

HEART OF FLORIDA HEALTH CENTER, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

HEART OF FLORIDA HEALTH CENTER, INC.
TABLE OF CONTENTS
SEPTEMBER 30, 2015 AND 2014

	<u>Page(s)</u>
Independent Auditors' Report	1 – 2
Financial Statements	
Statements of Financial Position	3
Statement of Activity	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 14
Schedule of Expenditures of Federal Awards	15
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16 – 17
Independent Auditors' Report on Compliance for Each Major Federal Awards Program and Report on Internal Control Over Compliance in Accordance with OMB Circular A-133	18 – 20
Schedule of Findings and Questioned Costs – Federal Awards Programs	21 – 23
Summary Schedule of Prior Audit Findings and Correction Action Plan	24

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Heart of Florida Health Center, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Heart of Florida Health Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of cash flows for the years then ended and the related notes to the financial statements. We have audited the accompanying statements of activity and functional expenses for the year ended September 30, 2015.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

- 1 -

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386/257-4100
Fax: 386/255-3261
dab@jmco.com

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352/378-1331
Fax: 352/372-3741
gnv@jmco.com

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850/386-6184
Fax: 850/422-2074
tlh@jmco.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heart of Florida Health Center, Inc., as of September 30, 2015 and 2014, the changes in its cash flows for the years then ended, and the change in its net assets and functional expenses for the year ended September 30, 2015, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Heart of Florida Health Center, Inc.'s September 30, 2014, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 12, 2015. In our opinion, the summarized comparative information presented herein for the statements of activity and functional expenses for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2016 on our consideration of Heart of Florida Health Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Heart of Florida Health Center, Inc.'s internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
April 14, 2016

HEART OF FLORIDA HEALTH CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2015 AND 2014

	2015	2014
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 810,714	\$ 2,257,285
Restricted cash and cash equivalents	1,000	1,000
Total cash and cash equivalents	811,714	2,258,285
Certificates of deposit	2,502,319	-
Patient receivables, net of allowance for doubtful accounts of \$1,056,103 and \$870,791 in 2015 and 2014, respectively	745,254	591,503
Other receivables	34,672	-
Grant receivable	302,733	342,101
Estimated third-party settlements receivable	-	130,104
Prepaid expenses and other assets	96,131	78,089
Total current assets	4,492,823	3,400,082
Property and equipment, net	2,360,730	980,649
Other assets		
Intangible assets, net	199,247	141,793
Deposits	7,863	7,863
Total other assets	207,110	149,656
Total Assets	\$ 7,060,663	\$ 4,530,387
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 440,770	\$ 32,390
Accrued expenses	463,603	350,609
Deferred revenue	298,552	-
Total current liabilities	1,202,925	382,999
Net Assets		
Temporarily Restricted	1,000	1,000
Unrestricted, undesignated	5,816,738	4,106,388
Unrestricted, designated	40,000	40,000
Total net assets	5,857,738	4,147,388
Total Liabilities and Net Assets	\$ 7,060,663	\$ 4,530,387

The accompanying notes to the financial statements
are an integral part of these statements.

