds already received in excess of satisfactory and authorized services completed as of the effective termination date.
- D.6. **Subcontracting.** The Recipient shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of Metro. Notwithstanding any use of approved subGrantee, the Recipient will be considered the prime Recipient and will be responsible for all work performed.
- D.7. **Conflicts of Interest.** The Recipient warrants that no part of the total Grant Amount will be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.
- D.8. **Nondiscrimination.** The Recipient hereby agrees, warrants, and assures that no person will be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient must, upon request, show proof of such nondiscrimination and must post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.9. **Records.** The Recipient must maintain documentation for all charges to Metro under this Grant Contract. The books, records, and documents of the Recipient, insofar as they relate to work performed or money received under this Grant Contract, must be maintained for a period of three (3) full years from the date of the final payment or until the Recipient engages a licensed independent public accountant to perform an audit of its activities. The books, records, and

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Neighborhood Health, Inc. Contract # \_\_\_\_\_**

documents of the Recipient insofar as they relate to work performed or money received under this Grant Contract are subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records must be maintained in accordance with the standards outlined in the Metro Non-profit Grants Manual. The financial statements must be prepared in accordance with generally accepted accounting principles.

- D.10. **Monitoring.** The Recipient's activities conducted and records maintained pursuant to this Grant Contract are subject to monitoring and evaluation by The Metropolitan Office of Financial Accountability or Metro's duly appointed representatives. The Recipient must make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.
- D.11. **Reporting.** The Recipient must submit a Final Program Report, to be received by Metro Public Health Department, within forty-five (45) days of the end of the Grant Contract. Said reports shall detail the outcome of the activities funded under this Grant Contract.
- D.12. **Strict Performance.** Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement is not a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract is considered to be waived, modified, or deleted except by a written amendment by the appropriate parties as indicated on the signature page of this Grant.
- D.13. **Insurance.** The Recipient agrees to carry adequate public liability and other appropriate forms of insurance, and to pay all applicable taxes incident to this Grant Contract.
- D.14. **Metro Liability.** Metro will have no liability except as specifically provided in this Grant Contract.
- D.15. **Independent Contractor.** Nothing herein will in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient must not hold itself out in a manner contrary to the terms of this paragraph. Metro will not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.
- D.16. **Indemnification and Hold Harmless.**
  - (a) Recipient agrees to indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent Grantees, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent Grantees, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.
  - (b) Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.
  - (c) Recipient will pay Metro any expenses incurred as a result of Recipient's failure to fulfill any obligation in a professional and timely manner under this Contract.
  - (d) Recipient's duties under this section will survive the termination or expiration of the grant.

**Grant contract between the Metropolitan Government of Nashville and Davidson County and  
Neighborhood Health, Inc. Contract # \_\_\_\_\_**

- D.17. **Force Majeure.** "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the party. Except as provided in this Section, any failure or delay by a party in the performance of its obligations under this Grant Contract arising from a Force Majeure Event is not a breach under this Grant Contract. The non-performing party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the party continues to use diligent, good faith efforts to resume performance without delay. Recipient will promptly notify Metro within forty-eight (48) hours of any delay caused by a Force Majeure Event and will describe in reasonable detail the nature of the Force Majeure Event.
- D.18. **Iran Divestment Act.** In accordance with the Iran Divestment Act, Tennessee Code Annotated § 12-12-101 et seq., Recipient certifies that to the best of its knowledge and belief, neither Recipient nor any of its subcontractors are on the list created pursuant to Tennessee Code Annotated § 12-12-106. Misrepresentation may result in civil and criminal sanctions, including contract termination, debarment, or suspension from being a contractor or subcontractor under Metro contracts.
- D.19. **State, Local and Federal Compliance.** The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract. Metro shall have the right to terminate this Grant Contract at any time for failure of Recipient to comply with applicable federal, state or local laws in connection with the performance of services under this Grant Contract.
- D.20. **Governing Law and Venue.** The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof will be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract will be in the courts of Davidson County, Tennessee.
- D.21. **Completeness.** This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.22. **Headings.** Section headings are for reference purposes only and will not be construed as part of this Grant Contract.
- D.23. **Severability.** In the event any provision of this Agreement is rendered invalid or unenforceable, said provision(s) hereof will be immediately void and may be renegotiated for the sole purpose of rectifying the error. The remainder of the provisions of this Agreement not in question shall remain in full force and effect.
- D.24. **Metro Interest in Equipment.** The Recipient will take legal title to all equipment and to all motor vehicles, hereinafter referred to as "equipment," purchased totally or in part with funds provided under this Grant Contract, subject to Metro's equitable interest therein, to the extent of its *pro rata* share, based upon Metro's contribution to the purchase price. "Equipment" is defined as an article of nonexpendable, tangible, personal property having a useful life of more than one year and an acquisition cost which equals or exceeds Five Thousand dollars (\$5,000).

The Recipient agrees to be responsible for the accountability, maintenance, management, and inventory of all property purchased totally or in part with funds provided under this Grant Contract. Upon termination of the Grant Contract, where a further contractual relationship is not entered into, or at any time during the term of the Grant Contract, the Recipient must request written approval from Metro for any proposed disposition of equipment purchased with Grant funds. All

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Neighborhood Health, Inc. Contract # \_\_\_\_\_**

equipment must be disposed of in such a manner as parties may agree as appropriate and in accordance with any applicable federal, state or local laws or regulations.

- D.25. **Assignment—Consent Required.** The provisions of this contract will inure to the benefit of and will be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights and obligations of Recipient hereunder may be assigned or transferred in whole or in part without the prior written consent of Metro. Any such assignment or transfer will not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.
- D.26. **Gratuities and Kickbacks.** It will be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation or proposal therefore. It will be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subGrantee under a contract to the prime Grantee or higher tier subGrantee or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.
- D.27. **Communications and Contacts.** All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract must be in writing and must be made by email transmission, or by first class mail, addressed to the respective party at the appropriate email or physical address as set forth below or to such other party, email, or address as may be hereafter specified by written notice.

**Metro**

For contract-related matters:  
 Metro Public Health Department  
 2500 Charlotte Avenue  
 Nashville, TN 37209  
 (615) 340-8900  
 Holly.Rice@nashville.gov

For inquiries regarding invoices:  
 Metro Public Health Department  
 2500 Charlotte Avenue  
 Nashville, TN 37209  
 (615) 340-5634  
 Nancy.Uribe@nashville.gov

**Recipient**

Neighborhood Health  
 Executive Director  
 2711 Foster Avenue  
 Nashville, TN 37210  
 (615) 227-3000

- D.28. **Lobbying.** The Recipient certifies, to the best of its knowledge and belief, that:
  - a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Neighborhood Health, Inc. Contract # \_\_\_\_\_**

contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

- b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient must complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- c. The Recipient will require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.

**D.29. Certification Regarding Debarment and Convictions.**

- a. Recipient certifies that Recipient, and its current and future principals:
  - i. are not presently debarred, suspended, or proposed for debarment from participation in any federal or state grant program;
  - ii. have not within a three (3) year period preceding this Grant Contract been convicted of fraud, or a criminal offence in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) grant;
  - iii. have not within a three (3) year period preceding this Grant Contract been convicted of embezzlement, obstruction of justice, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; and
  - iv. are not presently indicted or otherwise criminally charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in Sections D.29(a)(ii) and D.29(a)(iii) of this certification.
- b. Recipient shall provide immediate written notice to Metro if at any time Recipient learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals fall under any of the prohibitions of Section D.29(a).

**D.30. Effective Date.** This contract will not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract will be effective as of the date first written above.

**D.31. Health Insurance Portability and Accountability Act.** Metro and Recipient shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and its accompanying regulations.

- a. Recipient warrants that it is familiar with the requirements of HIPAA and its accompanying regulations and will comply with all applicable HIPAA requirements in the course of this Agreement.



**Grant contract between the Metropolitan Government of Nashville and Davidson County and Neighborhood Health, Inc. Contract # \_\_\_\_\_**

- b. Recipient warrants that it will cooperate with Metro, including cooperation and coordination with Metro privacy officials and other compliance officers required by HIPAA and its regulations, in the course of performance of this Agreement so that both parties will be in compliance with HIPAA.
  
- c. Recipient agrees to sign documents, including but not limited to Business Associate agreements, as required by HIPAA and that are reasonably necessary to keep Metro and Recipient in compliance with HIPAA. This provision shall not apply if information received by the Recipient from Metro under this Agreement is not "protected health information" as defined by HIPAA, or if HIPAA permits Recipient and Metro to receive such information without entering into a Business Associate agreement or signing another such document.

(THE REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK.)

