DocuSign Envelope ID: DD474C52-C14B-4153-8223-4ADFA680ADFF

GRANT CONTRACT
BETWEEN
THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AND
UNITED NEIGHBORHOOD HEALTH SERVICES INC. D/B/A NEIGHBORHOOD HEALTH

This Grant Contract issued and entered into pursuant to Resolution RS2023_____, by and between the Metropolitan Government of Nashville and Davidson County ("Metro"), United Neighborhood Health Services Inc. d/b/a Neighborhood Health ("Recipient"), is for the provision of Napier and Sudekum Community Safety programs, as further defined in the "SCOPE OF PROGRAM". Additional documents including Recipient's audit are incorporated herein by reference as attachments A-F.

A. **SCOPE OF PROGRAM:**

A.1. The Recipient will use the grant funds as follows:

Recipient will assist the Metro Nashville Mayor's Office in implementing a program focusing on providing peer support and therapy.

Provide individuals living in the Napier or Sudekum Communities with up to 12 weeks of counseling by a licensed behavioral health clinician at the Recipient's Napier Clinic. Focusing on patients of all ages with depression and/or anxiety, the behavioral health clinician will primarily rely on cognitive behavioral therapy (CBT) and assertive community treatment (ACT) modalities.

A.2. The Recipient must spend these funds consistent with the Grant Spending Plan, attached and incorporated herein as Attachments A and B. The Recipient must collect data to evaluate the effectiveness of their services and must provide those results to Metro upon request.

A.3. The Recipient will only utilize these funds for services the Recipient provides to documented residents of Davidson County. Documentation of residency may be established with a recent utility bill; voter's registration card; driver's license or other government issued-ID; current record from a school showing address; affidavit by landlord; or affidavit by a nonprofit treatment, shelter, half-way house, or homeless assistance entity located within Davidson County. Recipient agrees that it will not use Metro funding for services to non-Davidson County residents.

A.4. Additionally, the Recipient must collect data on the primary county of residence of the clients it serves and provide that data to Metro upon request.

B. **GRANT CONTRACT TERM:**

B.1. **Grant Contract Term.** The term of this Grant will commence on August 16, 2023, and end on August 31, 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 forty-eight thousand dollars ($48,000). 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.

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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.

Recipient may invoice for $10,000 upon approval of the Grant Contract.

Recipient may invoice monthly up to 3,166.66.

Receipts must be made available for all claimed expenses.

Recipient must send all invoices to **Metro Payment Services, PO Box 196301, Nashville TN 37219-6301.**

Final invoices for the contract period should be received by Metro Payment Services by September 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 Mayor's Office of Community Safety, within 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. Utilization of Metro funding for services to non-Davidson County residents is not allowed.

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

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Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.

C.9 **Grant Subject to Availability of Funds.** This Grant Contract is subject to the availability of funds. In the event that funds are unavailable, Metro reserves the right to terminate this Grant Contract upon provision of written notice to Recipient. Metro's right to terminate this Grant Contract due to lack of funds is not a breach of this Grant Contract by Metro. Upon provision of written notice to Recipient, Recipient shall cease all work associated with this Grant Contract. Recipient shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date.

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.

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.

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. 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. **Subcontracting.** The Recipient may 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 subcontractors, the Recipient will be considered the prime Recipient and will be responsible for all work performed.

D.5. **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.6. **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.7. **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

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(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 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 Grants Manual. The financial statements must be prepared in accordance with generally accepted accounting principles.

D.8. **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.9. **Reporting.** The Recipient must submit an Interim Program Report, to be received Mayor's Office of Community Safety, by no later than February 17, 2024, and a Final Program Report, to be received by Mayor's Office of Community Safety, within 45 [forty-five] days of the end of the Grant Contract. Said reports shall detail the outcome of the activities funded under this Grant Contract.

D.10. **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.11. **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.12. **Metro Liability.** Metro will have no liability except as specifically provided in this Grant Contract.

D. 13. **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. 14. **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 contractors, 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 contractors, 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.

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(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.

D.15. **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.16. **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.17. **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.18. **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.19. **Headings.** Section headings are for reference purposes only and will not be construed as part of this Grant Contract.

D.20. **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 $5,000.00.