HEART OF FLORIDA HEALTH CENTER, INC.
STATEMENT OF ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015			2014 Total
	Unrestricted	Temporarily Restricted	Total	
Support and revenue				
Patient service revenue, net of contractual allowances and discounts	\$ 3,078,096	\$ -	\$ 3,078,096	\$ 2,733,446
Provision for bad debts	(185,312)	-	(185,312)	(160,791)
Net patient service revenue less provision for bad debts	2,892,784	-	2,892,784	2,572,655
Premium revenues - capitated services	830,463	-	830,463	482,347
Federal support	2,099,519	-	2,099,519	1,642,679
State grant	1,935,071	-	1,935,071	2,059,524
Local support	380,000	-	380,000	341,088
Other contracts and support	958,168	-	958,168	700,318
Contributions	2,250	-	2,250	6,493
In-kind donations	653,845	-	653,845	555,240
Interest income	4,935	-	4,935	4,490
Gain on sale of investment	-	-	-	7,587
Miscellaneous income	2,071	-	2,071	18,021
	<u>9,759,106</u>	<u>-</u>	<u>9,759,106</u>	<u>8,390,442</u>
Expenses				
Program services:				
Medical	4,385,416	-	4,385,416	4,218,912
Dental	608,055	-	608,055	308,167
Behavioral health	45,407	-	45,407	14,988
Patient support	955,785	-	955,785	656,282
Enabling services	280,533	-	280,533	516,761
Supporting services:				
General and administrative	1,926,560	-	1,926,560	1,641,867
Expenses before reimbursement	8,201,756	-	8,201,756	7,356,977
Electronic health records incentive reimbursement	(153,000)	-	(153,000)	(63,750)
	<u>8,048,756</u>	<u>-</u>	<u>8,048,756</u>	<u>7,293,227</u>
Auxiliary activities - Measure Up Marion County				
Federal support	867,674	-	867,674	-
Program expenses	(867,674)	-	(867,674)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in net assets	<u>1,710,350</u>	<u>-</u>	<u>1,710,350</u>	<u>1,097,215</u>
Net assets, beginning of year	4,146,388	1,000	4,147,388	3,050,173
Net assets, end of year	<u>\$ 5,856,738</u>	<u>\$ 1,000</u>	<u>\$ 5,857,738</u>	<u>\$ 4,147,388</u>

The accompanying notes to the financial statements
are an integral part of this statement.

**HEART OF FLORIDA HEALTH CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)**

	<u>Medical</u>	<u>Dental</u>	<u>Behavioral Health</u>	<u>Patient Support</u>	<u>Enabling Services</u>	<u>Administrative</u>	<u>2015 Total</u>	<u>2014 Total</u>
Salaries and benefits	\$ 2,883,522	\$ 404,471	\$ 41,960	\$ 820,364	\$ 176,077	\$ 1,055,776	\$ 5,382,170	\$ 4,875,296
Bank fees	-	1,343	-	-	-	15,299	16,642	15,265
Community relations	-	-	-	-	-	8,259	8,259	8,935
Conferences/Seminars	-	-	-	-	-	429	429	952
Consulting fees	8,788	1,979	-	-	-	22,466	33,233	41,932
Depreciation and amortization	95,608	31,828	1,589	35,302	15,690	27,818	207,835	142,865
Dues and subscriptions	-	-	-	-	-	11,377	11,377	8,115
Electronic medical records and billing service	74,333	-	1,858	33,450	14,867	26,017	150,525	177,688
Insurance	37,730	4,975	-	-	-	34,931	77,636	90,045
Interest	-	-	-	-	-	-	-	19,175
IT support and expense	4,853	2,825	-	-	-	51,690	59,368	19,922
Janitorial	-	4,192	-	-	-	30,622	34,814	21,429
Laboratory fees	210,383	-	-	-	-	-	210,383	207,284
Lease expense	-	-	-	-	-	103,496	103,496	97,363
Other	-	-	-	-	-	5	5	108
Patient service and support	75	-	-	-	-	-	75	1,815
Postage	-	-	-	-	-	871	871	-
Pharmaceuticals	33,278	-	-	-	-	-	33,278	-
Professional fees	9,065	759	-	-	53	41,758	51,635	60,400
Promotional	35	5,102	-	-	5,507	14,417	25,061	53,661
Radiology	502,491	-	-	-	-	-	502,491	500,480
Recruiting and hiring	43,598	1,767	-	1,187	511	8,366	55,429	22,258
Repairs and maintenance	2,090	3,473	-	-	-	16,324	21,887	17,038
Small equipment	1,742	147	-	-	-	18,041	19,930	8,042
Supplies and office expense	140,018	35,075	-	22	271	65,631	241,017	239,203
Telephone and utility expense	-	7,082	-	-	-	166,587	173,669	114,653
Training	10,161	256	-	-	-	12,156	22,573	2,374
Travel	723	-	-	75	2,172	23,320	26,290	16,665
Utilities	-	4,704	-	-	-	43,050	47,754	38,774
In-kind expenses	326,923	98,077	-	65,385	65,385	98,077	653,847	555,240
Loss on disposal of property	-	-	-	-	-	29,777	29,777	-
	<u>\$ 4,385,416</u>	<u>\$ 608,055</u>	<u>\$ 45,407</u>	<u>\$ 955,785</u>	<u>\$ 280,533</u>	<u>\$ 1,926,560</u>	<u>\$ 8,201,756</u>	<u>\$ 7,356,977</u>

The accompanying notes to the financial statements
are an integral part of this statement.