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Neighborhood Health, Inc. Contract # \_\_\_\_\_**

Recipient: Neighborhood Health

By: Brian Haile

Title: CEO

Sworn to and subscribed to before me, a Notary Public this 26<sup>th</sup> day of July, 2023, by Brian Haile, the CEO of Contractor and duly authorized to execute this instrument on Contractor's behalf.

Notary Public: Marie Bis

My Commission Expires: 10/2/2023



**Grant contract between the Metropolitan Government of Nashville and Davidson County and Neighborhood Health, Inc. Contract # \_\_\_\_\_**

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**

DocuSigned by:  
Gill C Wright III, MD 8/24/2023  
0460AC21E1CC408...  
Director, Metro Public Health Department Date

DocuSigned by:  
Tené Hamilton Franklin 8/25/2023  
BEBF0BBF14D14B0...  
Chair, Board of Health Date

**APPROVED AS TO AVAILABILITY OF FUNDS:**

DocuSigned by: <sup>DS</sup> Kelly Flannery <sup>DS</sup> BB AP 9/11/2023  
CF513D4D905F4EB...  
Director, Department of Finance Date

**APPROVED AS TO RISK AND INSURANCE:**

DocuSigned by:  
Balogun Cobb 9/13/2023  
688043F12FD741C...  
Director of Risk Management Services Date

**APPROVED AS TO FORM AND LEGALITY:**

Matthew Garth 9/18/2023  
Metropolitan Attorney Date

**FILED:**

\_\_\_\_\_  
Metropolitan Clerk Date

**Grant contract between the Metropolitan Government of Nashville and Davidson County and  
Neighborhood Health, Inc. Contract # \_\_\_\_\_**

**Table of Contents of Attachments:**

- A. Grant Spending Plan
- B. Internal Revenue Service 501 (c)(3) Tax-Exempt Organization Letter
- C. Non-Profit Charter and Tennessee Secretary of State Non-Profit Confirmation
- D. Independent Audit completed by Certified Public Accountant
- E. Non-Profit Grants Manual Receipt Acknowledgement

**ATTACHMENT A****GRANT BUDGET****(BUDGET PAGE 1)**

<b>Agency Name</b>				
<b>APPLICABLE PERIOD: The grant budget line-item amounts below shall be applicable only to expense incurred during the period beginning July 1, 2023, and ending June 30, 2024.</b>				
<b>Object Line-item Reference</b>	<b>EXPENSE OBJECT LINE-ITEM CATEGORY<sup>1</sup> (detail schedule(s) attached as applicable)</b>	<b>GRANT CONTRACT</b>	<b>GRANTEE MATCH<sup>3</sup></b>	<b>TOTAL PROJECT</b>
1	Salaries <sup>2</sup>	\$264,800.00	\$0.00	\$264,800.00
2	Benefits & Taxes	\$58,256.00	\$0.00	\$58,256.00
4, 15	Professional Fee/ Grant & Award <sup>2</sup>	\$0.00	\$0.00	\$0.00
5	Supplies	\$0.00	\$0.00	\$0.00
6	Telephone	\$0.00	\$0.00	\$0.00
7	Postage & Shipping	\$0.00	\$0.00	\$0.00
8	Occupancy	\$0.00	\$0.00	\$0.00
9	Equipment Rental & Maintenance	\$0.00	\$0.00	\$0.00
10	Printing & Publications	\$0.00	\$0.00	\$0.00
11, 12	Travel/ Conferences & Meetings <sup>2</sup>	\$0.00	\$0.00	\$0.00
13	Interest <sup>2</sup>	\$0.00	\$0.00	\$0.00
14	Insurance	\$0.00	\$0.00	\$0.00
16	Specific Assistance To Individuals <sup>2</sup>	\$0.00	\$0.00	\$0.00
17	Depreciation <sup>2</sup>	\$0.00	\$0.00	\$0.00
18	Other Non-Personnel <sup>2</sup>	\$0.00	\$0.00	\$0.00
20	Capital Purchase <sup>2</sup>	\$0.00	\$0.00	\$0.00
22	Indirect Cost (10% of S&B)	\$32,144.00	\$0.00	\$32,144.00
24	In-Kind Expense	\$0.00	\$0.00	\$0.00
25	<b>GRAND TOTAL</b>	<b>\$355,200.00</b>	<b>\$0.00</b>	<b>\$355,200.00</b>

<sup>1</sup> Each expense object line-item shall be defined by the Department of Finance and Administration Policy 03, *Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies, Appendix A*. (posted on the Internet at: <https://www.tn.gov/assets/entities/finance/attachments/policy3.pdf>).

<sup>2</sup> Applicable detail follows this page if line-item is funded.

<sup>3</sup> A Grantee Match Requirement is detailed by this Grant Budget, and the maximum total amount reimbursable by the State pursuant to this Grant Contract, as detailed by the "Grant Contract" column above, shall be reduced by the amount of any Grantee failure to meet the Match Requirement.

**ATTACHMENT A (continued)****GRANT BUDGET LINE-ITEM DETAIL****(BUDGET PAGE 2)**

SALARIES						AMOUNT
Name	Salary	x	Percentage of Time	+	Longevity Bonus	
Kelly, Suzette	\$ 192,335.24	x	90%	+	\$	173,101.72
Kirmani, Afshan N.	\$ 107,545.50	x	20%	+	\$	21,509.10
Senter, Gussie R.	\$ 43,407.94	x	60%	+	\$	26,044.76
Woolverton, Crystal	\$ 46,505.47	x	95%	+	\$	44,180.20
ROUNDED TOTAL						\$ 264,800.00

DEC 04 1990

Department of The Treasury

Internal Revenue Service  
EO Group 7404  
Suite 1109  
401 West Peachtree St.  
Atlanta, GA 30365United Neighborhood  
Health Services, Inc.  
617 South 8th Street  
Nashville, TN 37206-3894

## Person To Contact:

Terry Williams

## Telephone Number:

(404)331-3793

## Refer Reply To:

EO:7404:AM

## EIN:

62-1032792

Date: November 28, 1990

Dear Sir or Madam:

We have received and reviewed the amended organizing documents that you submitted on behalf of your organization, in which the organizing documents were approved and/or adopted on March 11, 1987. This information has been made a part of your file.

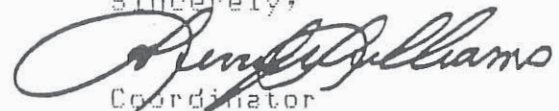
Your organization shall continue to be recognized as exempt under Section 501(C)(03) of the Internal Revenue Code, effective as of May 1978. You may continue to rely on this exemption until it is modified, terminated or revoked by the Internal Revenue Service.

Please continue to let us know of any changes in the purpose, character, method of operation, name or address of your organization. This is a requirement for retaining your exempt status.

A copy of this letter should remain in your permanent records, as it may help resolve any question about your exempt status.

Thank you for your cooperation.

Sincerely,

Coordinator  
Exempt Organizations

# State of Tennessee



BOOK 5298 PAGE 215

JUN 14 78

MISC

B\* 5.00

\* 5.00

## Department of State

### CERTIFICATE

The undersigned, as Secretary of State of the State of Tennessee, hereby certifies that the attached document was received for filing on behalf of UNITED NEIGHBORHOOD HEALTH SERVICES, INC.,  
(Name of Corporation)  
 was duly executed in accordance with the Tennessee General Corporation Act, was found to conform to law and was filed by the undersigned, as Secretary of State, on the date noted on the document.

THEREFORE, the undersigned, as Secretary of State, and by virtue of the authority vested in him by law, hereby issues this certificate and attaches hereto the document which was duly filed on May Thirty-first, 1978.

*Felix Z. Wilson*  
 Secretary of State



IDENTIF. REFERENCE  
 JUN 14 8 50 AM '78  
 FELIX Z. WILSON, REGISTER  
 DAVIDSON COURT, TENN.

E 7 0 9 3 6



FILED

1 0 0 2 3 0 0 1 7 5

MAY 31 1978

BOOK 5298 PAGE 216

SECRETARY OF STATE

ARTICLES OF INCORPORATION

OF

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.

The undersigned natural persons, having capacity to contract and acting as incorporators of a corporation under the Tennessee General Corporation Act, adopt the following charter for such corporation.

1. The name of the corporation is UNITED NEIGHBORHOOD HEALTH SERVICES, INC.

2. The duration of the corporation is perpetual.

3. The address of the principal office of the corporation is the State of Tennessee shall be 754 South 7th Street, Nashville, County of Davidson, Tennessee 37206.

