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COMMUNITY HEALTH AND WELLNESS CENTER OF GREATER TORRINGTON, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019 AND 2018

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COMMUNITY HEALTH AND WELLNESS CENTER OF GREATER TORRINGTON, INC. AND AFFILIATE

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Independent Auditors' Report

To the Board of Directors
Community Health and Wellness Center of
Greater Torrington, Inc. and Affiliate
Torrington, Connecticut

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Community Health and Wellness Center of Greater Torrington, Inc. and Affiliate, which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, the related consolidated statements of activities and cash flows for the years then ended, the related consolidated statement of functional expenses for the year ended September 30, 2019 (with comparative totals for 2018), and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Health and Wellness Center of Greater Torrington, Inc. and Affiliate as of September 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1, during the year ended September 30, 2019, Community Health and Wellness Center of Greater Torrington, Inc. and Affiliate adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 16, the consolidated financial statements for the year ended September 30, 2018 have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information included in the consolidating statement of financial position as of September 30, 2019 and the related consolidating statement of activities and schedules of functional expenses for each entity for the year ended September 30, 2019 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 14, 2020 on our consideration of Community Health and Wellness Center of Greater Torrington, Inc. and Affiliate'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 Community Health and Wellness Center of Greater Torrington, Inc. and Affiliate'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 Community Health and Wellness Center of Greater Torrington, Inc. and Affiliate's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
February 14, 2020

COMMUNITY HEALTH AND WELLNESS CENTER OF GREATER TORRINGTON, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,300,519	$ 375,363
Patient fees receivable, net	224,317	315,994
Grants receivable	205,500	190,714
Prepaid expenses and other current assets	179,606	185,506
Total current assets	1,909,942	1,067,577
Property and Equipment		
Land	1,079,563	1,079,563
Buildings and improvements	12,052,442	9,955,772
Furniture and equipment	1,069,270	783,139
Vehicles	41,179	41,179
	14,242,454	11,859,653
Less accumulated depreciation	2,558,788	2,080,791
	11,683,666	9,778,862
Construction in process	7,025	556,481
Net property and equipment	11,690,691	10,335,343
Other Assets		
Restricted cash	289,179	272,331
Notes receivable	8,687,840	7,304,040
Total other assets	8,977,019	7,576,371
Total Assets	$ 22,577,652	$ 18,979,291
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 1,417,329	$ 649,184
Current portion of long-term debt	206,374	185,725
Total current liabilities	1,623,703	834,909
Long-Term Liabilities		
Long-term debt, net of current portion and debt issuance costs	14,254,609	11,652,606
Total liabilities	15,878,312	12,487,515
Net Assets		
Without donor restrictions	6,699,340	6,491,776
Total Liabilities and Net Assets	$ 22,577,652	$ 18,979,291

The accompanying notes are an integral part of the consolidated financial statements

COMMUNITY HEALTH AND WELLNESS CENTER OF GREATER TORRINGTON, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
Changes in Net Assets Without Donor Restrictions		
Support and revenue:		
Patient service revenue (net of contractual allowances and discounts)	$ 3,924,907	$ 3,942,579
Less provision for bad debts	92,847	9,294
Net patient service revenue less provision for bad debts	3,832,060	3,933,285
Government and other grants	3,642,217	2,389,187
Federal incentives and supplemental payments	19,700	9,637
Pharmacy and other	1,527,497	829,840
Net assets released from restrictions	-	100,000
Total support and revenue	9,021,474	7,261,949
Expenses:		
Program expense	6,525,280	5,861,212
General and administrative	2,288,630	2,145,643
Total expenses	8,813,910	8,006,855
Increase (decrease) in net assets without donor restrictions	207,564	(744,906)
Changes in Net Assets With Donor Restrictions		
Net assets released from restrictions	-	(100,000)
Increase (Decrease) in Net Assets	207,564	(844,906)
Net Assets - Beginning of Year, as Restated	6,491,776	7,336,682
Net Assets - End of Year	$ 6,699,340	$ 6,491,776

The accompanying notes are an integral part of the consolidated financial statements