HEART OF FLORIDA HEALTH CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Increase in net assets	\$ 1,710,350	\$ 1,097,215
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Amortization and depreciation	207,846	142,865
Loss on disposal of fixed assets	29,763	-
(Increase) decrease in certain assets:		
Patient receivables	(440,580)	(52,248)
Grant receivable	39,368	32,899
Other receivables	252,157	(286,829)
Estimated third-party payor settlements receivable	130,104	(117,542)
Prepaid expenses and other assets	(18,042)	25,985
Deposits	-	67,137
Increase (decrease) in certain liabilities:		
Accounts payable	408,380	(63,875)
Accrued expenses	112,994	(4,256)
Deferred revenue	298,552	-
Net cash provided by operating activities	<u>2,730,892</u>	<u>841,351</u>
Cash flows used by investing activities		
Purchase of property and equipment	(1,609,234)	(181,911)
Purchase of intangible assets	(65,910)	(147,137)
Purchase of investments	(2,502,319)	-
Net cash used in investing activities	<u>(4,177,463)</u>	<u>(329,048)</u>
Cash flows used in financing activities		
Payments on long-term debt	-	(500,000)
Net increase (decrease) in cash and cash equivalents	<u>(1,446,571)</u>	<u>12,303</u>
Cash and cash equivalents, beginning of year	2,258,285	2,245,982
Cash and cash equivalents, end of year	<u>\$ 811,714</u>	<u>\$ 2,258,285</u>
Supplemental disclosure of cash-flow information		
Cash paid during the year for interest	\$ -	\$ 19,175
Purchase of property and equipment through the issuance of long-term debt	\$ -	\$ 500,000

The accompanying notes to the financial statements
are an integral part of these statements.

HEART OF FLORIDA HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

(1) **Summary of Significant Accounting Policies:**

(a) **Organization**—Effective August 26, 2008, Community Health Services of Marion County, Inc. legally changed its name to Heart of Florida Health Center, Inc.

Heart of Florida Health Center, Inc. (the Organization) is a not-for-profit primary care provider offering medical services to Marion County residents, including residents who would not otherwise be able to access their services due to financial limitations and/or lack of insurance.

(b) **Basis of financial reporting**—The Organization’s financial statements have been prepared in accordance with generally accepted accounting principles as established by the Financial Accounting Standards Board.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The Organization records all revenues and gains that are spent in the same fiscal year as unrestricted revenue. Any amounts not spent are recorded as either temporarily restricted or permanently restricted revenue if donor restrictions exist.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets—Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. As of September 30, 2015 and 2014, there was \$1,000 of temporarily restricted net assets each year.

Permanently restricted net assets—Net assets subject to donor-imposed stipulations that will not be met by either actions of the Organization or the passage of time. As of September 30, 2015 and 2014, there were no permanently restricted net assets.

(c) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Actual results could differ from those estimates.

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

(e) **Other receivables**—Receivables are recorded by the Organization for funds to be received from various contracts or other sources as revenues are earned. An allowance for uncollectible receivables has not been recorded as all amounts are deemed collectible.

HEART OF FLORIDA HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

(1) **Summary of Significant Accounting Policies:** (Continued)

(f) **Grant receivable**—The grant receivable of the Organization is due from the Center for Disease Control and the State of Florida, Agency for Healthcare Administration at September 30, 2015 and 2014, respectively. Management has concluded that realization of losses on balances outstanding at year-end will be immaterial.

(g) **Other assets**—The Organization purchased 250 provider units in a Florida limited liability company (the LLC) at \$100 per unit. During 2013, the LLC reorganized its ownership structure and the 250 provider units were replaced by 1,082 class A units. During 2014, the Organization purchased an additional 494 class A units for \$33 per unit. At September 30, 2015 and 2014, the Organization owned 1,576 class A units. This asset is valued at cost as the Organization has less than a 20% interest in the entities.