4. The corporation is not for profit.

5. The purposes for which the corporation is organized are:

(a) to increase the health services available to people in medically underserved sections of Metropolitan Nashville, Tennessee, served by two non-profit, tax-exempt community health organizations: Cayce Homes Community Council, Inc., and Waverly-Belmont Community Clinic, Inc.;

(b) to support the development of and provide for the delivery of health services to people in other medically underserved areas of Metropolitan Nashville, Tennessee, if the Board of Directors of this corporation so decide;

(c) to encourage and participate in any activity designed and intended to promote the general health organizations and any other area so designated by the Board of Directors of the corporation;

(d) to operate exclusively for charitable and educational purposes, to lessen the burdens of government, to

1978 MAY 31 PM 1:35

E I L E D

MAY 31 1978

1 0 0 2 3 0 0 1 7 6

SECRETARY OF STATE

BOOK 5298 PAGE 217

promote the social welfare of area residents, and to encourage community initiative in solving health problems and relieving the poor and medically underserved residents of Metropolitan Nashville Tennessee:

(e) to solicit and raise funds from public and private sources sufficient to develop and maintain such projects and activities as the corporation might undertake in furtherance of its purposes;

(f) to purchase, lease, or otherwise acquire such property, real or personal, sufficient for its purposes;

(g) to carry on any other similar activity in connection with the foregoing and to have and exercise all of the powers conferred on non-profit corporations by the laws of the State of Tennessee and Section 501 (c) (3) of the Internal Revenue Code of 1954 such that the corporation remains a non-profit entity.

6. The corporation shall not have members.

7. At all times, notwithstanding any change of name, merger, or dissolution:

(a) the corporation shall not possess or exercise any power or authority that will prevent it any time from qualifying or continuing to qualify as a tax-exempt corporation as defined in Section 501 (c) (3) of the Internal Revenue Code of 1954;

(b) no part of the assets or net earnings of the corporation shall be used for purposes that are not exclusively charitable or educational within the meaning of Section 501 (c) (3) of the Internal Revenue Code of 1954.

(c) the corporation shall not attempt to influence legislation except to the extent permitted under the 1976 Amendments to the Internal REvenue Code of 1954 nor shall it intervene in any manner in any political campaign on behalf of any candidate for public office;

(d) no part of the assets or net earnings,

1978 MAY 31 PM 1:35

FILED

00023 00177

MAY 31 1978

SECRETARY OF STATE

BOOK 5298 PAGE 218

nor any compensation or other payment shall be paid to any officer, Board member, or incorporator of the corporation except as reasonable compensation for services rendered.

8. Upon the termination or dissolution of the corporation in any manner or for any reason, its assets, if any, remaining after payment of all liabilities, shall be distributed to, and only to, one or more organizations described in Section 501(c)(3) of the Internal Revenue Code of 1954.

THIS 2 day of May, 1978.

Ms. Sallie M. Ambergay

Mrs India Caldwell

Virginia M. Bearge

Robert L. Smith

1978 MAY 31 PM 1:35

TRANSMISSION VERIFICATION REPORT

TIME : 11/22/2006 08:56  
NAME : DOBBINS & VENICK  
FAX : 6153298891  
TEL : 6153215659  
SER.# : BROG3J519855

DATE, TIME 11/22 08:55  
FAX NO./NAME 6509689  
DURATION 00:01:12  
PAGE(S) 05  
RESULT OK  
MODE STANDARD  
ECM

**facsimile**  
**TRANSMITTAL**

**to:** Mary Bufwack  
**fax #:** 650-9689  
**re:** UNHS Charter  
**date:** November 22, 2006  
**pages** 5, including cover sheet

*IF YOU DO NOT RECEIVE ALL PAGES, PLEASE CONTACT US  
AS SOON AS POSSIBLE BY CALLING (615) 321-5659*

**COMMENTS:**

**CONFIDENTIALITY NOTE**

THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS LEGALLY PRIVILEGED AND CONFIDENTIAL INFORMATION INTENDED FOR THE USE OF THE INDIVIDUAL OR ENTITY NAMED ABOVE. IF THE RECEIVER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THIS TELECOPY IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS TELECOPY IN ERROR, PLEASE IMMEDIATELY NOTIFY US BY TELEPHONE AND RETURN THE ORIGINAL MESSAGE TO US AT THE ABOVE ADDRESS VIA THE U.S. POSTAL SERVICE. THANK YOU.

Details

✕

## UNITED NEIGHBORHOOD HEALTH SERVICES, INC.

2711 FOSTER AVENUE NASHVILLE TN 37210

Mr. IVAN FIGUEREDO

(615) 227-3000

<http://www.neighborhoodhealthtn.org>

Status: Active

CO Number: CO1637

Registration Date: 11/26/2008

Renewal Date: 07/31/2023

### Purpose

To improve the health and quality of life of the underprivileged, vulnerable and minority infants, children, teens, adults and seniors of Nashville/Davidson County and Middle Tennessee by providing health services and programs promoting health policies that prevent and control disease, injury and disability.

Financials (28)	▼
Officers (19)	▼
Charity Events (0)	▼



### Secretary of State Tre Hargett

Tre Hargett was elected by the Tennessee General Assembly to serve as Tennessee's 37th secretary of state in 2009 and re-elected in 2013, 2017, and 2021. Secretary Hargett is the chief executive officer of the Department of State with oversight of more than 300 employees. He also serves on 16 boards and commissions, on two of which he is the presiding member. The services and oversight found in the Secretary of State's office reach every department and agency in state government.



### About the Office

The Tennessee Secretary of State has oversight of the Department of State. The Secretary of State is one of three Constitutional Officers elected by the General Assembly, in joint session. The Secretary of State is elected to a four-year term. The constitution mandates that it is the secretary's duty to keep a register of the official acts and proceedings of the governor, and, when required, to "lay same, all papers, minutes and vouchers relative thereto, before the General Assembly."

Details



# UNITED NEIGHBORHOOD HEALTH SERVICES, INC.

2711 FOSTER AVENUE NASHVILLE TN 37210

Mr. IVAN FIGUEREDO

(615) 227-3000

<http://www.neighborhoodhealthtn.org>

Status: Active

CO Number: CO1637

Registration Date: 11/26/2008

Renewal Date: 07/31/2023

## Purpose

To improve the health and quality of life of the underprivileged, vulnerable and minority infants, children, teens, adults and seniors of Nashville/Davidson County and Middle Tennessee by providing health services and programs promoting health policies that prevent and control disease, injury and disability.

Financials (28)	▼
Officers (19)	▼
Charity Events (0)	▼



**Tre Hargett**  
Secretary of State

**Division of Business Services**  
**Department of State**  
State of Tennessee  
312 Rosa L. Parks AVE, 6th FL  
Nashville, TN 37243-1102

## Filing Information

Name: **UNITED NEIGHBORHOOD HEALTH SERVICES, INC.**

### General Information

**SOS Control #** 000052519 Formation Locale: TENNESSEE  
**Filing Type:** Nonprofit Corporation - Domestic Date Formed: 05/31/1978  
 05/31/1978 4:30 PM Fiscal Year Close 1  
**Status:** Active  
**Duration Term:** Perpetual  
**Public/Mutual Benefit:** Public

### Registered Agent Address

BRIAN HAILE  
2711 FOSTER AVE  
NASHVILLE, TN 37210-5307

### Principal Address

2711 FOSTER AVE  
NASHVILLE, TN 37210-5307

The following document(s) was/were filed in this office on the date(s) indicated below:

<u>Date Filed</u>	<u>Filing Description</u>	<u>Image #</u>
04/10/2023	2023 Annual Report	B1375-9030
04/20/2022	2022 Annual Report	B1203-2784
04/28/2021	2021 Annual Report	B1024-9299
04/30/2020	2020 Annual Report	B0862-3088
08/08/2019	Assumed Name Renewal	B0747-0182
	Assumed Name Changed From: Neighborhood Health To: Neighborhood Health	
	Expiration Date Changed From: 10/17/2019 To: 08/08/2024	
04/30/2019	2019 Annual Report	B0696-8805
04/25/2018	2018 Annual Report	B0542-2678
	Registered Agent First Name Changed From: MARY To: BRIAN	
	Registered Agent Last Name Changed From: BUFWACK To: HAILE	
04/27/2017	2017 Annual Report	B0387-2993
	Principal Address 1 Changed From: 711 MAIN ST To: 2711 FOSTER AVE	
	Principal Postal Code Changed From: 37206-3605 To: 37210-5307	
	Registered Agent Physical Address 1 Changed From: 711 MAIN ST To: 2711 FOSTER AVE	
	Registered Agent Physical Postal Code Changed From: 37206-3605 To: 37210-5307	
03/22/2016	2016 Annual Report	B0221-2128