COMMUNITY HEALTH AND WELLNESS CENTER OF GREATER TORRINGTON, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Program	General and Administrative	Total	Total
Salaries	$ 3,890,059	$ 1,228,440	$ 5,118,499	$ 4,527,866
Payroll taxes and benefits	625,402	197,495	822,897	734,014
Pharmacy and administration	690,322	71,335	761,657	396,645
Professional fees	270,724	374,374	645,098	636,820
Interest	71,870	156,964	228,834	170,753
Medical and dental supplies	160,056	-	160,056	170,061
Utilities	83,368	12,457	95,825	80,537
Repairs and maintenance	59,866	19,940	79,806	96,053
Miscellaneous	52,707	16,507	69,214	73,124
Primary care	59,240	-	59,240	367,047
Insurance	44,379	14,015	58,394	58,666
Advertising	29,871	24,440	54,311	61,070
Office supplies	38,432	12,137	50,569	46,415
Dues and subscriptions	43,577	-	43,577	61,303
Rentals	30,669	4,993	35,662	43,149
Telephone	22,197	7,009	29,206	29,663
Small equipment	18,367	2,745	21,112	36,835
Mileage	1,705	248	1,953	1,988
Total expenses before depreciation	6,192,811	2,143,099	8,335,910	7,592,009
Depreciation and amortization	332,469	145,531	478,000	414,846
Total	$ 6,525,280	$ 2,288,630	$ 8,813,910	$ 8,006,855

The accompanying notes are an integral part of the consolidated financial statements

COMMUNITY HEALTH AND WELLNESS CENTER OF GREATER TORRINGTON, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 207,564	$ (844,906)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	478,000	414,846
Amortization of debt issuance costs to interest expense	66,328	58,985
(Increase) decrease in operating assets:		
Patient fees receivable, net	91,677	(167,677)
Grants receivable	(14,786)	(40,811)
Prepaid expenses and other current assets	5,900	(35,075)
Increase (decrease) in operating liabilities:		
Accounts payable	768,145	51,133
Net cash provided by (used in) operating activities	1,602,828	(563,505)
Cash Flows from Investing Activities		
Property and equipment expenditures	(1,833,348)	(658,951)
Issuance of note receivable	(1,383,800)	-
Net cash used in investing activities	(3,217,148)	(658,951)
Cash Flows from Financing Activities		
(Increase) decrease in restricted cash	(16,848)	53,474
Proceeds from notes payable	3,397,778	1,480,000
Payments for debt issuance costs	(211,570)	(44,899)
Principal payments on long-term debt	(629,884)	-
Repayment of line of credit agreement	-	(99,999)
Net cash provided by financing activities	2,539,476	1,388,576
Net Increase in Cash and Cash Equivalents	925,156	166,120
Cash and Cash Equivalents - Beginning of Year	375,363	209,243
Cash and Cash Equivalents - End of Year	$ 1,300,519	$ 375,363
Cash Paid During the Year for Interest	$ 79,897	$ 73,500

The accompanying notes are an integral part of the consolidated financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Community Health and Wellness Center of Greater Torrington, Inc. (the Center) was organized as a Connecticut nonprofit, nonstock corporation to provide comprehensive primary and preventative health care for the uninsured and underinsured population in northwestern Connecticut. The Center provides care regardless of the individual's ability to pay for these services. The Center's primary sources of revenue consist of grants and patient fees.

Community Health and Wellness Holdings, Inc. (Holdings) was formed to serve as a supporting organization for the exclusive benefit of the Center, and its formation was required in order to participate in the New Markets Tax Credit Program (see Note 2). Holdings owns the facilities in which the Center operates and leases them to the Center.

Change in Accounting Principle

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The amendment changes the previous reporting model for nonprofit organizations and enhances the disclosure requirements. The major changes include: (a) requiring the presentation of only two classes of net assets rather than three, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement or in the notes, and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. This ASU is effective for annual periods beginning after December 15, 2017. Management has adopted ASU 2016-14 for the year ended September 30, 2019. The amendments have been retrospectively applied with the exception of a statement of functional expenses and the disclosures on liquidity and availability of resources for the year ended September 30, 2018.

Basis of Accounting and Presentation

The financial statements have been prepared on a consolidated basis to include the Center and Holdings (together referred to as the Organization). All material interorganizational balances and transactions have been eliminated from the consolidated financial statements. The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of the Organization are reported in the following net asset categories:

Net Assets Without Donor Restrictions
Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent 1) contributions that are restricted by the donor as to purpose or time of expenditure, 2) contributions that require that the principal be maintained in perpetuity but permit the Organization to expend the income earned thereon, and 3) the accumulated investment income and gains on donor-restricted endowment assets that have not been appropriated for expenditure. The Organization did not have any net assets with donor restrictions as of September 30, 2019 and 2018.