(h) **Property and equipment**—The Organization capitalizes at cost, all expenditures for property and equipment in excess of \$1,000. Contributed assets are recorded at fair market value at the time received, if determinable. Depreciation of property and equipment is computed on the straight-line method over the estimated useful lives of the assets ranging from three to 27.5 years.

(i) **Third-party contractual adjustments**—Retroactively calculated third-party contractual adjustments are accrued on an estimated basis in the period the related services are rendered. Net patient service revenue is adjusted as required in subsequent periods based on final settlements.

(j) **Net patient service revenue**—The Organization recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Organization’s uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Organization records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized during the fiscal year from these major payor sources, is as follows:

Patient Service Revenue, Net of Contractual Allowance and Discounts

	2015	2014
Medicaid	\$ 1,458,586	\$ 1,295,616
Medicare	570,712	553,280
Self-Pay/Sliding fee	493,079	563,543
Private/Commercial	555,719	321,007
Total	\$ 3,078,096	\$ 2,733,446

Patient services rendered to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Organization is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports. The cost reports are subject to audit and adjustment by Medicare. The Organization’s Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2014.

Revenue from the Medicaid and Medicare programs accounted for approximately 47% and 19%, respectively, of the Organization’s net patient revenue for the year ended September 30, 2015, and approximately 55% and 17%, respectively, of the Organization’s net patient revenue for the year

HEART OF FLORIDA HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

(1) **Summary of Significant Accounting Policies:** (Continued)

ended September 30, 2014. Laws and regulations governing Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. In 2015 and 2014, there is no material effect on net patient service revenue after final settlements with Medicare or Medicaid.

(k) **Premium revenues**—Capitation contracts between the Organization and third party payors obligate the Organization to provide service to specific patient lists. These revenues are premium revenues, not patient service revenues, because they are earned and paid monthly by agreeing to provide care, regardless of whether services are rendered. In accordance with FASB ASC 954-605-45-3, significant revenue earned under capitation arrangements are reported separately.

(l) **Charity care**—The Organization has a policy of providing charity care to patients who are unable to pay. Such patients are charged fees based upon a sliding fee schedule based upon poverty guidelines. Since management does not expect payment for charity care, the estimated charges are excluded from patient service revenues.

(m) **Functional allocation of expenses**—Certain costs have been directly allocated among the program and supporting services in order to report on a functional basis. To maintain accountability of program expenses and to comply with the Bureau of Common Reporting Requirements (BCRR), management has established the following functional cost centers; medical, dental, behavioral health, patient support, other enabling services, and administrative.

(n) **Income taxes**—The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income earned in the furtherance of the Organization's tax-exempt purpose is exempt from federal and state income taxes and the financial statements contain no provision or liability for income taxes. The Organization files income tax returns in the U.S. federal jurisdiction. The Organization's returns for the past three years are subject to examination by tax authorities and may change upon examination. The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

(o) **Cash and cash equivalents**—For purposes of reporting cash flows, cash and cash equivalents include only investments with original maturities of three months or less.

(p) **Intangible assets**—During 2015 and 2014, the Organization purchased patient-based intangible assets of \$65,910 and \$147,137, respectively. The Organization is amortizing the assets over their estimated useful life of 20 years. Accumulated amortization related to the patient bases totaled \$13,800 and \$5,344 at September 30, 2015 and 2014, respectively. Amortization expense for the years ended September 30, 2015 and 2014, totaled \$8,456 and \$5,344, respectively. Amortization expense is expected to be approximately \$11,000 for the next five years.

(q) **In-kind contributions**—Contributions of services shall be recognized if the services received (a) create or enhance nonfinancial assets or (b) required specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services and contributions are recorded at their estimated fair-market value when received by the Organization. For the fiscal year ending September 30, 2015, the Organization received pharmaceutical items, IT services, and other miscellaneous services that have been valued at \$103,338, \$180,000, and \$40,457, respectively. For the fiscal year ending September 30, 2014,

HEART OF FLORIDA HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

(1) **Summary of Significant Accounting Policies:** (Continued)

the Organization received pharmaceutical items that have been valued at \$21,811. Additionally, the Organization obtained the right for the use of medical and office space that is provided without charge to the Organization from Marion County and has been valued at \$330,050 and \$533,429 for the fiscal year ending September 30, 2015 and 2014, respectively.