## Filing Information

Name: **UNITED NEIGHBORHOOD HEALTH SERVICES, INC.**

---

04/08/2015	2015 Annual Report	B0088-0282
10/17/2014	Assumed Name	B0012-7250
New Assumed Name Changed From: No Value To: Neighborhood Health		
04/10/2014	2014 Annual Report	A0234-2886
03/11/2013	2013 Annual Report	A0160-2417
Principal Address 1 Changed From: 617 S 8TH ST To: 711 MAIN ST		
Principal Postal Code Changed From: 37206-3819 To: 37206-3605		
Registered Agent Physical Address 1 Changed From: 617 S 8TH ST To: 711 MAIN ST		
Registered Agent Physical Postal Code Changed From: 37206-3819 To: 37206-3605		
04/30/2012	2012 Annual Report	A0120-1038
04/29/2011	2011 Annual Report	A0071-2275
08/27/2010	2010 Annual Report	A0046-0391
07/02/2010	Notice of Determination	A0036-1693
04/27/2009	2009 Annual Report	6525-2257
Principal Address Changed		
07/28/2008	2008 Annual Report	6353-1312
07/16/2008	Notice of Determination	ROLL 6343
04/30/2007	2007 Annual Report	6044-2383
05/01/2006	2006 Annual Report	5783-0310
05/04/2005	2005 Annual Report	5450-0638
05/04/2004	2004 Annual Report	5128-0755
04/29/2003	2003 Annual Report	4803-0945
05/02/2002	2002 Annual Report	4495-1387
04/26/2001	2001 Annual Report	4188-0545
05/02/2000	2000 Annual Report	3900-1253
07/18/1997	Notice of Determination	ROLL 3367
06/24/1992	CMS Annual Report Update	2490-0442
Fiscal Year Close Changed		
12/04/1989	Articles of Amendment	1556-0388
Registered Agent Physical Address Changed		
Registered Agent Changed		
09/05/1989	Administrative Amendment	1431-1333
Mail Address Changed		
06/24/1987	Administrative Amendment	694 02095
Mail Address Changed		



## Filing Information

Name: **UNITED NEIGHBORHOOD HEALTH SERVICES, INC.**

---

05/29/1987	Articles of Amendment	689 03047
	Principal Address Changed	
02/26/1986	Merger	597 00439
	Merged Control # Changed From: 000052519	
	Merged Control # Changed From: 000090325	
02/26/1986	Articles of Amendment	597 00447
09/18/1985	Articles of Amendment	565 02557
	Principal Address Changed	
09/18/1985	Registered Agent Change (by Entity)	565 02558
	Registered Agent Physical Address Changed	
	Registered Agent Changed	
09/05/1985	Application for Reinstatement	563 02867
03/20/1985	Dissolution/Revocation - Administrative	533 01555
05/31/1978	Initial Filing	023 00175

**Active Assumed Names (if any)**

---

	<u>Date</u>	<u>Expires</u>
Neighborhood Health	10/17/2014	08/08/2024

UNITED NEIGHBORHOOD HEALTH SERVICES, INC.  
D/B/A NEIGHBORHOOD HEALTH

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS,  
ADDITIONAL INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORTS

JANUARY 31, 2022 AND 2021

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTH

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS,  
ADDITIONAL INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORTS

JANUARY 31, 2022 AND 2021

TABLE OF CONTENTS

	<u>PAGE</u>
Members of the Board of Directors.....	i
Members of Management.....	ii
<u>INDEPENDENT AUDITOR'S REPORT</u> .....	1 - 3
 <u>FINANCIAL STATEMENTS</u>	
Statements of Financial Position .....	4
Statements of Operations and Change in Net Assets.....	5
Statements of Functional Expenses .....	6
Statements of Cash Flows .....	7 - 8
Notes to Financial Statements .....	9 - 24
 <u>ADDITIONAL INFORMATION</u>	
Schedule of Expenditures of Federal Awards .....	25 - 26
Schedule of Expenditures of State Awards .....	27
Notes to Schedules of Expenditures of Federal and State Awards.....	28
 <u>OTHER REPORTS</u>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	29 - 30
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with The Uniform Guidance .....	31 - 33
Schedule of Findings and Questioned Costs .....	34 - 35

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTH

NASHVILLE, TENNESSEE

MEMBERS OF THE BOARD OF DIRECTORS

<u>Board Member Name</u>	<u>Title</u>
Claudia Barajas	President
Amanda Lowe	Vice- President
Buddy Comer	Secretary
Barb Zipperian	Co-Treasurer
Riley MacDonald	Co-Treasurer
Angela Ballou	Member
JD Thomas	Member
Brian Haile	Ex-Officio Member
Luis Sura	Member
Brian Marshall	Member
John Zirker	Member
Brenda Morrow	Member
Rob Hennes	Member
Ashia Blake	Board intern
Caroline Erikson	Board intern

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTH

NASHVILLE, TENNESSEE

MEMBERS OF MANAGEMENT

<u>Name</u>	<u>Title</u>
Brian Haile	Chief Executive Officer
Ivan Figueredo	Chief Financial Officer
Anthony Villanueva	Chief Information Officer
Rahaman Suara	Chief Clinical Officer
Bianca Granger	Chief Operating Officer
Thelma Bigham	Human Resources Director
Mary Bufwack	Chief Executive Officer Emeritus



INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
United Neighborhood Health Services, Inc. d/b/a Neighborhood Health  
Nashville, Tennessee

REPORT ON THE AUDITS OF THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of United Neighborhood Health Services, Inc. d/b/a Neighborhood Health (the "Center"), which comprise the statements of financial position as of January 31, 2022 and 2021, and the related statements of operations and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements presented fairly, in all material respects, the financial position of the United Neighborhood Health Services, Inc. d/b/a Neighborhood Health as of January 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audits in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

In performing an audit in accordance with GAAS and *Government Audit Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

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

## REPORT ON SUPPLEMENTARY INFORMATION

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and related notes on pages 25-26 and 28 is required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). The schedule of expenditures of state awards and related notes on pages 27 and 28 is required by the *Audit Manual* issued by the Comptroller of the Treasury of the State of Tennessee. The information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER INFORMATION

Management is responsible for the other information included in the annual report. The other information comprises the introductory section on pages i and ii but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2022, on our considerations of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Kraft CPAs PLLC

Nashville, Tennessee  
July 29, 2022



UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTHSTATEMENTS OF FINANCIAL POSITIONJANUARY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 9,843,544	\$ 8,489,403
Patient accounts receivable	582,848	439,118
Grants receivable	1,435,299	1,151,205
Other receivables	592,477	653,228
Contracts receivable	283,913	346,240
Insurance receivable	500,000	1,900,000
Prepaid expenses and other current assets	289,783	316,897
<b>TOTAL CURRENT ASSETS</b>	<b>13,527,864</b>	<b>13,296,091</b>
Property and equipment, net	8,340,120	7,884,610
Insurance receivable	-	535,010
Other assets	5,971	5,971
<b>TOTAL ASSETS</b>	<b>\$ 21,873,955</b>	<b>\$ 21,721,682</b>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 562,594	\$ 249,405
Patients' refunds payable	103,070	90,671
Accrued expenses	54,227	43,724
Accrued compensation	774,559	689,519
Deferred grant revenue	118,956	132,754
Paycheck protection program loan	-	2,038,300
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,613,406</b>	<b>3,244,373</b>
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
Board designated for emergency reserve	2,638,706	2,631,465
Undesignated	17,621,843	15,845,844
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>20,260,549</b>	<b>18,477,309</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 21,873,955</b>	<b>\$ 21,721,682</b>

See accompanying notes to financial statements.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTHSTATEMENTS OF OPERATIONS AND CHANGE IN NET ASSETSFOR THE YEARS ENDED JANUARY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS		
HHS grants	\$ 13,034,513	\$ 12,035,790
Patient services	4,683,617	4,154,654
Contract services	1,504,426	1,354,555
Donated in-kind revenue	1,436,262	913,914
Contributions	189,781	390,572
Primary care safety net services	1,208,708	1,140,701
Accountable care organization payments	564,694	485,149
Other revenues	<u>288,639</u>	<u>180,573</u>
TOTAL REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>22,910,640</u>	<u>20,655,908</u>
FUNCTIONAL EXPENSES		
Program services	18,380,154	15,623,977
Management and general	<u>4,685,992</u>	<u>3,870,851</u>
TOTAL FUNCTIONAL EXPENSES	<u>23,066,146</u>	<u>19,494,828</u>
(LOSS) INCOME FROM OPERATIONS	<u>(155,506)</u>	<u>1,161,080</u>
NON-OPERATING INCOME (EXPENSE)		
Grant income	725,735	709,947
(Loss) gain from insurance claims, net	(611,034)	2,880,558
Gain on debt extinguishment	2,038,300	-
Loss on disposal of assets	(197,255)	-
Other loss	<u>(17,000)</u>	<u>(31,730)</u>
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>1,938,746</u>	<u>3,558,775</u>
CHANGE IN NET ASSETS	1,783,240	4,719,855
NET ASSETS - BEGINNING OF YEAR WITHOUT DONOR RESTRICTIONS	<u>18,477,309</u>	<u>13,757,454</u>
NET ASSETS - END OF YEAR WITHOUT DONOR RESTRICTIONS	<u>\$ 20,260,549</u>	<u>\$ 18,477,309</u>