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 certain reported amounts and disclosures in the consolidated financial statements. Actual results could differ from those estimates. Significant estimates include the allowance for doubtful patient fees receivable.

Cash Equivalents

Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less.

Property and Equipment

Property and equipment acquisitions and improvements thereon that exceed $5,000 are capitalized at cost. Donated property and equipment exceeding the capitalization threshold are capitalized at the fair market value on the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Expenditures that substantially increase the useful lives of the related assets are capitalized. Maintenance, repairs and minor renewals are charged to operations as incurred.

Deferred Financing Costs

Deferred financing costs represent costs incurred in obtaining financing. Deferred financing costs are presented as a direct deduction of the carrying amount of the debt. These costs are being amortized on a straight-line basis over the term of the related bonds. Amortization of debt issuance costs is included in interest expense.

Patient Service Revenue

Patient service revenue is reported at the estimated net realizable amount from patients, third-party payors and others for services rendered. Revenue received under cost-reimbursement agreements is subject to audit and retroactive adjustment by third-party payors. Provisions for estimated adjustments are reflected in patient service revenue. Differences between estimated adjustments and final settlements are recognized in the year of settlement. Self-pay patients are charged and revenue is recognized using a sliding fee schedule based on income.

Federal incentives and supplemental payments include incentive revenue for the Center implementing electronic medical records.

The Center provides care to all patients, regardless of their ability to pay or the availability of third-party reimbursement. The cost of charity care is estimated by applying the ratio of healthcare service costs (determined for functional expense disclosure purposes) to patient revenue and applying that ratio to forgone patient revenue. The cost of services provided under the Center's charity care policy totaled $505,000 and $361,000 for the years ended September 30, 2019 and 2018, respectively.

Grants and Contracts

With the exception of certain state grants for property acquisition or renovation, governmental grants and contracts are generally considered to be exchange transactions rather than contributions. Revenue from cost-reimbursement grants and contracts is recognized to the extent of costs incurred. Revenue from performance-based grants and contracts is recognized to the extent of performance achieved. Grant and contract receipts in excess of revenue recognized are presented as deferred revenue.

Contributions

Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. The Center reports nongovernmental contributions and grants of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented with net assets without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Center reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions on how the assets are to be used and gifts of cash or other assets that must be used to acquire property and equipment are reported as net assets with donor restriction. Without donor stipulations about how long those assets must be maintained, the Center reports expirations of donor restrictions when the assets are placed in service.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been reported on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All of the expenses presented on the consolidated statement of functional expenses are allocated based upon time and effort.

Income Taxes

The Internal Revenue Service (IRS) has determined that the Center and Holdings are exempt from federal income taxes on exempt function income as public charities under Section 501(c)(3) of the Internal Revenue Code. Consequently, no provision for income taxes has been made in the accompanying consolidated financial statements.

Subsequent Events

In preparing these consolidated financial statements, management has evaluated subsequent events through February 14, 2020, which represents the date the consolidated financial statements were available to be issued.

NOTE 2 - NEW MARKETS TAX CREDIT TRANSACTION

2013 Transaction

The Organization entered into a New Markets Tax Credit Program (NMTC Program) transaction on September 17, 2013 with the Massachusetts Housing Investment Corporation (MHIC) and its related entities. The purpose of participating in the NMTC Program was to obtain low-cost financing for construction of a new facility for administration and additional patient services at the Torrington facility.

The Center serves as the leveraged lender and Holdings serves as the Qualified Active Low-Income Community Business in the transaction. The Center's existing facility was contributed to Holdings, and Holdings is leasing it back to the Center under a long-term lease, which is eliminated in consolidation. The Center entered into a note receivable with Torrington Wellness Center Investment Fund (TWCIF), an unrelated MHIC entity, which is discussed in Note 5.

The loan to TWCIF plus investor funds were funneled through another MHIC entity, MHIC NE CDE II (CDE II), which entered into notes payable with Holdings, which are discussed in Note 8.

The notes payable to CDE II provide for principal amortization beginning in 2021, which coincides with the seven-year investment period requirement under the NMTC Program. Assuming all NMTC Program requirements are met during the seven-year period, these loans are eligible for forgiveness by CDE II in 2021, which would also result in forgiveness of the note receivable from TWCIF.

In addition to the loans provided by CDE II, the Organization also entered into a bridge loan to be repaid by a federal capital grant and an additional corporate loan in order to fund the new facility.