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 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. 21. **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

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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.22. **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 subcontractor under a contract to the prime contractor or higher tier subcontractor 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.23. **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 facsimile transmission, or by first class mail, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

Metro

For contract-related matters:
Mayor's Office of Community Safety
1 Public Square,
Nashville, TN 37201
(615) 492-1932

For enquiries regarding invoices:
Mayor's Office of Community Safety
1 Public Square,
Nashville, TN 37201
(615) 492-1932

Recipient

Brian Haile, CEO
United Neighborhood Health Services Inc.
2711 Foster Ave
Nashville, TN 37210
(615) 944-4404

D.24. **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

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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.25. **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.25(a)(ii) and D.25(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.25(a).

D.26. **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.

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Grant contract between the Metropolitan Government of Nashville and Davidson County and United Neighborhood Health Services Inc., Contract #_____

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

APPROVED AS TO AVAILABILITY OF FUNDS:

Kelly Flannery
Director of Finance

APPROVED AS TO FORM AND LEGALITY:

Courtney Mohan
Metropolitan Attorney

APPROVED AS TO RISK AND INSURANCE:

Balogun Cobbs
Director of Insurance

FILED IN THE OFFICE OF THE CLERK:

Metropolitan Clerk

RECIPIENT: UNITED NEIGHBORHOOD HEALTH SERVICES INC.

By: Brian Haile

Title: Brian Haile, CEO

Date: Aug. 4, 2023

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TABLE OF CONTENTS OF ATTACHMENTS

A. Grant Spending Plan
B. Spending Plan Addendum
C. Internal Revenue Service 501(c)(3) Tax-Exempt Organization Documentation
D. Tennessee Secretary of State Nonprofit Confirmation
E. Annual audit conducted by an independent CPA in accordance with generally accepted auditing standards
F. Non-profit Grants Manual Receipt Acknowledgment

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Grant Spending Plan

RECIPIENT NAME:	United Neighborhood Health Services Inc. d/b/a Neighborhood Health

THE FOLLOWING IS APPLICABLE TO EXPENSES PLANNED TO BE INCURRED DURING THE CONTRACT GRANT PERIOD: August 16, 2023 – August 31, 2024				
	EXPENSE OBJECT LINE-ITEM CATEGORY	**METRO GRANT FUNDS**	**RECIPIENT MATCH (participation)**	**TOTAL PROJECT**
	Salaries and Wages	$36,363.64		$36,363.64
	Benefits and Taxes (%)	$7,636.36		$7,636.36
	Professional Fees	$0		$0
	Supplies	$0		$0
	Communications	$0		$0
	Postage and Shipping	$0		$0
	Occupancy	$0		$0
	Equipment Rental and Maintenance	$4,000.00		$4,000.00
	Printing and Publications	$0		$0
	Travel/ Conferences and Meetings	$0		$0
	Insurance	$0		$0
	Specific Assistance to Individuals	$0		$0
	Other Non-Personnel	$0		$0
	GRAND TOTAL	$48,000.00		$48,000.00

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Spending Plan Addendum

United Neighborhood Health Services Inc. d/b/a Neighborhood Health provided a spending plan that includes:

Salaries and Wages - $36,363.64
Payment for a portion of the compensation for a licensed behavioral health specialist

Benefits and Taxes - $7,636.36
Payment for a portion of the benefits as set and provided by the Recipient and payroll taxes

Equipment Rental and Maintenance - $4,000.00
Laptop and software-related expenses

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United Neighborhood Health Services Inc.

EIN: 62-1032792 | Nashville, TN, United States

> **Other Names**

Publication 78 Data

Organizations eligible to receive tax-deductible charitable contributions. Users may rely on this list in determining deductibility of their contributions.

On Publication 78 Data List: Yes

Deductibility Code: PC

Copies of Returns (990, 990-EZ, 990-PF, 990-T)

Electronic copies (images) of Forms 990, 990-EZ, 990-PF or 990-T returns filed with the IRS by charities and non-profits.

