

**TRENTON HEALTH TEAM, INC. AND
TRENTON HEALTH TEAM ACO, INC.**

**Financial Statements
December 31, 2016**

The report accompanying the financial statements was issued by Spire Group, PC, a New Jersey Professional Corporation.

TRENTON HEALTH TEAM, INC. AND TRENTON HEALTH TEAM ACO, INC.

Table of Contents

Independent Auditors' Report	1 – 2
Financial Statements	
Combined Statement of Financial Position.....	3
Combined Statement of Activities and Changes in Net Assets.....	4
Combined Statement of Functional Expenses	5
Combined Statement of Cash Flows.....	6
Notes to Combined Financial Statements	7 – 11
Supplementary Information	
Schedules of Budgeted and Incurred Costs.....	12 – 14
Schedules of Expenditures of Federal, State, and Local Awards.....	15 – 17
Notes to the Schedules of Expenditures of Federal, State, and Local Awards.....	18
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>	19 – 20



INDEPENDENT AUDITORS' REPORT

To the Boards of Trustees of
Trenton Health Team, Inc. and Trenton Health
Team ACO, Inc.
Trenton, NJ

We have audited the accompanying combined financial statements of Trenton Health Team, Inc. and its affiliate Trenton Health Team ACO, Inc. (nonprofit organizations), which comprise the combined statement of financial position as of December 31, 2016, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 entities' 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Trenton Health Team, Inc. and Trenton Health Team ACO, Inc. as of December 31, 2016, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedules of budgeted and incurred costs and schedules of expenditures of federal, state, and local awards as required by the State of New Jersey, Department of Health, are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2017, on our consideration of the Organizations' 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control over financial reporting and compliance.



Clark, New Jersey
July 18, 2017

TRENTON HEALTH TEAM, INC. AND TRENTON HEALTH TEAM ACO, INC.

**Combined Statement of Financial Position
December 31, 2016**

	Trenton Health Team, Inc.	Trenton Health Team ACO, Inc.	Total	Eliminating Entries	Combined
Assets					
Cash and cash equivalents	\$ 102,371	\$ 423,168	\$ 525,539	\$ -	\$ 525,539
Accounts receivable	88,233	-	88,233	-	88,233
Intercompany receivable	110,407	-	110,407	(110,407)	-
Grants receivable	293,734	-	293,734	-	293,734
Prepaid expenses	31,169	125,000	156,169	-	156,169
Property and equipment - net	15,076	-	15,076	-	15,076
Total Assets	\$ 640,990	\$ 548,168	\$ 1,189,158	\$ (110,407)	\$ 1,078,751
Liabilities					
Accounts payable	\$ 13,789	\$ 2,732	\$ 16,521	\$ -	\$ 16,521
Intercompany payable	-	110,407	110,407	(110,407)	-
Accrued expenses	84,204	-	84,204	-	84,204
Deferred revenue	258,333	-	258,333	-	258,333
Refundable advances	157,714	434,940	592,654	-	592,654
Total Liabilities	514,040	548,079	1,062,119	(110,407)	951,712
Net Assets					
Unrestricted	114,264	89	114,353	-	114,353
Temporarily restricted	12,686	-	12,686	-	12,686
Total Net Assets	126,950	89	127,039	-	127,039
Total Liabilities and Net Assets	\$ 640,990	\$ 548,168	\$ 1,189,158	\$ (110,407)	\$ 1,078,751

See accompanying notes.

TRENTON HEALTH TEAM, INC. AND TRENTON HEALTH TEAM ACO, INC.