2019 Transaction

The Organization entered into a NMTC Program transaction on April 9, 2019 with MHIC and its related entities. The purpose of participating in the NMTC Program was to obtain low-cost financing for construction of a new facility for administration and additional patient services at the Winsted facility.

The Center serves as the leveraged lender and Holdings serves as the Qualified Active Low-Income Community Business in the transaction. The Center's Winsted facility was contributed to Holdings, and Holdings is leasing it back to the Center under a long-term lease, which is eliminated in consolidation. The Center entered into a note receivable with MHIC Leverage Lender, a related MHIC entity, which is discussed in Note 5.

The loan to MHIC Leverage Lender plus investor funds were funneled through CDE II, which entered into notes payable with Holdings, which are discussed in Note 8.

The notes payable to CDE II provide for principal amortization beginning in 2026, which coincides with the seven-year investment period requirement under the NMTC Program. Assuming all NMTC Program requirements are met during the seven-year period, these loans are eligible for forgiveness by CDE II in 2026, which would also result in forgiveness of the note receivable from MHIC Leverage Lender.

NOTE 3 - CONCENTRATIONS

Concentrations of Credit Risk

The Center's financial instruments that are exposed to concentrations of credit risk are cash and patient fees receivable.

Cash

The Center's deposits in financial institutions may, at times, exceed federal depository insurance limits. Management believes that the Center's deposits are not subject to significant credit risk.

Patient Fees Receivable

The Center grants credit without collateral to its patients, most of whom are local residents and some of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors as of September 30, 2019 and 2018 was as follows:

	2019	2018
Medicaid	35%	45%
Medicare	25	28
Other third-party payors	21	16
Private pay	19	11
	100%	100%

Interest is not accrued on patient receivables. The Center provides an allowance for doubtful accounts based on the application of certain percentages to each payor type based on historical experience. The allowance for doubtful accounts is $212,115 and $148,199 as of September 30, 2019 and 2018, respectively.

Revenue Concentrations

A significant portion of the Center's total revenue consists of grants from the federal government and the State of Connecticut (the State). As with all government funding, these grants are subject to reduction or termination in future years. Any reduction in federal or state funding could have an adverse impact on the Center's operations.

In addition, 84% and 82% of the Center's patient revenue for each of the years ended September 30, 2019 and 2018, respectively, consists of federal Medicare and Medicaid reimbursements.

NOTE 4 - RESTRICTED CASH

Restricted cash includes cash restricted by a lender for capital improvements and cash restricted by the tax credit related lender as a reserve for payment of asset management fees.

NOTE 5 - NOTES RECEIVABLE

As discussed in Note 2, in connection with the NMTC Program, the Center entered into a $7,304,040 note receivable with an unrelated party. The note bears interest at 1% and requires interest-only payments through December 31, 2020. Monthly principal and interest payments of $34,237 are due beginning January 10, 2021 through July 10, 2040.

Also, as discussed in Note 2, in connection with the NMTC Program, the Center entered into a $1,383,800 note receivable with a related MHIC entity. The note bears interest at 1% and requires interest-only payments through December 1, 2026. Monthly principal and interest payments of $5,407 are due beginning January 7, 2027 through December 7, 2050.

NOTE 6 - HEALTHCARE FACILITY RESTRICTIONS

The Center received a $1,000,000 state bonding grant to fund construction of its facility in 2009. The State maintains a lien on the facility, which is released at a rate of 10% per year so long as the property is being used for providing healthcare services. The original bonding grant was recognized as a contribution with donor restrictions and was released at 10% per year coincident with the lien period, which expired in 2018.

The Center received an additional $1,533,501 in state bonding funds in 2015. As with the prior bond funding, the State maintains a lien on the facility, so long as the property is being used for providing healthcare services. At the time of this funding, the Center changed its accounting method to recognizing the revenue in full in the year of expenditure.