> **Tax Year 2020 Form 990**

Organization Name:
United Neighborhood Health Services Inc

EIN:
62-1032792

Tax Period:
202001

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Return ID:
2343521

Filing Type:
E

Return Type:
990

Copy of Return:
2020 Form 990 Filing

> **Tax Year 2019 Form 990**

> **Tax Year 2017 Form 990**

> **Tax Year 2016 Form 990**

Page Last Reviewed or Updated: 20-November-2020

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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:

Date Filed	Filing Description	Image #
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
04/08/2015	2015 Annual Report	B0088-0282

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Filing Information

Name: UNITED NEIGHBORHOOD HEALTH SERVICES, INC.

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	
05/29/1987 Articles of Amendment	689 03047

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Filing Information

Name: UNITED NEIGHBORHOOD HEALTH SERVICES, INC.

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)	Date	Expires
Neighborhood Health	10/17/2014	08/08/2024

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

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

JANUARY 31, 2023 AND 2022

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

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

JANUARY 31, 2023 AND 2022

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

NASHVILLE, TENNESSEE

MEMBERS OF THE BOARD OF DIRECTORS

Board Member Name	**Title**
Claudia Barajas	President
Barb Zipperian	Vice- President
Luis Sura	Secretary
Ashia Blake	Treasurer
Buddy Comer	Member
Angela Ballou	Member
JD Thomas	Member
Brian Haile	Ex-Officio Member
Brian Marshall	Member
John Zirker	Member
Brenda Morrow	Member
John E. Baldwin, III	Member
Nick Scudellari	Member

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

NASHVILLE, TENNESSEE

MEMBERS OF MANAGEMENT

Board Member Name	**Title**
Brian Haile	Chief Executive Officer
Ivan Figueredo	Chief Executive Officer
Anthony Villanueva	Chief Information Officer
Vivak Bhatt	Chief Clinical Officer
Shauna Tucker	Interim Chief Operating Officer
Thelma Bighem	Human Resources Director
Mary Bufwack	Chief Executive Officer Emeritus

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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, 2023 and 2022, 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, 2023 and 2022, 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.

EMPHASIS OF MATTER

As discussed in Note 3 to the financial statements, the Center has elected to change its method of accounting for leases during the year ended January 31, 2023. Our opinion is not modified with respect to this matter.

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.

KraftCPAs PLLC • Certified Public Accountants and Consultants
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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 27-28 and 30 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 29 and 30 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.

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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 31, 2023, 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.

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Nashville, Tennessee
July 31, 2023

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

STATEMENTS OF FINANCIAL POSITION

JANUARY 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 8,336,157	$ 9,843,544
Patient accounts receivable	720,448	582,848
Grants receivable	1,461,982	1,435,299
Other receivables	1,122,527	592,477
Contracts receivable	407,802	283,913
Insurance receivable	107,893	500,000
Prepaid expenses and other current assets	380,931	289,783
TOTAL CURRENT ASSETS	12,537,740	13,527,864
Property and equipment, net	9,784,812	8,340,120
Operating leases, right-of-use assets	326,400	-
Other assets	5,971	5,971
TOTAL ASSETS	$ 22,654,923	$ 21,873,955
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 669,509	$ 562,594
Patient refunds payable	141,656	103,070
Accrued expenses	23,382	54,227
Accrued compensation	863,296	774,559
Deferred grant revenue	52,250	118,956
Current maturities of operating lease liabilities	72,431	-
TOTAL CURRENT LIABILITIES	1,822,524	1,613,406
Operating lease liabilities, non-current	255,129	-
TOTAL LIABILITIES	2,077,653	1,613,406
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Board designated for emergency reserve	3,665,097	2,638,706
Undesignated	16,912,173	17,621,843
NET ASSETS WITHOUT DONOR RESTRICTIONS	20,577,270	20,260,549
TOTAL LIABILITIES AND NET ASSETS	$ 22,654,923	$ 21,873,955