See accompanying notes to financial statements.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTH

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JANUARY 31, 2022 AND 2021

	2022			2021		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and wages	\$ 9,986,710	\$ 2,927,696	\$ 12,914,406	\$ 8,682,457	\$ 2,492,580	\$ 11,175,037
Employee benefits	2,009,736	589,172	2,598,908	1,847,560	530,402	2,377,962
Total personnel expenses	11,996,446	3,516,868	15,513,314	10,530,017	3,022,982	13,552,999
Consumable supplies	407,880	141,237	549,117	294,767	102,069	396,836
Depreciation and amortization	491,051	117,816	608,867	644,835	117,291	762,126
Dues and subscriptions	145,287	42,592	187,879	87,011	24,972	111,983
Equipment and rental	45,472	10,910	56,382	38,294	6,965	45,259
Healthcare consultants and other contractual services	692,814	162,865	855,679	714,747	132,042	846,789
Insurance	44,547	13,060	57,607	51,887	14,891	66,778
Laboratory	658,967	-	658,967	264,816	-	264,816
Occupancy	431,161	103,447	534,608	436,974	79,483	516,457
Other	1,391,077	333,755	1,724,832	1,000,834	182,045	1,182,879
Pharmaceutical drugs	1,260,348	-	1,260,348	872,410	-	872,410
Printing, postage and publications	98,910	28,996	127,906	57,020	16,365	73,385
Professional services	344,472	115,895	460,367	245,781	82,691	328,472
Radiology	10,468	-	10,468	7,384	-	7,384
Repairs and maintenance	138,174	33,152	171,326	182,687	33,229	215,916
Staff training	105,455	30,915	136,370	51,310	14,726	66,036
Telephone	102,318	29,996	132,314	131,247	37,668	168,915
Travel, conferences and meetings	15,307	4,488	19,795	11,956	3,432	15,388
Total other operating expenses	6,383,708	1,169,124	7,552,832	5,093,960	847,869	5,941,829
TOTAL EXPENSES	\$ 18,380,154	\$ 4,685,992	\$ 23,066,146	\$ 15,623,977	\$ 3,870,851	\$ 19,494,828

See accompanying notes to financial statements.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTHSTATEMENTS OF CASH FLOWSFOR THE YEARS ENDED JANUARY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from HHS grants	\$ 13,034,513	\$ 12,035,790
Receipts from and on behalf of patients	5,809,523	5,499,841
Receipts from contract services	1,565,177	1,336,852
Receipts from other revenue	1,277,974	724,243
Receipts from contributions	189,781	390,572
Payments to suppliers and contractors	(5,156,897)	(4,245,495)
Payments to or on behalf of employees	(15,428,274)	(13,416,211)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 1,291,797</u>	<u>\$ 2,325,592</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(1,261,632)	(626,821)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(1,261,632)</u>	<u>(626,821)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	-	2,038,300
Proceeds from insurance claims	1,323,976	668,416
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>1,323,976</u>	<u>2,706,716</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,354,141	4,405,487
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>8,489,403</u>	<u>4,083,916</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 9,843,544</u>	<u>\$ 8,489,403</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
In-kind contributions and expenses	<u>\$ 1,436,262</u>	<u>\$ 913,914</u>

See accompanying notes to financial statements.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTHSTATEMENTS OF CASH FLOWS (CONTINUED)FOR THE YEARS ENDED JANUARY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Changes in net assets	\$ 1,783,240	\$ 4,719,855
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on debt extinguishment	(2,038,300)	-
Depreciation and amortization expense	608,867	762,126
Loss (gain) from insurance claims, net	611,034	(2,880,558)
Loss on disposal of property and equipment	197,255	-
(Increase) decrease in:		
Patient accounts receivable	(143,730)	337,068
Grants receivable	(284,094)	(619,696)
Other receivables	60,751	(17,703)
Contracts receivable	62,327	(158,358)
Prepaid expenses and other current assets	27,114	(107,003)
Increase (decrease) in:		
Accounts payable	313,189	97,212
Patients' refunds payable	12,399	(48,395)
Accrued expenses	10,503	30,085
Accrued compensation	85,040	136,788
Deferred grant revenue	(13,798)	74,171
TOTAL ADJUSTMENTS	<u>(491,443)</u>	<u>(2,394,263)</u>
NET CASH PROVIDED BY OPERATIONS ACTIVITIES	<u>\$ 1,291,797</u>	<u>\$ 2,325,592</u>

See accompanying notes to financial statements.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTH

NOTES TO THE FINANCIAL STATEMENTS

JANUARY 31, 2022 AND 2021

NOTE 1 - NATURE OF OPERATIONS

United Neighborhood Health Services, Inc. d/b/a Neighborhood Health (the "Center") is a not for profit corporation that operates Federally Qualified Health Centers ("FQHC") located in the State of Tennessee in Davidson, Trousdale and Wilson counties. The Center provides a broad range of primary health care services to a largely medically-underserved population.

The U.S. Department of Health and Human Services (the "HHS") provides substantial support to the Center. The Center is obligated under the terms of the HHS grants to comply with specified conditions and program requirements set forth by the grantor.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

Revenue Recognition

*Patient Services*

Patient service revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing patient care to patients, third-party payors and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations. Revenue is recognized as the performance obligations are satisfied.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTHNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)JANUARY 31, 2022 AND 2021

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)*Patient Services (Continued)*

Performance obligations are determined based on the nature of the services provided by the Center. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Center believes that this method provides an accurate depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving care. The Center measures the performance obligation from commencement of service to the point when it is no longer required to provide services to the patient.

Performance obligations are determined based on the nature of the services provided by the Center. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Center believes that this method provides an accurate depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving care. The Center measures the performance obligation from commencement of service to the point when it is no longer required to provide services to the patient.

The Center determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Center's policy, or implicit price concessions provided to uninsured patients. The Center determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Center determines its estimate of implicit price concessions based on its historical collection experience with each class of patients.

*Medicare and Medicaid*

Medicare and Medicaid revenue are reimbursed to the Center at reimbursement rates determined for each program. Reimbursement rates are subject to revisions under the provisions of reimbursement regulations. Adjustments for such revisions are recognized in the fiscal year in which the revisions are made.

*TennCare Managed Care Wraparound Payments*

The State of Tennessee provides additional payments to community health clinics to subsidize the cost of care to TennCare recipients above the payment amount made by the managed care Centers. The Center received \$1,617,594 and \$1,796,558 for the years ended January 31, 2022 and 2021, respectively, and is included within patient services on the statements of operations and change in net assets. At January 31, 2022 and 2021 the Center had an outstanding receivable for the program of \$586,622 and \$632,040, which is included in other receivables on the statements of financial position.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTHNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)JANUARY 31, 2022 AND 2021

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)*Grants*

Revenue from government grants and contract agreements, which are generally considered non-exchange transaction with conditions, are recognized when qualifying expenditures are incurred and conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue on the statements of financial position. Grants receivable are recorded when conditions have been satisfied but the payment has not yet been received. Deferred grant revenue at January 31, 2022 and 2021 was \$118,956 and \$132,754, respectively.

*Other*

The Center also enters into payment agreements with certain commercial insurance carriers, health maintenance companies, and preferred provider companies. The basis for payment to the entities under these agreements include discounts from established charges and prospectively-determined daily rates. Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Center's historical settlement activity. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews and investigations.

Consistent with the Center's mission, care is provided to patients regardless of their ability to pay. Therefore, the Center has determined it has provided implicit price concessions to uninsured and underinsured patients. The implicit price concessions included in estimating the transaction price represents the difference between amounts billed to patients and the amounts the Center expects to collect based on its collection history with those patients.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Center also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. The Center estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as implicit price concessions.



UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JANUARY 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

*Other (Continued)*

The Center has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, Medicare, Medicaid, other insurance, or patient) have different reimbursement and payment methodologies
- Length of the patient's service or episode of care
- Method of reimbursement

*Contributions*

Contributions are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as net assets with donor restrictions and net assets without donor restrictions. Net assets without donor restrictions are not subject to donor-imposed stipulations. Net assets with donor restrictions are subject to donor-imposed stipulations. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as revenue without donor restriction, which require the Center to provide specific services and, if not, the contribution is reported as a net asset with donor restriction until the specific services have been provided. There were no net assets with donor restrictions at January 31, 2022 or 2021.

Donated In-Kind Revenue

Donated goods are recorded as revenue and either an asset or expense in the period received at fair value if there is an objective and measurable basis for determining such value.