Approximately 64% of the costs of the new facility were funded by a federal grant, which gives the federal government a reversionary interest in the property.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization’s financial assets available within one year of the consolidated statement of financial position date for general expenditure as of September 30, 2019 are as follows:

Cash and cash equivalents	$	1,300,519
Patient fees receivable, net		224,317
Grants receivable		205,500
Total Financial Assets Available Within One Year	$	1,730,336

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

NOTE 8 - LONG-TERM DEBT

Long-term debt at September 30, 2019 and 2018 consisted of the following:

	2019	2018
Holdings note payable to CDE II, bearing interest at .698% with interest only payable through December 1, 2020. Monthly principal and interest payments of $23,938 begin January 2021 through December 2048, secured by an assignment of leases and equipment. See Note 2.	$ 7,304,040	$ 7,304,040
Holdings note payable to CDE II. The note bears interest at .698% with interest only payable through December 1, 2020. Monthly principal and interest payments of $10,396 begin January 2021 through December 2048, secured by an assignment of leases and equipment. See Note 2.	3,171,960	3,171,960
Center note payable to Primary Care Development Corporation. The note bears interest at 5% with interest only payable through November 1, 2018. Monthly principal and interest payments of $23,029 begin December 2018 through November 2022, secured by the property.	850,116	1,000,000
Center note payable to Winsted Super Saver Property, LLC. The note bears interest at 4% with interest only payable through April 1, 2019. Monthly principal and interest payments of $4,860 begin May 2019 through April 2024, secured by the property. The note was paid in full during fiscal 2019.	-	480,000
Center note payable to MHIC Neighborhood Commerce Fund I LLC. The note bears interest at 4% with interest only payable through April 10, 2020. Monthly principal and interest payments of $8,470 begin May 2020 through December 2026, secured by a Pledge and Security Agreement.	1,397,778	-
Holdings note payable to CDE II. The note bears interest at .709% with interest only payable through December 1, 2026. Monthly principal and interest payments begin thereafter, secured by the property.	1,383,800	-

	2019	2018
Holdings note payable to CDE II. The note bears interest at .709% with interest only payable through December 1, 2026. Monthly principal and interest payments begin thereafter, secured by the property.	616,200	-
	14,723,894	11,956,000
Less current portion	206,374	185,725
Long-term portion	14,517,520	11,770,275
Less unamortized debt issuance costs	262,911	117,669
Long-Term Debt, Net of Current Portion and Unamortized Debt Issuance Costs	$ 14,254,609	$ 11,652,606

Aggregate principal maturities of long-term debt in subsequent years are as follows:

Year Ending September 30	
2020	$ 206,374
2021	499,923
2022	598,970
2023	651,468
2024	399,896
Thereafter	12,367,263
	$ 14,723,894

Interest incurred and expensed for the years ended September 30, 2019 and 2018 totaled $162,506 and $111,768, respectively.

The Center is subject to certain debt covenants including a debt service coverage ratio, positive cash flow from operations, cash on hand and current ratio.

NOTE 9 - LINE OF CREDIT

The Center has an available commercial line of credit of $250,000, which bears interest at the bank's prime rate plus .5% (5.50% and 5.75% as of September 30, 2019 and 2018, respectively). This line of credit is secured by accounts receivable. As of September 30, 2019 and 2018, there was no balance outstanding on the line of credit.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

For the year ended September 30, 2018, net assets with donor restrictions were released from restrictions by meeting the expiration of the lien period on funded renovations (see Note 6). During the year ended September 30, 2018, $100,000 was released from restrictions. During the year ended September 30, 2019, no amounts were released from restrictions.

NOTE 11 - PATIENT SERVICE REVENUE

Patient revenue and the provision for bad debts expense by payor is as follows for the years ended September 30, 2019 and 2018:

	Private Pay	Medicaid	Medicare	Other	Total
2019					
Patient service revenue, net of contractual allowances and other discounts	$ 183,924	$ 2,737,198	$ 486,005	$ 517,780	$ 3,924,907
Provision for bad debts	92,847	-	-	-	92,847
Net Patient Service Revenue Less Provision for Bad Debts	$ 91,077	$ 2,737,198	$ 486,005	$ 517,780	$ 3,832,060

	Private Pay	Medicaid	Medicare	Other	Total
2018					
Patient service revenue, net of contractual allowances and other discounts	$ 201,808	$ 2,753,481	$ 470,600	$ 516,690	$ 3,942,579
Provision for bad debts	8,998	-	-	296	9,294
Net Patient Service Revenue Less Provision for Bad Debts	$ 192,810	$ 2,753,481	$ 470,600	$ 516,394	$ 3,933,285

NOTE 12 - MALPRACTICE INSURANCE

As a federally qualified health center, the Center maintains malpractice insurance under the Federal Tort Claims Act (FTCA). This coverage is applicable to the Center and its officers, board members, employees and contractors who are physicians, other licensees or certified healthcare practitioners. The FTCA coverage is on a claims-made basis policy without a monetary cap. As of September 30, 2019, no known malpractice claims have been asserted against the Center.