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS AND CHANGE IN NET ASSETS

FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022

	2023	2022
REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS		
HHS grants	$ 14,369,862	$ 13,034,513
Patient services	5,498,631	4,683,617
Contract services	2,263,128	1,504,426
Donated in-kind revenue	1,266,628	1,436,262
Contributions	134,375	189,781
Primary care safety net services	1,910,636	1,208,708
Accountable care organization payments	607,155	564,694
Other revenues	83,106	288,639
TOTAL REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	26,133,521	22,910,640
FUNCTIONAL EXPENSES		
Program services	20,697,008	18,380,154
Management and general	5,183,748	4,685,992
TOTAL FUNCTIONAL EXPENSES	25,880,756	23,066,146
INCOME (LOSS) FROM OPERATIONS	252,765	(155,506)
NON-OPERATING INCOME (EXPENSE)		
Grant income	63,956	725,735
Loss from insurance claims, net	-	(611,034)
Gain on debt extinguishment	-	2,038,300
Loss on disposal of assets	-	(197,255)
Other loss	-	(17,000)
TOTAL NON-OPERATING INCOME (EXPENSE)	63,956	1,938,746
CHANGE IN NET ASSETS	316,721	1,783,240
NET ASSETS - BEGINNING OF YEAR WITHOUT DONOR RESTRICTIONS	20,260,549	18,477,309
NET ASSETS - END OF YEAR WITHOUT DONOR RESTRICTIONS	$ 20,577,270	$ 20,260,549

See accompanying notes to financial statements.

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

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and wages	$11,059,004	$ 3,242,049	$ 14,301,053	$ 9,986,710	$ 2,927,696	$ 12,914,406
Employee benefits	2,181,568	639,546	2,821,114	2,009,736	589,172	2,598,908
Total personnel expenses	13,240,572	3,881,595	17,122,167	11,996,446	3,516,868	15,513,314
Advertising and promotion costs	145,670	30,260	175,930	210,783	50,572	261,355
Consumable supplies	732,942	253,796	986,738	407,880	141,237	549,117
Depreciation and amortization	536,397	111,425	647,822	491,051	117,816	608,867
Dues and subscriptions	176,463	41,878	218,341	145,287	42,592	187,879
Equipment and rental	131,881	27,396	159,277	45,472	10,910	56,382
Healthcare consultants and other contractual services	1,056,863	217,658	1,274,521	692,814	162,865	855,679
Insurance	70,639	16,764	87,403	44,547	13,060	57,607
Information technology	853,075	177,209	1,030,284	732,683	175,790	908,473
Laboratory	604,602	-	604,602	658,967	-	658,967
Occupancy	417,473	86,721	504,194	431,161	103,447	534,608
Other	151,514	31,474	182,988	209,044	50,155	259,199
Pharmaceutical drugs	1,353,015	-	1,353,015	1,260,348	-	1,260,348
Printing, postage and publications	91,209	21,646	112,855	98,910	28,996	127,906
Professional services	276,553	93,044	369,597	344,472	115,895	460,367
Radiology	1,568	-	1,568	10,468	-	10,468
Repairs and maintenance	132,715	27,569	160,284	138,174	33,152	171,326
Staff training	139,339	33,067	172,406	105,455	30,915	136,370
Telephone	328,686	78,003	406,689	102,318	29,996	132,314
Travel, conferences and meetings	37,166	8,820	45,986	15,307	4,488	19,795
Utilities	218,666	45,423	264,089	238,567	57,238	295,805
Total other operating expenses	7,456,436	1,302,153	8,758,589	6,383,708	1,169,124	7,552,832
TOTAL EXPENSES	$ 20,697,008	$ 5,183,748	$ 25,880,756	$ 18,380,154	$ 4,685,992	$ 23,066,146

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from HHS grants	$ 14,369,862	$ 13,034,513
Receipts from and on behalf of patients	7,183,614	5,809,523
Receipts from contract services	1,733,078	1,565,177
Receipts from other revenue	663,578	1,277,974
Receipts from contributions	134,375	189,781
Payments to suppliers and contractors	(6,858,057)	(5,156,897)
Payments to or on behalf of employees	(17,033,430)	(15,428,274)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 193,020	$ 1,291,797
INVESTING ACTIVITIES		
Purchases of property and equipment	(2,092,514)	(1,261,632)
NET CASH USED IN INVESTING ACTIVITIES	(2,092,514)	(1,261,632)
FINANCING ACTIVITIES		
Proceeds from insurance claims	392,107	1,323,976
NET CASH PROVIDED BY FINANCING ACTIVITIES	392,107	1,323,976
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,507,387)	1,354,141
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	9,843,544	8,489,403
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 8,336,157	$ 9,843,544
CASH PAID FOR:		
Operating leases	$ 105,520	$ -
NONCASH OPERATING ACTIVITIES:		
ROU assets obtained in exchange for operating lease liabilities	$ 425,869	$ -
In-kind contributions and expenses	$ 1,266,628	$ 1,436,262