Donated services are recognized if they create or enhance non-financial assets or the donated service requires specialized skills, was performed by the donor who possesses such skills, and would have been purchased by the Center if not provided by the donor. Such services are recognized at fair value as revenue and expense in the period the services are performed.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when originally purchased, excluding amounts limited as to use, to be cash equivalents. Cash and cash equivalents consist of deposit accounts with financial institutions and cash deposits with a financial services company.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JANUARY 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Accounts Receivable

The Center reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients and others. The Center has agreements with third-party payors that provide for payments at amounts different from its established rates. In valuing accounts receivables, management estimates contractual discounts from third party payors based on management's estimated reimbursement under agreements with those third-party payors. It is not the policy of the Center to place a patient on non-accrual basis. Patient accounts receivable due directly from patients have also been adjusted to fair value via estimated implicit price concessions to reflect the amount of consideration the Center expects to collect. The Center estimates implied price concessions based on a percentage of aged patient account balances and third-party payor receivables deemed to be uncollectible after all claims submission attempts have been exhausted or upon the expiration of the statutory contract terms with each payor. Accounts determined to be uncollectible are charged off against the allowance in the period of determination. Subsequent recoveries of previously charged off accounts are credited to the allowance in the period received.

The Center, like other health care providers, may be subject to investigations, regulatory action, lawsuits, and claims arising out of the conduct of its business, including the interpretation of laws and regulations governing the Medicare and Medicaid programs and other third-party payor agreements. At this time, no specific alleged violations, claims, or assessments are pending. Management intends to fully cooperate with any governmental agencies' requests for information. Noncompliance with laws and regulations can make the Center subject to regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid program.

Prepaid Expenses

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis. Prepaid expenses as of January 31, 2022 and 2021 were \$265,656 and \$292,887, respectively.

Property and Equipment

Property and equipment are recorded at cost. Donated assets are recorded at their estimated fair value in the statements of operations and change in net assets in the period donated. The Center capitalizes all purchases of property and equipment in excess of \$5,000.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTHNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)JANUARY 31, 2022 AND 2021

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Depreciation is recorded using accelerated and straight-line methods over the assets' estimated useful lives, except for leasehold improvements, which are depreciated over the shorter of their estimated useful lives or the respective lease term, as follows:

Land improvements	5 years
Buildings and improvements	15 to 40 years
Leasehold improvements	10 years or life of lease
Medical and dental equipment	5 years
Computer software	5 years
Automobiles	3 to 10 years
Furniture and equipment	5 years

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or improvements are capitalized.

The Center reviews the carrying value of property and improvements for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In the event that facts and circumstances indicate that the carrying amount of an asset may not be recoverable, an evaluation of recoverability would be performed.

Compensated Absences

The Center's policy is to compensate employees for unused, earned vacation leave. Accumulated vacation pay is accrued as of the statements of financial position date because it is payable upon termination of employment if certain conditions are met. Compensated absences as of January 31, 2022 and 2021 were \$459,855 and \$443,016, respectively, and are included in accrued compensation in the accompanying statements of financial position.

Functional Expenses

Expenditures incurred in connection with the Center's operations and supporting services have been summarized on a functional basis in the statements of operations and change in net assets. The statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and management and general. Salaries and benefits are allocated based on estimates of time and effort. Insurance, telephone, travel, conferences, meetings, dues and subscriptions, printing, postage, publications, and staff training are allocated based on a review of full-time equivalents. Consulting, repairs and maintenance, occupancy, depreciation and amortization, equipment rental and other expenses are allocated based on utilized square footage.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTHNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)JANUARY 31, 2022 AND 2021

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Activity

The Center's primary purpose is to provide healthcare services through its acute care facilities. As such, activities related to the ongoing operations of the Center are classified as operating revenues. Operating revenues include those generated from direct patient care, related support services and miscellaneous revenues related to the operations of the Center. In addition, contributions that are used to support health-related activities are reported as operating revenue.

Income Taxes

The Center is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), and, accordingly, no provision for income taxes is included in the financial statements. However, certain activity of the Center may be subject to unrelated business income tax.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Center's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. The Center does not have any uncertain tax positions and did not record any penalties or interest associated with uncertain tax positions as of January 31, 2022 or 2021.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred. Advertising costs for the years ended January 31, 2022 and 2021 were \$261,355 and \$40,228, respectively, and are included in other expenses in the accompanying statements of functional expenses.

Grants

At January 31, 2022 and 2021, the Center has been approved for conditional grants and contracts from governmental and not for profit entities in the aggregate amounts of \$11,403,238 and \$3,861,312, respectively, which have not been recorded in these financial statements. These grant contracts require the Center to provide certain healthcare services during specified periods. If such services are not provided during the periods, the grantors are not obligated to expend the funds allotted under the grant contracts.

During the years ended January 31, 2022 and 2021, the Center received \$804,111 and \$709,947, respectively, from Department of Health and Human Services ("HHS") Provider Relief Funds and other programs. During the years ended January 31, 2022 and 2021, the Center expended \$725,735 and \$709,947, respectively, of the funds received which is reported in non-operating income.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTHNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)JANUARY 31, 2022 AND 2021

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Authoritative Accounting Guidance

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*, which makes narrow scope improvements to the standard for specific issues.

In July 2018, the FASB also issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method allowing the standard to be applied at the adoption date. A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The new standard provides a number of practical expedients. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years.

The Center continues to assess the effect the guidance will have on its existing accounting policies and the financial statements and expects there will be an increase in assets and liabilities on the balance sheets at adoption due to the recognition of right-of-use assets and corresponding lease liabilities, which is expected to be material.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for the Center beginning on February 1, 2022. The Center is currently evaluating the impact of this new guidance on its financial statements.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. Such reclassifications had no effect on the results of operations or change in net assets as previously reported.

Events Occurring After Report Date

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through July 29, 2022, the date the financial statements were available to be issued.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTHNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)JANUARY 31, 2022 AND 2021

## NOTE 3 - CONTRACT BALANCES

Patient accounts receivable from contracts with customers consisted of the following as of January 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Beginning of year	\$ 439,118	\$ 776,186
End of year	<u>\$ 582,848</u>	<u>\$ 439,118</u>

At January 31, 2022 and 2021 estimated implicit price concessions of \$537,500 and \$448,187 have been recorded as reductions to patient accounts receivable for patient service revenues and the related accounts receivable to be recorded at the estimated amounts the Center expects to collect.

## NOTE 4 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date consist of the following as of January 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 9,843,544	\$ 8,489,403
Patient accounts receivable	582,848	439,118
Grants receivable	1,435,299	1,151,205
Other receivables	592,477	653,228
Contracts receivable	283,913	346,240
Insurance receivable	<u>500,000</u>	<u>1,900,000</u>
	<u>\$ 13,238,081</u>	<u>\$ 12,979,194</u>

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Center has a policy to maintain a balance of cash to meet 45 days of operating expenses. At January 31, 2022 and 2021, the board of directors had designated \$2,638,706 and \$2,631,465, respectively, of the cash and cash equivalents above as an emergency reserve. Although the Center does not intend to spend from board designated emergency reserve, these amounts could be made available if necessary.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTHNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)JANUARY 31, 2022 AND 2021

## NOTE 5 - DONATED IN-KIND REVENUE

The Center occupies four facilities that are separately owned by the Metropolitan Development Housing Agency, HCA Health Services of Tennessee, Inc., Nashville Rescue Mission and Nashville CARES. Donated space is recorded at fair value of the space donated. For the years ended January 31, 2022 and 2021, donated space amounted to \$183,537 and \$217,075, respectively, and the offsetting expense is included in occupancy expense on the statements of functional expenses.

The Center receives donated vaccines during the year. Donated vaccines are recorded at the fair market value of the vaccines that were received. For the years ended January 31, 2022 and 2021, vaccines contributed to the Center amounted to \$798,432 and \$524,567, respectively, and the offsetting expense is included in pharmaceuticals on the statements of functional expenses.

The Center receives an in-kind donation of lab services for its indigent patients from the lab supplier through waiver of fees for certain patients who qualify. For the years ended January 31, 2022 and 2021, lab services contributed to the Center amounted to \$454,293 and \$172,272, respectively, and the offsetting expense is included in laboratory on the statements of functional expenses.