NOTE 13 - EMPLOYEE BENEFIT PLAN

The Center maintains a defined contribution 403(b) retirement plan for full-time employees, as defined. Employee contributions under the plan are determined by the eligible participating employees, subject to certain IRS limitations. The Center contributes 4% to 7% of compensation, based on longevity, for employees with at least one year of service. The Center's contributions for the years ended September 30, 2019 and 2018 totaled $74,676 and $49,071, respectively.

NOTE 14 - MEDICARE AND MEDICAID

The healthcare 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 healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that the Center is in compliance with fraud and abuse, as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

NOTE 15 - GOVERNMENT GRANTS

The Center participates in federal- and state-assisted grant programs. These grants are subject to audits by grantor agencies, which could result in disallowed costs due back to the grantor. The Center is not aware of any liabilities to grantors.

NOTE 16 - PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2019, the Center determined it had not properly recorded net patient fees receivable and patient service revenue for the year ended September 30, 2018. Consequently, the Center has restated its 2018 financial statements to properly record net patient fees receivable and patient service revenue. The effects of the restatement on the consolidated statements of financial position, activities and cash flows as of and for the year ended September 30, 2018 were as follows:

	As Previously Reported	Correction of Error	As Restated
Statement of financial position as of September 30, 2018:			
Patient fees receivable, net	$ 792,691	$ (476,697)	$ 315,994
Net assets without donor restrictions	6,968,473	(476,697)	6,491,776
Statement of activities for the year ended September 30, 2018:			
Patient service revenue	4,419,276	(476,697)	3,942,579
Decrease in net assets	(368,209)	(476,697)	(844,906)
Statement of cash flows for the year ended September 30, 2018:			
Decrease in net assets	(368,209)	(476,697)	(844,906)
Increase in patient fees receivable, net	(644,374)	476,697	(167,677)

Supplementary Information

COMMUNITY HEALTH AND WELLNESS CENTER OF GREATER TORRINGTON, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019

	Community Health and Wellness Center of Greater Torrington, Inc.	Community Health and Wellness Holdings, Inc.	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$ 940,591	$ 359,928	$ -	$ 1,300,519
Patient fees receivable, net	224,317	-	-	224,317
Grants receivable	205,500	-	-	205,500
Prepaid expenses and other current assets	168,606	26,663	(15,663)	179,606
Total current assets	1,539,014	386,591	(15,663)	1,909,942
Property and Equipment				
Land	350,000	729,563	-	1,079,563
Buildings and improvements	24,703	12,027,739	-	12,052,442
Furniture and equipment	511,580	557,690	-	1,069,270
Vehicles	41,179	-	-	41,179
	927,462	13,314,992	-	14,242,454
Less accumulated depreciation	451,012	2,107,776	-	2,558,788
	476,450	11,207,216	-	11,683,666
Construction in process	7,025	-	-	7,025
Net property and equipment	483,475	11,207,216	-	11,690,691
Other Assets				
Restricted cash	-	289,179	-	289,179
Due from Holdings	822,877	-	(822,877)	-
Deferred lease costs	-	1,123,555	(1,123,555)	-
Notes receivable	8,687,840	-	-	8,687,840
Total other assets	9,510,717	1,412,734	(1,946,432)	8,977,019
Total Assets	$ 11,533,206	$ 13,006,541	$ (1,962,095)	$ 22,577,652
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued expenses	$ 1,368,857	$ 64,135	$ (15,663)	$ 1,417,329
Current portion of long-term debt	206,374	-	-	206,374
Total current liabilities	1,575,231	64,135	(15,663)	1,623,703
Long-Term Liabilities				
Due to Center	-	822,877	(822,877)	-
Deferred lease revenue	1,123,555	-	(1,123,555)	-
Long-term debt, net of current portion and debt issuance costs	2,000,104	12,254,505	-	14,254,609
Total long-term liabilities	3,123,659	13,077,382	(1,946,432)	14,254,609
Total liabilities	4,698,890	13,141,517	(1,962,095)	15,878,312
Net Assets				
Without donor restrictions	6,834,316	(134,976)	-	6,699,340
Total Liabilities and Net Assets	$ 11,533,206	$ 13,006,541	$ (1,962,095)	$ 22,577,652