(r) **Medical malpractice insurance**—The Organization has medical malpractice insurance through a commercial carrier. Any provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

(s) **Advertising**—Advertising costs are charged to operations when incurred. Advertising expenses totaled \$33,321 and \$62,596 for the years ended September 30, 2015 and 2014, respectively.

(t) **Comparative data**—The amounts shown for the year ended September 30, 2014, in the statements of activity and functional expenses are included to provide a basis for comparison with 2015 and present summarized totals only. Accordingly, the 2014 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Center's financial statements for the year ended September 30, 2014, from which the summarized information was derived.

(u) **Electronic Health Records Incentive Reimbursement**—The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act ("HITECH"). These provisions were designed to increase the use of electronic health records ("EHR") technology and establish the requirements for a Medicare and Medicaid incentive payments program beginning in 2011 for eligible Organizations and providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement or upgrade certified EHR technology; but providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional incentive payments. Medicaid EHR incentive payments are fully funded by the federal government and administered by the states; however, the states are not required to offer EHR incentive payments to providers.

The Organization received and recognized \$153,000 of incentive reimbursement for the year ended September 30, 2015, for HITECH incentives from Medicare and Medicaid for certain of the Organization's employed physicians that have demonstrated meaningful use of certified EHR technology or have completed attestations to their adoption or implementation of certified EHR technology. These incentive reimbursements are presented as a reduction of supporting services expenses on the statements of activities. No amount was received for the year ended September 30, 2014.

(v) **Subsequent events**—The Organization has evaluated subsequent events through April 14, 2016, the date the financial statements were available for issue. Other than the Board of Director's decision to designate \$1,500,000 for the future purchase of a facility and \$500,000 to a general reserve account, there have been no subsequent events that would require disclosure or adjustment to the financial statements.

(w) **Reclassifications**—Certain amounts in the 2014 financial statements have been reclassified to the 2015 presentation. These reclassifications had no effect on net income for 2015.

HEART OF FLORIDA HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

(2) **Property and Equipment:**

Property and equipment were comprised of the following at September 30:

	<u>2015</u>	<u>2014</u>
Buildings	\$ 944,046	\$ 330,000
Land	257,200	-
Furniture and fixtures	146,481	42,897
Computers and software	600,893	539,411
Leasehold improvements	277,989	289,168
Medical and dental equipment	343,495	187,449
	<u>2,570,104</u>	<u>1,388,925</u>
Less: Accumulated depreciation	(489,648)	(408,276)
	<u>2,080,456</u>	<u>980,649</u>
Construction in progress	280,274	-
Total property, plant and equipment, net	<u>\$ 2,360,730</u>	<u>\$ 980,649</u>

Depreciation expense for the years ended September 30, 2015 and 2014, was \$199,390 and \$137,521, respectively.

Building improvements include approximately \$42,000 received in 2010 from the Marion County Board of County Commissioners CDBG Grant for improvements to be made to a dental office. The Organization is obligated to operate the facilities as a dental office for a minimum of twelve years according to the terms of the contract, which will expire in the 2022 fiscal year.

(3) **Certificates of Deposit:**

The Organization held certificates of deposit at September 30, 2015 totaling \$2,502,319. Certificates of deposit are reported at cost plus accrued interest. These certificates of deposit held at year-end have face values of \$250,000 and mature at various times during 2016, with original maturities of longer than three months. Interest rates on these deposits range from 0.35% to 0.55%. The certificates of deposit are federally insured by the (FDIC).

(4) **Retirement Plan:**

The Organization has a defined contribution retirement plan for the benefit of all employees who are at least 18 years old. The plan qualifies under Section 401(k) of the Internal Revenue Code, thereby allowing eligible employees to make tax deductible contributions to the plan. The plan provides for an employer contribution of 3%. The Organization's contribution to the plan for the fiscal years ended September 30, 2015 and 2014, was \$148,651 and \$113,051, respectively. Amounts expensed in the current year are included in salaries and benefits.