## NOTE 6 - DISAGGREGATION OF REVENUE

The Center disaggregates its revenue from contracts with customers by payor source, as the Center believes it best depicts how the nature, amount, timing and uncertainty of its revenue and cash flows are affected by economic factors. Patient service revenue for the years ended January 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>Ratio</u>		<u>2021</u>	<u>Ratio</u>
Medicare	\$ 341,436	7.29 %		\$ 314,507	7.57 %
TennCare managed care	1,240,690	26.49		1,144,192	27.54
Other insurance	928,293	19.82		818,467	19.70
Self-pay patients	<u>2,173,198</u>	<u>46.40</u>		<u>1,877,488</u>	<u>45.19</u>
Total	<u>\$ 4,683,617</u>	<u>100.00 %</u>		<u>\$ 4,154,654</u>	<u>100.00 %</u>

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTHNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)JANUARY 31, 2022 AND 2021

## NOTE 7 - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES OPERATING GRANTS

For the year ended January 31, 2022 and 2021, the Center received the following grants from the HHS:

<u>2022</u>			
<u>Grant Number</u>	<u>Grant Period</u>	<u>Total Grant Awarded</u>	<u>Operating Revenue</u>
H80CS00394	02/01/21 - 01/31/22	\$10,692,081	\$10,692,081
H8ECS38129	05/01/20 - 04/30/22	565,009	387,649
C8ECS44614	09/15/21 - 09/14/24	842,232	219,642
H8FCS40508	04/01/21 - 03/31/23	<u>9,012,250</u>	<u>1,735,141</u>
		<u>\$21,111,572</u>	<u>\$13,034,513</u>
<u>2021</u>			
<u>Grant Number</u>	<u>Grant Period</u>	<u>Total Grant Awarded</u>	<u>Operating Revenue</u>
H80CS00394	02/01/20 - 01/31/21	\$10,292,260	\$10,292,260
H8DCS36039	04/01/20 - 03/31/21	1,458,125	1,458,125
H8ECS38129	05/01/20 - 04/30/21	565,009	177,360
H8CCS35302	03/15-20 - 03/14/21	<u>108,045</u>	<u>108,045</u>
		<u>\$12,423,439</u>	<u>\$12,035,790</u>

As of January 31, 2022 and 2021, the Center had outstanding receivables from HHS of \$572,666 and \$393,045, respectively, and is included in grant receivables on the statements of financial position.



UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTHNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)JANUARY 31, 2022 AND 2021

## NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment at January 31, 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Land and land improvements	\$ 1,218,743	\$ 1,218,743
Buildings and improvements	10,097,775	10,128,951
Leasehold improvements	681,693	688,004
Medical and dental equipment	788,691	950,406
Computer software	1,154,843	1,167,814
Automobiles	367,796	367,796
Furniture and equipment	437,850	958,777
Construction in progress	<u>1,599,437</u>	<u>380,739</u>
	16,346,828	15,861,230
Less: accumulated depreciation	<u>(8,006,708)</u>	<u>(7,976,620)</u>
	<u>\$ 8,340,120</u>	<u>\$ 7,884,610</u>

Depreciation and amortization expense related to these assets was \$608,867 and \$762,126 for the years ended January 31, 2022 and 2021, respectively.

Construction in-progress consists of costs to improve buildings and are estimated to be completed primarily during the year ended January 31, 2023. Total commitments on construction as of January 31, 2022 are approximately \$552,000.

In the event the HHS grants are terminated, HHS reserves the right to transfer all property and equipment purchased with grant funds to the Public Health Services.

## NOTE 9 - EMPLOYEE BENEFIT PLANS

The Center sponsors a 403(b) defined-contribution plan covering substantially all employees. Employees may make contributions to the plan which are limited to a maximum annual amount as set periodically by the Internal Revenue Service. All employee contributions vest immediately. The Center is permitted to make non-elective contributions, but has not made any such contributions as of January 31, 2022 and 2021. Effective March 1, 2017, the 403(b) plan was restated to allow employer matching contributions to be made into the plan. Employer matching contributions amounted to \$208,067 and \$176,396 for the years ended January 31, 2022 and 2021, respectively, and are included in employee benefits expense on the statements of functional expenses.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JANUARY 31, 2022 AND 2021

NOTE 10 - OPERATING LEASES

The Center leases space and medical equipment under various short term operating leases and cancelable leases. Rent expense for the years ended January 31, 2022 and 2021, respectively, amounted to \$138,232 and \$135,290, and is included in occupancy expense on the statements of functional expenses. See Note 5 for additional information regarding donated rent.

NOTE 11 - LINE OF CREDIT

The Center obtained a \$2,500,000 line of credit agreement with a bank during the year ended January 31, 2021, which expired on March 31, 2021. The line of credit was extended to June 2021 when it matured. The agreement was not renewed. The line bore interest at prime plus 0.5% and was secured by a blanket lien on all business assets, including all deposits maintained with the bank (to the extent permitted by law) and was governed by the additional terms and conditions contained in the Commercial Note (Agreement). There was no outstanding balance at January 31, 2021.

NOTE 12 - COMMITMENTS AND CONTINGENT LIABILITIES

The Center has contracted with various funding agencies to perform certain healthcare services and receives Medicare and other revenue from the federal government. Reimbursements received under these contracts and payments under Medicare are subject to audit by federal and state governments and other agencies. Upon audit, if discrepancies are discovered, the Center could be held responsible for reimbursing the agencies for the amounts in question.

Legal Proceedings

The Center is party to various legal proceedings arising in the ordinary course of business. Management is unaware of any liabilities arising from such proceedings that would exceed the insurance coverage as of January 31, 2022.

Healthcare Industry

The delivery of personal and health care services entails an inherent risk of liability. Participants in the health care services industry have become subject to an increasing number of lawsuits alleging negligence or related legal theories, many of which involve large claims and result in the incurrence of significant exposure and defense costs. The Center and its subsidiaries are insured with respect to medical malpractice risk on a claims-made basis. The Center also maintains insurance for general liability, director and officer liability and property. Certain policies are subject to deductibles. Management is not aware of any claims against it or its subsidiaries which would have a material financial impact.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTHNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)JANUARY 31, 2022 AND 2021

## NOTE 12 - COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

Healthcare Industry (Continued)

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers.

Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as repayments for patient services previously billed. Management believes that the Center is currently in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

COVID-19

On January 30, 2020, the World Health Center declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Center operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Center, to date, the Center is maintaining close contact with their management teams to evaluate the evolving situation and will implement appropriate countermeasures as needed.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act was signed into law. The CARES Act provides an economic relief package to many businesses in the US as a direct response to the adverse impacts of COVID-19. Additionally, the CARES Act provided for HHS to distribute funds from the Public Health and Social Services Emergency Fund (“Provider Relief Fund”) to healthcare providers that billed Medicare in 2019 and provided treatment to individuals with possible or actual cases of COVID-19 during 2020, amongst other various certifications required in the Act. The funds are distributed in multiple stages and are grant funds, not loans, to healthcare providers, and may not need to be repaid if the conditional terms for the uses of those funds are met. The terms and conditions governing the Provider Relief Fund are complex and subject to interpretation and change. If the Center is unable to attest to or comply with current or future terms and conditions, the Center's ability to retain some or all of the distributions received may be affected. Provider Relief Fund payments are subject to government oversight, including potential audits. See Note 2. Within 30 days of receiving the payment, providers must sign an attestation confirming receipt of the funds and agreeing to the terms and conditions of payment.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTHNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)JANUARY 31, 2022 AND 2021

## NOTE 12 - COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

COVID-19 (Continued)

In addition, the Paycheck Protection Program was established under the CARES Act and administered by the Small Business Administration ("SBA"). The Center entered into a Paycheck Protection Program loan of \$2,038,300 in April 2020, which is fully forgivable if at least 60% of the funds are used for payroll costs, and if certain other terms are met. By a letter dated July 15, 2021 from the Center's lender, the full principal balance of \$2,038,300 has been forgiven by the SBA. As such, the Center has recognized a gain on debt extinguishment during the year ended January 31, 2022 on the statements of operations and change in net assets.

Tornado

On March 3, 2020, the Center lost one of its largest medical and dental clinics as a result of a tornado resulting in an impairment loss of \$222,868 for the year ended January 31, 2021. The Center received approximately \$1,323,000 and \$668,000 of insurance proceeds related to the loss during the years ended January 31, 2022 and 2021, respectively. Renovations are taking place to fix the damage caused and are anticipated to be completed in the year ending January 31, 2023. Additional insurance proceeds of \$500,000 are expected to be received for reconstruction costs in the year ending January 31, 2023 as the Center completes the renovations and is recorded as a receivable at January 31, 2022.

## NOTE 13 - CREDIT RISK AND OTHER CONCENTRATIONS

Financial instruments that potentially subject the Center to concentrations of credit risk are cash and accounts receivable. The Center's policy is to place cash in highly-rated financial institutions. The Center grants credit without collateral to its patient most of who are insured under third-party payor agreements.