COMMUNITY HEALTH AND WELLNESS CENTER OF GREATER TORRINGTON, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Community Health and Wellness Center of Greater Torrington, Inc.	Community Health and Wellness Holdings, Inc.	Eliminations	Total
Changes in Net Assets Without Donor Restrictions				
Support and revenue:				
Patient service revenue (net of contractual allowances and discounts)	$ 3,924,907	$ -	$ -	$ 3,924,907
Less provision for bad debts	92,847	-	-	92,847
Net patient service revenue less provision for bad debts	3,832,060	-	-	3,832,060
Government and other grants	3,642,217	-	-	3,642,217
Federal incentives and supplemental payments	19,700	-	-	19,700
Pharmacy and other	1,537,018	158,960	(168,481)	1,527,497
Other contributions	-	1,633,416	(1,633,416)	-
Total support and revenue	9,030,995	1,792,376	(1,801,897)	9,021,474
Expenses:				
Program	7,731,374	342,534	(1,548,628)	6,525,280
General and administrative	2,171,241	370,658	(253,269)	2,288,630
Total expenses	9,902,615	713,192	(1,801,897)	8,813,910
Increase (Decrease) in Net Assets	(871,620)	1,079,184	-	207,564
Net Assets - Beginning of Year	7,705,936	(1,214,160)	-	6,491,776
Net Assets - End of Year	$ 6,834,316	$ (134,976)	$ -	$ 6,699,340

COMMUNITY HEALTH AND WELLNESS CENTER OF GREATER TORRINGTON, INC.

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Program	General and Administrative	Total	Total
Salaries	$ 3,890,059	$ 1,228,440	$ 5,118,499	$ 4,527,866
Payroll taxes and benefits	625,402	197,495	822,897	734,014
Pharmacy and administration	690,322	71,335	761,657	396,645
Professional fees	270,724	305,284	576,008	565,130
Medical and dental supplies	129,803	-	129,803	170,061
Utilities	83,368	12,457	95,825	80,537
Interest	71,870	10,739	82,609	46,129
Repairs and maintenance	59,866	8,945	68,811	96,053
Miscellaneous	48,667	15,368	64,035	73,124
Primary care expense	59,240	-	59,240	367,047
Insurance	44,379	14,015	58,394	58,666
Advertising	29,871	24,440	54,311	61,070
Office supplies	38,432	12,137	50,569	46,415
Dues and subscriptions	43,577	-	43,577	61,303
Rentals	30,310	4,892	35,202	43,149
Telephone	22,197	7,009	29,206	29,663
Small equipment	18,367	2,745	21,112	36,835
Mileage	1,705	248	1,953	1,988
Total expenses before depreciation	6,158,159	1,915,549	8,073,708	7,395,695
Depreciation and amortization	34,016	5,083	39,099	44,099
Total	$ 6,192,175	$ 1,920,632	$ 8,112,807	$ 7,439,794

COMMUNITY HEALTH AND WELLNESS HOLDINGS, INC.

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Program	General and Administrative	Total	Total
Interest	$ -	$ 146,225	$ 146,225	$ 124,624
Professional fees	-	69,090	69,090	71,690
Medical and dental supplies	30,253	-	30,253	-
Miscellaneous	-	10,995	10,995	-
Repairs and maintenance	4,040	1,139	5,179	-
Small equipment	359	101	460	-
Total expenses before depreciation	34,652	227,550	262,202	196,314
Depreciation and amortization	298,453	140,448	438,901	370,747
Total	$ 333,105	$ 367,998	$ 701,103	$ 567,061

step forward →

COMMUNITY HEALTH AND WELLNESS CENTER OF GREATER TORRINGTON, INC.

FEDERAL SINGLE AUDIT REPORT
SEPTEMBER 30, 2019

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COMMUNITY HEALTH AND WELLNESS CENTER OF GREATER TORRINGTON, INC.

FEDERAL SINGLE AUDIT REPORT
SEPTEMBER 30, 2019
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Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors
Community Health and Wellness Center of Greater Torrington, Inc.
Torrington, Connecticut

Report on Compliance for Each Major Federal Program

We have audited Community Health and Wellness Center of Greater Torrington, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Health and Wellness Center of Greater Torrington, Inc.'s major federal programs for the year ended September 30, 2019. Community Health and Wellness Center of Greater Torrington, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Community Health and Wellness Center of Greater Torrington, 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 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). Those standards and the Uniform Guidance 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 Community Health and Wellness Center of Greater Torrington, 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 Community Health and Wellness Center of Greater Torrington, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Community Health and Wellness Center of Greater Torrington, 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, 2019.