(5) **Related Party Transactions:**

The Board of Directors includes members who are employees of Munroe Regional Medical Center (MRMC) and Ocala Regional Medical Center (ORMC). MRMC and ORMC provided support for both fiscal years ending September 30, 2015 and 2014, as indicated below. Other in-kind support received by the Organization from the two hospitals is in the form of discounted radiology services, MIS support, and maintenance at no charge; however, a value of this support has not been determined and is not included in the accompanying financial statements.

<u>Supporting Hospitals</u>	<u>2015</u>	<u>2014</u>
MRMC	\$ 400,000	\$ 378,645
ORMC	100,589	190,000
Total	<u>\$ 500,589</u>	<u>\$ 568,645</u>

**HEART OF FLORIDA HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014**

(5) **Related Party Transactions:** (Continued)

In 2014, the Organization purchased a medical practice from a former board member who is now serving as the Organization’s Chief Medical Officer; the purchase was approved by the Organization’s board of directors. Of the total \$500,000 purchase price, \$330,000 was allocated to building and \$170,000 was allocated to patient receivables and a customer based-intangible asset. The Organization obtained an independent appraisal for the building, which was equal to the price allocated to the building.

(6) **Sources of Funding Received from Munroe Regional Medical Center:**

Marion County has a contract with the State of Florida through its Agency for Health Care Administration (AHCA) to participate in local Government Intergovernmental Transfers (IGT) related to the Low Income Pool (LIP) program in order to secure additional funds for Marion County Agencies. This arrangement enables these agencies to provide additional services to low income individuals through the provision of health services for Medicaid, uninsured and under-insured people of Marion County and the State of Florida. These amounts are designated in the Marion County Budget as “Aid to AHCA.” In fiscal year ending September 30, 2015, Marion County Hospital District sent \$283,725 related to “Heart of Florida Health Center” to secure matching funds for the participating hospital, Munroe Regional Medical Center (MRMC). In fiscal year ending September 30, 2014, Marion County sent \$341,088 related to “Heart of Florida Health Center” to secure matching funds for the participating hospital, Munroe Regional Medical Center (MRMC).

Source of Funds Received by Heart of Florida

	2015	2014
MRMC	\$ 400,000	\$ 378,465
Marion County Hospital District	283,725	-
Marion County (Aid to AHCA)	-	341,088
Total	\$ 683,725	\$ 719,553

(7) **Charity Care:**

The Organization has a policy of providing charity care to patients who are unable to pay for services. These services, which are excluded from revenues, amounted to approximately \$3,297,000 and \$3,260,000 in 2015 and 2014, respectively. Charity care represented approximately 40% of visits in 2015 and 48% of visits in 2014.

(8) **Concentrations of Credit Risk:**

Information related to significant concentrations of credit risk for financial instruments owned by the Organization is as follows:

(a) **Demand deposits with banks**—The Organization had demand deposits with a local bank with bank balances amounting to \$993,960 and \$2,007,555 at September 30, 2015 and 2014, respectively. The Organization does have a deposit policy for custodial credit risk which mandates that cash in interest bearing accounts that exceed the FDIC limit be immediately transferred to the non-interest bearing account to maintain FDIC coverage. Further, the Organization enrolled its main operational account into a nightly repurchase agreement with a national bank through 2014, which was discontinued during 2015 by the bank. The repurchase agreement allows the demand deposits in these accounts to be invested in the bank’s U.S. government securities portfolio. At September 30, 2015 and 2014, \$743,960 and \$270 was uninsured, respectively.

HEART OF FLORIDA HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

(8) **Concentrations of Credit Risk:** (Continued)

(b) **Patient receivables**—Patients receivables are unsecured obligations of patients, private and commercial insurance companies, Medicare and Medicaid. Management recognizes that receivables from Medicaid and Medicare are significant, but does not believe that there are significant credit risks associated with government agencies. The mix of receivables from patients and third-party payors at September 30 was as follows:

	2015	2014
Medicaid	58%	43%
Medicare	10	9
Self pay/Sliding fee	19	38
Private/Commercial	13	10
	100%	100%

(c) **Patient revenues**—For the year ended September 30, 2015, there were no material concentrations by a single provider. During the year ended, September 30 2014, approximately 14% of the entities revenues were derived from one provider.