Cash Deposits

The Center maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. The Center's cash balances may, at times, exceed statutory limits. The Center has not experienced any losses in such accounts, and management considers this to be a normal business risk. At January 31, 2022 and 2021, deposits exceeded the federally-insured limits by approximately \$6,157,000 and \$5,080,000, respectively.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTHNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)JANUARY 31, 2022 AND 2021

## NOTE 13 - CREDIT RISK AND OTHER CONCENTRATIONS (CONTINUED)

Payor Mix of Patient Accounts Receivable

Concentration of credit risk relating to patient accounts receivable is limited to some extent by the diversity and number of patients and payors. The mix of accounts receivable from patients, third party payors and others as of January 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Medicare	15 %	15 %
TennCare managed care	33	22
Other insurance	28	32
Self pay patients	<u>24</u>	<u>31</u>
Total	<u>100 %</u>	<u>100 %</u>

In addition to patient accounts receivable, a significant portion of the Center's outstanding receivables as of January 31, 2022 and 2021 are from governmental agencies, as such, management believes it represents negligible credit risk.

## NOTE 14 - MEDICAL MALPRACTICE INSURANCE

The Center maintains medical malpractice coverage, through an insurer, that complies with the Federal Tort Claims Act ("FTCA"). FTCA limits malpractice awards to eligible PHS-supported programs and applies to the Center and its employees while providing services within the scope of their responsibilities under grant-related activities.

The Attorney General, through the U.S. Department of Justice, has the responsibility for the defense of the individual and/or grantee for malpractice cases approved for FTCA coverage.

ADDITIONAL INFORMATION

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTH

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JANUARY 31, 2022

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Contract/grant Number</u>	<u>Beginning Receivable</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Receivable</u>
Direct programs:						
U.S. Department of Health and Human Services:						
Health Center Program	93.224 <sup>(1)</sup>	H80CS00394	\$ 393,045	\$ 10,512,460	\$ 10,692,081	\$ 572,666
Health Center Program	93.224 - COVID-19 <sup>(1)</sup>	H8FCS40508	-	1,735,141	1,735,141	-
Grants for New and Expanded Services Under the Health Center Program	93.527 - COVID-19	H8ECS38129	-	387,649	387,649	-
Grants for Capital Development in Health Centers Provider Relief Fund and American Rescue Plan Rural Distribution	93.526	C8ECS44614	-	219,642	219,642	-
HRSA COVID-19 Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund	93.498 - COVID-19	N/A	-	452,649	452,649	-
	93.461 - COVID-19	N/A	-	28,548	28,548	-
<b>Total Direct Programs</b>			<b>393,045</b>	<b>13,336,089</b>	<b>13,515,710</b>	<b>572,666</b>
Passed through Tennessee Department of Health:						
Cancer and Control Programs for State, Territorial and Tribal Organizations	93.898	GR-21-68710-00	-	9,541	11,893	2,352
HIV Care Formula Grants	93.917	GR-18-55898	148,127	493,964	427,346	81,509
Passed through Tennessee Department of Mental Health and Substance Abuse Services:						
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DGA 65804_2020- 2021_035	12,092	359,636	355,200	7,656
Passed through Tennessee Department of Human Services:						
Community Based Two Generation Services	93.588	34530-75321	-	366,155	366,155	-

(continued on next page)

See accompanying notes to schedules of expenditures of federal and state awards.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTH

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JANUARY 31, 2022

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Contract/grant Number</u>	<u>Beginning Receivable</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Receivable</u>
U.S. Department of Treasury: Passed through Tennessee Department of Human Services: Tennessee Community CARES Program	21.019 - COVID-19	H8ECS38129	109,722	95,302	(14,420)	-
Total Federal Awards			<u>\$ 662,986</u>	<u>\$ 14,660,687</u>	<u>\$ 14,661,884</u>	<u>\$ 664,183</u>

(1) Denotes a major program

Total Expenditures by Assistance Listing Number:

93.224	\$ 12,427,222
93.527	387,649
93.526	219,642
93.498	452,649
93.461	28,548
93.898	11,893
93.917	427,346
93.959	355,200
93.588	366,155
21.019	(14,420)
	<u>\$ 14,661,884</u>

See accompanying notes to schedules of expenditures of federal and state awards.



UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTH

SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE YEAR ENDED JANUARY 31, 2022

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Contract Number</u>	<u>Beginning Receivable</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Receivable</u>
State Financial Assistance:						
Tennessee Department of Health:						
Primary Care Services to Uninsured Adults in Tennessee Ages 19-64 (FQHC) (1)	N/A	Z-21-201207-02	\$ 758,160	\$ 758,160	\$ -	\$ -
FQHC Care Coordination Services (1)	N/A	Z-22-245406	-	346,075	1,208,708	862,633
Total State Awards			<u>\$ 758,160</u>	<u>\$ 1,104,235</u>	<u>\$ 1,208,708</u>	<u>\$ 862,633</u>

(1) Based on revenues earned per award.

See accompanying notes to schedules of expenditures of federal and state awards.

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTH

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JANUARY 31, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedules") includes the federal and state grant activity of the Center. The information in the Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the *Audit Manual* issued by the Comptroller of the Treasury of the State of Tennessee. Because the Schedules present only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Center has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - PASSED THROUGH TO SUBRECIPIENTS

The Center provided no federal awards to subrecipients.

NOTE 4 - PROVIDER RELIEF FUND

Based on guidance from the Department of Health and Human Services ("HHS"), the Provider Relief Funds ("PRF") are reported on the SEFA as the funds are reported to HHS thru the Provider Relief Funding Portal. Therefore, the amount of PRF expenditures included on the SEFA at January 31, 2022 is based upon the PRF reporting portal guidelines for Period 1 and Period 2 reporting, as specified by HHS. Reporting Periods 1 and 2 includes PRF receipts from April 10, 2020 to December 31, 2020 for qualifying expenditures during the period of January 1, 2020 through December 31, 2021.

OTHER REPORTS



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

The Board of Directors  
United Neighborhood Health Services, Inc. d/b/a Neighborhood Health  
Nashville, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of United Neighborhood Health Services, Inc. d/b/a Neighborhood Health (the "Center") which comprises the statements of financial position as of January 31, 2022, and the related statement of operations and change in net assets, functional expenses, cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 29, 2022.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Kraft CPAs PLLC

Nashville, Tennessee  
July 29, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

The Board of Directors  
United Neighborhood Health Services, Inc. d/b/a Neighborhood Health  
Nashville, Tennessee

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited United Neighborhood Health Services, Inc. d/b/a Neighborhood Health's (the "Center") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended January 31, 2022. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended January 31, 2022.

BASIS FOR OPINION ON EACH MAJOR FEDERAL PROGRAM

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

## RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Kraft CPAs PLLC

Nashville, Tennessee  
July 29, 2022



UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTH

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JANUARY 31, 2022

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

***Financial Statements***

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Are any material weaknesses identified?        Yes   X   No
- Are any significant deficiencies identified?        Yes   X   None Reported
- Is any noncompliance material to financial statements noted?        Yes   X   No

***Federal Awards***

Internal control over major programs:

- Are any material weaknesses identified?        Yes   X   No
- Are any significant deficiencies identified?        Yes   X   None Reported

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

Unmodified

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

       Yes   X   No

Identification of major program(s):

**Assistance Listing Number(s)**

**Name of Federal Program or Cluster**

Health Centers Cluster:  
93.224

United States Department of Health and Human Services:  
Consolidated Health Centers Program

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

  X   Yes        No

UNITED NEIGHBORHOOD HEALTH SERVICES, INC. D/B/A NEIGHBORHOOD HEALTH

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JANUARY 31, 2022

**SECTION II - FINANCIAL STATEMENT FINDINGS**

There were no audit findings in the prior or current year.

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

There were no federal award findings or questioned costs in the prior or current year.

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



Department of Finance  
700 President Ronald Reagan Way, STE 201  
Nashville, Tennessee 37210

**Metropolitan Government of Nashville and Davidson County  
Recipient of Metro Grant Funding  
Non-Profit Grants Manual Receipt Acknowledgement**

Recipient Name United Neighborhood Health Services, Inc.

July 24, 2023

As a condition of receipt of this funding, the recipient acknowledges the following:

- Receipt of the Non-Profit Grants Manual, updated February 2, 2023, issued by the Division of Grants and Accountability. Electronic version can be located at the following: Non-Profit Grant Resources
- The recipient has read, understands and hereby affirms that the agency will adhere to the requirements and expectations outlined within the Non-Profit Grants Manual.
- The recipient understands that if the organization has any questions regarding the Non-Profit Grants Manual or its content, they will consult with the Metro department that awarded their grant.

*\*Note to Organizations: Please read the Non-Profits Grants Manual carefully to ensure that you understand the requirements and expectations before signing this document.*

Signature of Authorized Representative

Name: JUAN FIGUEREDO

Title: CEO

Agency Name: NEIGHBORHOOD HEALTH, INC

Date: 07/28/23