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022

	2023	2022
OPERATING ACTIVITIES		
Change in net assets	$ 316,721	$ 1,783,240
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on debt extinguishment	-	(2,038,300)
Recognition of conditional grant income	(63,956)	-
Depreciation and amortization expense	647,822	608,867
Loss from insurance claims, net	-	611,034
Loss on disposal of assets	-	197,255
(Increase) decrease in:		
Patient accounts receivable	(137,600)	(143,730)
Grants receivable	(26,683)	(284,094)
Other receivables	(530,050)	60,751
Contracts receivable	(123,889)	62,327
Prepaid expenses and other current assets	(91,148)	27,114
Operating lease, right-of-use assets	99,469	-
Increase (decrease) in:		
Accounts payable	106,915	313,189
Patients' refunds payable	38,586	12,399
Accrued expenses	(30,845)	10,503
Accrued compensation	88,737	85,040
Deferred grant revenue	(2,750)	(13,798)
Operating lease liabilities	(98,309)	-
TOTAL ADJUSTMENTS	(123,701)	(491,443)
NET CASH PROVIDED BY OPERATIONS ACTIVITIES	$ 193,020	$ 1,291,797

See accompanying notes to financial statements.

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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.

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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 $1,775,441 and $1,617,594 for the years ended January 31, 2023 and 2022, respectively, and is included within patient services on the statements of operations and change in net assets. At January 31, 2023 and 2022 the Center had an outstanding receivable for the program of $1,116,531 and $586,622, which is included in other receivables on the statements of financial position.

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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 meet. 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, 2023 and 2022 was $52,250 and $118,956, 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.

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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, 2023 or 2022.

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.

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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, 2023 and 2022 were $348,350 and $265,656, 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.

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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.

Leases

The Center made an accounting policy election available under Topic 842 not to recognize right-of-use ("ROU") assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Center used the discount rate implicit in the lease agreement, if readily determinable. For leases in which the rate implicit in the lease agreement is not readily determinable, the Center made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

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, 2023 and 2022 were $483,049 and $459,855, respectively, and are included in accrued compensation in the accompanying statements of financial position.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2023 or 2022.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

At January 31, 2023 and 2022, the Center has been approved for conditional grants and contracts from governmental and not-for-profit entities in the aggregate amounts of $8,023,940 and $11,403,238, 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, 2023 and 2022, the Center received $0 and $804,111, respectively, from Department of Health and Human Services ("HHS") Provider Relief Funds and other programs. During the years ended January 31, 2023 and 2022, the Center expended $63,956 and $725,735, respectively, of the funds received which is reported in non-operating income.

By a letter dated May 5, 2023, the Center's application for a grant from the State of Tennessee Department of Health in the amount of $1,890,500 was approved. The funding is not guaranteed until the Center receives a fully executed grant contract, which management believes will occur during the year ended January 31, 2024.

New Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 was effective for the Center beginning February 1, 2022, and did not result in a change to the 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 31, 2023, the date the financial statements were available to be issued.

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NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statements of financial position as a ROU asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statements of operations and change in net assets.

The Center adopted Topic 842 on February 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Center has applied Topic 842 to reporting periods beginning on February 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Center's historical accounting treatment under ASC Topic 840, *Leases*.

The Center elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Company does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases.

The Center determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Center obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Center also considers whether its service arrangements include the right to control the use of an asset.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Center's operating leases of $425,869, at February 1, 2022. The adoption of the new lease standard did not materially impact the change in net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

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NOTE 4 - CONTRACT BALANCES

Patient accounts receivable from contracts with customers consisted of the following as of January 31, 2023 and 2022:

	2023	2022
Beginning of year	$ 582,848	$ 439,118
End of year	$ 720,448	$ 582,848

At January 31, 2023 and 2022 estimated implicit price concessions of $528,728 and $537,500 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 5 - 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:

	2023	2022
Cash and cash equivalents	$ 8,336,157	$ 9,843,544
Patient accounts receivable	720,448	582,848
Grants receivable	1,461,982	1,435,299
Other receivables	1,122,527	592,477
Contracts receivable	407,802	283,913
Insurance receivable	107,893	500,000
	$ 12,156,809	$ 13,238,081

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, 2023 and 2022, the board of directors had designated $3,665,097 and $2,638,706, 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.