(9) **Medical Malpractice Claims:**

The Organization obtains professional and general liability insurance to cover medical malpractice claims. To the extent that any claims-made coverage is not renewed or replaced with equivalent insurance, claims based on occurrences during the term of such coverage, but reported subsequently, would be uninsured. Based on the Organization’s incident reporting system, management is currently not aware of any instances that will give rise to a claim. Management anticipates that the claims-made coverage currently in place will be renewed or replaced with equivalent insurance as the term of such coverage expires.

(10) **Contingencies:**

The Organization received a substantial amount of its funding from federal grants, Ocala Regional Medical Center, Munroe Regional Medical Center, and the Marion County Board of County Commissioners. A significant reduction in level of this support, if this were to occur, may have a significant effect on Heart of Florida’s program services.

Grants require the fulfillment of certain conditions set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Although this is a possibility, the Board and management deems the contingency remote, since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants.

HEART OF FLORIDA HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

(11) **Commitments:**

The Organization leases office space, office equipment, and networking equipment under operating leases with varying expirations under non-cancelable operating lease agreements. Lease expense totaled \$121,902 and \$171,363 for the years ended September 30, 2015 and 2014, respectively.

Future minimum lease payments required under the above non-cancelable leases as of September 30, 2015, for each of the next five years and in the aggregate are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 175,524
2017	144,678
2018	49,429
2019	1,789
2020	-
	<u>\$ 371,420</u>

SUPPLEMENTARY INFORMATION

**HEART OF FLORIDA HEALTH CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<u>Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services		
Heath Centers Cluster: Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program and Consolidated Health Centers	93.527 / 93.224	\$ 2,099,519
Partnerships to Improve Community Health	93.331	867,674
Total U.S. Department of Health and Human Services		<u><u>\$ 2,967,193</u></u>

Note 1: Summary of Significant Policies - The Schedule of Expenditures of Federal Awards utilizes the same basis of accounting as the basic financial statements.

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

To the Board of Directors,
Heart of Florida Health Center, Inc.:

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 statements of Heart of Florida Health Center, Inc. (the Organization), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated April 14, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Heart of Florida Health Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Heart of Florida Health Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Heart of Florida Health Center, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 *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. 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness – 2015-001.

- 16 -

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386/257-4100
Fax: 386/255-3261
dab@jmco.com

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352/378-1331
Fax: 352/372-3741
gmv@jmco.com

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850/386-6184
Fax: 850/422-2074
tlh@jmco.com

Compliance and Other Matters

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

Heart of Florida Health Center, Inc.'s Response to Findings

Heart of Florida Health Center, Inc.'s response to the findings identified in our audit are described in the accompanying response to findings. Heart of Florida Health Center, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

James Moore & Co., P.L.

Gainesville, Florida
April 14, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors,
Heart of Florida Health Center, Inc.:

Report on Compliance for Each Major Federal Program

We have audited Heart of Florida Health Center, Inc.'s (the Organization) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Heart of Florida Health Center, Inc.'s major federal programs for the year ended September 30, 2015. Heart of Florida Health Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Heart of Florida Health Center, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Heart of Florida Health Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Heart of Florida Health Center, Inc.'s compliance.

- 18 -

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386/257-4100
Fax: 386/255-3261
dab@jmco.com

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352/378-1331
Fax: 352/372-3741
gnv@jmco.com

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850/386-6184
Fax: 850/422-2074
tlh@jmco.com

Opinion on Each Major Federal Program

In our opinion, Heart of Florida Health Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Other Matter

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2015-002. Our opinion on each major federal program is not modified with respect to this matter.

Heart of Florida Health Center, Inc.'s response to the noncompliance finding identified in our audit is described in the accompanying summary schedule of prior audit findings and correction action plan. Heart of Florida Health Center, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Heart of Florida Health Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Heart of Florida Health Center, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Heart of Florida Health Center, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-002, which we consider to be a significant deficiency.

Heart of Florida Health Center, Inc. 's response to the internal control over compliance finding identified in our audit is described in the accompanying summary schedule of prior audit findings and correction action plan. Heart of Florida Health Center, Inc. 's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

 James Moore & Co., P.L.