Report on Internal Control over Compliance

Management of Community Health and Wellness Center of Greater Torrington, 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 Community Health and Wellness Center of Greater Torrington, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the 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 the Uniform Guidance, 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 Community Health and Wellness Center of Greater Torrington, 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 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Community Health and Wellness Center of Greater Torrington, Inc., as of and for the year ended September 30, 2019 and have issued our report thereon dated February 14, 2020, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
February 14, 2020

COMMUNITY HEALTH AND WELLNESS CENTER OF GREATER TORRINGTON, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	Grant Period Ended	Pass-Through Entity Grant Number	CFDA Number	Total Expenditures
U.S. Department of Health and Human Services				
Direct:				
Health Center Cluster:				
Consolidated Health Center	2/28/19	-	93.224	$ 849,907
Consolidated Health Center	2/28/20	-	93.224	1,383,460
Total Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for Homeless and Public Housing Primary Care)				2,233,367
Ryan White C	3/31/19	-	93.918	92,202
Ryan White C	3/31/20	-	93.918	42,302
Total Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease Homeless and Public Housing Primary Care				134,504
Grants for Capital Development in Health Centers	6/30/2019	-	93.526	920,893
Passed through the Community Health Center Association of Connecticut, Inc.				
Ryan White D	7/30/19	H12HA24859-06-00	93.153	23,422
Ryan White D	7/30/20	H12HA24859-07-00	93.153	3,059
Total Coordinated Services and Access to Research for Women, Infants, Children, and Youth				26,481
Passed through the State of Connecticut Office of Health Strategy, Passed through Wheeler Clinic, Inc.				
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	12/31/2019	42901	93.624	228,165
Total Federal Awards Expended				$ 3,543,410

The accompanying notes are an integral part of this schedule

COMMUNITY HEALTH AND WELLNESS CENTER OF GREATER TORRINGTON, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Community Health and Wellness Center of Greater Torrington, Inc., under programs of the federal government for the year ended September 30, 2019. The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Community Health and Wellness Center of Greater Torrington, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Community Health and Wellness Center of Greater Torrington, Inc.

Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, 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. For performance-based awards, expenditures reported represent amounts earned.

NOTE 2 - INDIRECT COST RECOVERY

Community Health and Wellness Center of Greater Torrington, Inc., has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - NONCASH ASSISTANCE

Community Health and Wellness Center of Greater Torrington, Inc., received and used vaccines with the fair value of $9,087 under Federal CFDA #93.268, passed through the Connecticut Department of Public Health (DPH). In accordance with the *OMB Compliance Supplement*, vaccinating providers such as Community Health and Wellness Center of Greater Torrington, Inc., are not considered subrecipients, and the value of the vaccines is not considered as expenditures made under a federal award for purposes of determining audit coverage and reporting. Accordingly, it has not been included in the schedule of expenditures of federal awards. However, DPH requires disclosure of this assistance.

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Community Health and Wellness Center of Greater Torrington, Inc.
Torrington, Connecticut

We have audited, in accordance with the 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 consolidated financial statements of Community Health and Wellness Center of Greater Torrington, Inc., which comprise the consolidated statement of financial position as of September 30, 2019 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 14, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Community Health and Wellness Center of Greater Torrington, 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Health and Wellness Center of Greater Torrington, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Health and Wellness Center of Greater Torrington, Inc.'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 consolidated 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Health and Wellness Center of Greater Torrington, Inc.'s consolidated 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 consolidated 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*.

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 Community Health and Wellness Center of Greater Torrington, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Health and Wellness Center of Greater Torrington, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
February 14, 2020

COMMUNITY HEALTH AND WELLNESS CENTER OF GREATER TORRINGTON, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		Unmodified
Internal control over financial reporting:		
• Material weakness(es) identified?	____ yes	X no
• Significant deficiency(ies) identified?	____ 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?	____ yes	X none reported
Type of auditors' report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	____ yes	X no

Major programs:

CFDA #	Name of Federal Program or Cluster
93.224	Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for Homeless and Public Housing Primary Care)
93.526	Grants for Capital Development in Health Centers

Dollar threshold used to distinguish between type A and type B programs:		$ 750,000
Auditee qualified as a low-risk auditee?	____ yes	X no

II. FINANCIAL STATEMENT FINDINGS

No matters are reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported.

Community Health & Wellness Center

Of Greater Torrington

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended September 30, 2019

PRIOR YEAR FINDINGS FULLY CORRECTED

Finding Number	Finding Name
2018-001	Payroll activities allowed or un-allowed

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