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NOTE 6 - 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, 2023 and 2022, donated space amounted to $187,800 and $183,537, 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, 2023 and 2022, vaccines contributed to the Center amounted to $809,625 and $798,432, 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, 2023 and 2022, lab services contributed to the Center amounted to $269,203 and $454,293, respectively, and the offsetting expense is included in laboratory on the statements of functional expenses.

NOTE 7 - 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, 2023 and 2022 is as follows:

	2023	Ratio	2022	Ratio
Medicare	$ 391,636	7.12 %	$ 342,109	7.30 %
TennCare managed care	1,424,243	19.70	1,213,281	18.43
Other insurance	1,082,860	47.28	862,707	48.37
Self-pay patients	2,599,892	25.90	2,265,520	25.90
Total	$ 5,498,631	100.00 %	$ 4,683,617	100.00 %

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NOTE 8 - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES OPERATING GRANTS

For the year ended January 31, 2023 and 2022, the Center received the following grants from the HHS:

2023			
Grant Number	Grant Period	Total Grant Awarded	Operating Revenue
H80CS00394	02/01/22 - 01/31/23	$ 9,818,973	$ 9,818,973
H8FCS40508	04/01/21 - 03/31/23	9,077,750	4,456,876
C8ECS44614	09/15/21 - 09/14/24	842,232	94,013
		$19,738,955	$14,369,862

2022			
Grant Number	Grant Period	Total Grant Awarded	Operating Revenue
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	9,012,250	1,735,141
		$21,111,572	$13,034,513

As of January 31, 2023 and 2022, the Center had outstanding receivables from HHS of $889,285 and $572,666, respectively, and is included in grant receivables on the statements of financial position.

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NOTE 9 - PROPERTY AND EQUIPMENT

Property and equipment at January 31, 2023 and 2022 was as follows:

	2023	2022
Land and land improvements	$ 1,218,743	$ 1,218,743
Buildings and improvements	12,275,536	10,097,775
Leasehold improvements	681,693	681,693
Medical and dental equipment	803,621	788,691
Computer software	1,154,843	1,154,843
Automobiles	367,796	367,796
Furniture and equipment	437,850	437,850
Construction in progress	1,499,261	1,599,437
	18,439,343	16,346,828
Less: accumulated depreciation	(8,654,531)	(8,006,708)
	$ 9,784,812	$ 8,340,120

Construction in-progress consists of costs to improve buildings and are estimated to be completed primarily during the year ended January 31, 2024. Total commitments on construction as of January 31, 2023 are approximately $270,000.

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 10 - 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, 2023 and 2022. Employer matching contributions amounted to $260,510 and $208,067 for the years ended January 31, 2023 and 2022, respectively, and are included in employee benefits expense on the statements of functional expenses.

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NOTE 11 - LEASES

The Center leases space under cancelable operating lease agreements that have initial terms ranging from 1 to 21 years. Some leases include one or more options to renew, generally at the Center's sole discretion, with renewal terms that can extend the lease term up to 1 year. In addition, the leases contain termination options, where the rights to terminate are held by either the Center, the lessor or both parties. These option to extend/terminate the leases are included in the lease terms when it is reasonably certain that the Center will exercise that option. The Center's operating leases generally do not contain any material restrictive covenants or residual value guarantees. Operating lease cost is recognized on a straight-line basis over the lease term.

The components of lease expense are as follows for the year ended January 31, 2023:

Operating lease cost	$	88,158
Short-term lease cost		18,523
Total lease cost	$	106,681

Total rent expense for various short term operating leases and cancelable leases of space and medical equipment was $138,232 for the year ended January 31, 2022, and is included in occupancy expense on the statements of functional expenses.

See Note 6 for additional information regarding donated rent.