Gainesville, Florida
April 14, 2016

**HEART OF FLORIDA HEALTH CENTER, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Section I. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? X Yes None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? X Yes No

Identification of major programs: **Health Center Cluster**
 CFDA No. 93.224 Consolidated Health Centers
 CFDA No. 93.527 Affordable Care Act (ACA) Grants for New and Expanded Services under the Health Center Program

Partnerships to Improve Community Health
 CFDA No. 93.331

Dollar threshold used to distinguish between the type A and type B programs: \$300,000

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

HEART OF FLORIDA HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(Continued)

Section II. Findings relating to the Financial Statements
Which are Required to be Reported in
Accordance with *Government Auditing Standards*:

Finding 2015-001

Additional Accounting Assistance

Condition - In performing our audit, we noted that Heart of Florida Heath Center, Inc. (the Organization) is experiencing significant delays in its accounting and reporting processes. Specifically we noted that there was a certain lack of review and reconciliation in many areas of the accounting function that led to 23 audit adjustments, 14 provided by the client after fieldwork began through March 16, 2016.

Criteria - Accurate and timely financial information provides management with the tools to effectively operate the Organization. Significant audit adjustments indicate management is not using the most accurate and timely financial information during the year.

Cause - We have observed that the delays and adjustments are mainly due to an understaffed accounting department.

Effect - This delinquency of certain accounting duties contributes to delays in processing accounting information, most importantly cash receipts processing. This, we believe, is a situation that brings about inefficiency and weakens internal controls. Continued problems in receiving timely and current financial information can significantly impact senior management's abilities, such as providing relevant oversight and budgetary control, as well as future grant and expansion decisions.

Recommendation - We suggest Heart of Florida Heath Center, Inc. hire additional employees as soon as possible, because time must be allowed for training of new hires. Heart of Florida Heath Center, Inc. should give the accounting department staffing issue the highest priority in the upcoming months.

Managements' Response - See page 24 attached.

Section III. Findings and Questions Costs for Federal Awards:

Finding 2015-002

Partnerships to Improve Community Health - CFDA 93.331; Grant No. 1U58DP005632-1; Grant period - Year ended September 30, 2015; National Center for Chronic Disease Prevention and Health Promotion

Condition - The Organization did not maintain procedures to ensure that reporting requirements of the Federal Funding Accountability and Transparency Act (FFATA) were met.

HEART OF FLORIDA HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(Continued)

Section III. Findings and Questions Costs for Federal Awards (Continued)

Criteria - In accordance with 2 CFR Chapter 1, Part 170: Reporting Sub-Award And Executive Compensation Information, Prime Awardees awarded a federal grant are required to file a FFATA sub-award report by the end of the month following the month in which the prime awardee awards any sub-grant equal to or greater than \$25,000.

Cause - The Company did not have proper internal controls in place to ensure all applicable reporting requirements were met timely.

Effect - The FFATA reporting for sub-awards of \$25,000 was not filed in the correct month. The report was filed in March 2016.

Recommendation - The Organization should develop and document policies and procedures to ensure that all reporting requirements for any new grant(s) are understood and due dates are calendared so filings are not submitted late.

Managements' Response - See page 24 attached.

Section IV. Prior Audit Findings and Corrective Action Plan for Federal Awards for the Year Ended September 30, 2014:

No prior audit findings for federal awards



203 E Silver Springs
Blvd, #101
Ocala, FL 34470

Prior Audit Findings

There were no prior audit findings for the year ended September 30, 2014, relative to federal awards requiring action on the part of the auditee for that fiscal year.

Corrective Action Plan

Management plans to address finding 2015-01 by hiring more personnel, specifically a controller and another accounting clerk. These additions will provide more efficient and timely month financial close and reporting. The controller will also oversee the fixed asset manager and accuracy of the general ledger while the chief financial officer will transition to a review function.

Additionally, management has already addressed this deficiency in other areas through the addition of three billers to the medical billing staff and drafted a recommendation to the Board of Directors for a new Electronic Health Records software package.

Management plans to address finding 2015-02 by developing and documenting a policy and procedure to ensure all reporting requirements for new grant(s) are filed by the due dates. In addition, Heart of Florida Health Center, Inc. will consult with a third-party regarding any question on future grant(s) reporting requirements as soon as the grant(s) are awarded.

HEART OF FLORIDA HEALTH CENTER, INC.

By Richard Horn

Date: April 14, 2016