Additional information related to leases is as follows as of January 31, 2023:

Operating leases:		
Operating leases, right-of-use assets	$	326,400
Current maturities of operating lease liabilities	$	72,431
Operating lease liabilities, non-current		255,129
Total operating lease liabilities	$	327,560
Weighted-average remaining lease term:		
Operating leases	4.79 years	
Weighted-average discount rate:		
Operating leases	4.08%	

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NOTE 11 - LEASES (CONTINUED)

Future undiscounted cash flows and a reconciliation to the lease liabilities recognized on the statement of financial position are as follows as of January 31, 2023:

	Operating Leases
Year ending January 31:	
2024	$ 83,997
2025	70,444
2026	72,557
2027	74,734
2028	57,302
Thereafter	-
Total lease payments	359,034
Less imputed interest	(31,474)
Total present value of lease liabilities	$ 327,560

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, 2023.

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NOTE 12 - COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

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.

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.

Tornado

On March 3, 2020, the Center lost one of its largest medical and dental clinics as a result of a tornado. The Center received approximately $392,000 and $1,323,000 of insurance proceeds related to the loss during the years ended January 31, 2023 and 2022, respectively. Renovations to fix the damage were completed in the year ending January 31, 2024. Additional insurance proceeds of approximately $108,000 are expected to be received for reconstruction costs in the year ending January 31, 2024, as the Center completes the renovations and is recorded as a receivable at January 31, 2023.

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NOTE 12 - COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

COVID-19

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") and American Rescue Plan Rural Distribution ("ARP") to healthcare providers. PRF funds were distributed 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. ARP funds were distributed to healthcare providers who have served rural Medicaid, Children's Health Insurance Program and Medicare beneficiaries from January 1, 2019 to September 30, 2020. 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. 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. The terms and conditions governing the Provider Relief Fund and ARP payments 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 and ARP payments are subject to government oversight, including potential audits. Generally, providers are required to retain documentation for three years from the date of the final HHS expenditure report. The Center must report the use of these funds subject to the established reporting portal deadlines determined by HHS based on the funds period of availability, which is based on payment date. As of January 31, 2023, the Center has received approximately $1,260,000 of PRF and ARP payments. The Center recognized grant income of approximately $64,000 and $740,000 for PRF and ARP payments, for the years ended January 31, 2023 and 2022, respectively. The remaining funds were recognized as grant income in prior years. As of March 2023, the Center has reported the complete expenditure of all its PRF and ARP funds. See Note 2.

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, 2023 and 2022, deposits exceeded the federally insured limits by approximately $5,058,000 and $6,157,000, respectively.

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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, 2023 and 2022 is as follows:

	2023		2022	
Medicare	15	%	15	%
TennCare managed care	33		33	
Other insurance	31		28	
Self-pay patients	21		24	
Total	100	%	100	%

In addition to patient accounts receivable, a significant portion of the Center's outstanding receivables as of January 31, 2023 and 2022 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.

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ADDITIONAL INFORMATION

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JANUARY 31, 2023

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Contract/grant Number	Beginning Receivable	Cash Receipts	Expenditures	Ending Receivable
Direct programs:						
U.S. Department of Health and Human Services:						
Health Center Program	93.224[1]	H80CS00394	$ 572,666	$ 9,848,280	$ 9,818,973	$ 543,359
Health Center Program	93.224 - COVID-19[1]	H8FCS40508	-	4,110,950	4,456,876	345,926
Grants for Capital Development in Health Centers	93.526	C8ECS44614	-	94,013	94,013	-
Provider Relief Fund and American Rescue Plan Rural Distribution	93.498 - COVID-19[1]	N/A	-	804,111	804,111	-
Total Direct Programs			572,666	14,857,354	15,173,973	889,285
Passed through Tennessee Department of Health:						
Cancer and Control Programs for State, Territorial and Tribal Organizations	93.898	34347-70323	2,352	11,385	16,512	7,479
Cancer and Control Programs for State, Territorial and Tribal Organizations	93.898	34347-87423	-	9,309	17,078	7,769
HIV Care Formula Grants	93.917	GR-22-74470	81,509	373,091	410,615	119,033
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391 - COVID-19	34352-87621	-	110,903	204,206	93,303
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323 - COVID-19	34349-58122	-	154,165	200,073	45,908
Passed through Tennessee Department of Mental Health and Substance Abuse Services:						
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DGA74098_2022-2023_035	7,656	130,977	138,023	14,702

(continued on next page)

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JANUARY 31, 2023

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Contract/grant Number	Beginning Receivable	Cash Receipts	Expenditures	Ending Receivable
Passed through Tennessee Department of Human Services:						
Community Based Two Generation Services	93.588	34530-75321	112,940	421,977	316,131	7,094
Total Federal Awards			$ 777,123	$ 16,069,161	$ 16,476,611	$ 1,184,573

(1) Denotes a major program

Total Expenditures by Assistance Listing Number:

93.224	$ 14,275,849
93.526	94,013
93.498	804,111
93.898	33,590
93.917	410,615
93.268	204,206
93.323	200,073
93.959	138,023
93.588	316,131
	$ 16,476,611

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, 2023

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Contract Number	Beginning Receivable	Cash Receipts	Expenditures	Ending Receivable
State Financial Assistance:						
Tennessee Department of Health:						
FQHC Care Coordination Services (1)	N/A	Z-22-245406	$ 862,633	$ 862,633	$ -	$ -
Primary Care/ Dental Care Services to Uninsured Adults in Tennessee Ages 19-64 (FQHC) (1)	N/A	Z-23-264406	-	1,337,939	1,910,636	572,697
Total State Awards			$ 862,633	$ 2,200,572	$ 1,910,636	$ 572,697

(1) Based on revenues earned per award.

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

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

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JANUARY 31, 2023

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 potion 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 AND AMERICAN RESCUE PLAN RURAL DISTRIBUTION

Based on guidance from the Department of Health and Human Services ("HHS"), the Provider Relief Fund ("PRF") and American Rescue Plan ("ARP") Rural Distribution funds are reported on the SEFA as the funds are reported to HHS thru the Provider Relief Funding Portal. Therefore, the amount of PRF and ARP expenditures included on the SEFA at January 31, 2023 is based upon the PRF reporting portal guidelines for Period 4 reporting, as specified by HHS. Reporting Period 4 includes PRF and ARP receipts from July 1, 2021 to December 31, 2021 for qualifying expenditures during the period of January 1, 2020 through December 31, 2022.

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OTHER REPORTS

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KraftCPAs PLLC

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, 2023, 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 31, 2023.

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.

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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 31, 2023

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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, 2023. 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, 2023.

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.

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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.

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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 31, 2023

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JANUARY 31, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's 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 auditor's 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**
	United States Department of Health and Human Services:
Health Centers Cluster: 93.224	Consolidated Health Centers Program
93.498 - COVID-19	Provider Relief Fund and American Rescue Plan Rural Distribution

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

Auditee qualified as low-risk auditee? X Yes ____ No

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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.

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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 Neighborhood Health

July 28, 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:

  www.nashville.gov/departments/finance/grants-and-accountability/grants

- 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.*

DocuSigned by:
Brian Haile
Signature of Authorized Representative
Name: Brian Haile
Title: CEO
Agency Name: Neighborhood Health
Date: 7/28/2023

DocuSign

Certificate Of Completion

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730 2nd Ave. South 1st Floor
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Vaughn.wilson@nashville.gov
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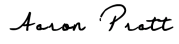
Aaron Pratt aaron.pratt@nashville.gov Security Level: Email, Account Authentication (None)	 Signature Adoption: Pre-selected Style Using IP Address: 170.190.198.185	Sent: 8/4/2023 12:56:14 PM Viewed: 8/4/2023 12:57:42 PM Signed: 8/4/2023 12:57:54 PM
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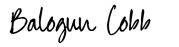
Balogun Cobb balogun.cobb@nashville.gov Security Level: Email, Account Authentication (None)	 Signature Adoption: Pre-selected Style Using IP Address: 170.190.198.185	Sent: 8/4/2023 1:02:27 PM Viewed: 8/4/2023 1:07:37 PM Signed: 8/4/2023 1:07:46 PM
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Notary Events	Signature	Timestamp

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Completed	Security Checked	8/4/2023 1:40:43 PM

Payment Events	Status	Timestamps

Electronic Record and Signature Disclosure