Combined Statement of Activities
For the Year Ended December 31, 2016

	Trenton Health Team, Inc.	Trenton Health Team ACO, Inc.	Total	Eliminating Entries	Combined
Unrestricted Net Assets					
Support and Revenues					
Grant income	\$ 1,056,932	\$ -	\$ 1,056,932	\$ -	\$ 1,056,932
State of NJ revenue	-	565,060	565,060	-	565,060
HIE subscription fees	436,667	-	436,667	-	436,667
ACO management fee and reimbursed costs	431,368	-	431,368	(431,368)	-
Fee for service	178,826	-	178,826	-	178,826
In-kind and non-cash contributions	81,280	-	81,280	-	81,280
Contributions	8,920	-	8,920	-	8,920
Interest income	109	113	222	-	222
Net assets released from restrictions	13,756	-	13,756	-	13,756
Total Unrestricted Support and Revenues	<u>2,207,858</u>	<u>565,173</u>	<u>2,773,031</u>	<u>(431,368)</u>	<u>2,341,663</u>
Expenses					
Program services	1,751,974	540,942	2,292,916	(366,552)	1,926,364
Management and general	190,872	16,642	207,514	(64,816)	142,698
Fundraising	28,667	7,500	36,167	-	36,167
Total Program Expenses	<u>1,971,513</u>	<u>565,084</u>	<u>2,536,597</u>	<u>(431,368)</u>	<u>2,105,229</u>
Net Increase in Unrestricted Net Assets	<u>236,345</u>	<u>89</u>	<u>236,434</u>	<u>-</u>	<u>236,434</u>
Temporarily Restricted Net Assets					
Contributions	15,000	-	15,000	-	15,000
Restrictions satisfied by payments	(13,756)	-	(13,756)	-	(13,756)
Net Increase in Temporarily Restricted Net Assets	<u>1,244</u>	<u>-</u>	<u>1,244</u>	<u>-</u>	<u>1,244</u>
Increase in Net Assets	237,589	89	237,678	-	237,678
Net Deficit – Beginning of Year	<u>(110,639)</u>	<u>-</u>	<u>(110,639)</u>	<u>-</u>	<u>(110,639)</u>
Net Assets – End of Year	<u>\$ 126,950</u>	<u>\$ 89</u>	<u>\$ 127,039</u>	<u>\$ -</u>	<u>\$ 127,039</u>

See accompanying notes.

TRENTON HEALTH TEAM, INC. AND TRENTON HEALTH TEAM ACO, INC.

**Combined Statement of Functional Expenses
For the Year Ended December 31, 2016**

	Trenton Health Team, Inc.				Trenton Health Team ACO, Inc.				Eliminating Entries	Combined Total
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total		
Salaries	\$ 884,342	\$ 70,239	\$ 21,543	\$ 976,124	\$ 234,666	\$ -	\$ -	\$ 234,666	\$ (234,666)	\$ 976,124
Payroll taxes and employee benefits	173,497	13,780	4,226	191,503	49,862	-	-	49,862	(49,862)	191,503
Donated services	-	6,981	-	6,981	-	-	-	-	-	6,981
Professional fees	459,057	73,911	-	532,968	196,778	13,217	-	209,995	(82,024)	660,939
Program expenses	62,203	-	-	62,203	-	-	-	-	-	62,203
Occupancy	70,265	7,060	764	78,089	2,103	-	-	2,103	(2,103)	78,089
Staff education and training	10,647	1,065	25	11,737	250	-	-	250	(250)	11,737
Travel	25,042	760	-	25,802	390	-	-	390	(390)	25,802
Office expense	13,156	3,477	13	16,646	47,706	3,425	7,500	58,631	(52,886)	22,391
Insurance	25,908	8,989	-	34,897	9,187	-	-	9,187	(9,187)	34,897
Software expense	3,991	2,588	2,079	8,658	-	-	-	-	-	8,658
Depreciation and amortization	20,566	1,737	-	22,303	-	-	-	-	-	22,303
Vehicle expense	3,300	-	-	3,300	-	-	-	-	-	3,300
Miscellaneous	-	285	17	302	-	-	-	-	-	302
Total Expenses	\$ 1,751,974	\$ 190,872	\$ 28,667	\$ 1,971,513	\$ 540,942	\$ 16,642	\$ 7,500	\$ 565,084	\$ (431,368)	\$ 2,105,229

See accompanying notes.

TRENTON HEALTH TEAM, INC. AND TRENTON HEALTH TEAM ACO, INC.

**Combined Statement of Cash Flows
For the Year Ended December 31, 2016**

	Trenton Health Team, Inc.	Trenton Health Team ACO, Inc.	Total	Eliminating Entries	Combined
Cash Flows From Operating Activities					
Change in net assets	\$ 237,589	\$ 89	\$ 237,678	\$ -	\$ 237,678
Adjustments to reconcile change in net assets to net cash provided by operating activities					
Depreciation and amortization	22,303	-	22,303	-	22,303
Changes in assets and liabilities					
Accounts receivable	69,659	-	69,659	-	69,659
Grants receivable	(288,712)	-	(288,712)	-	(288,712)
Prepaid expenses	(2,557)	(14,593)	(17,150)	-	(17,150)
Accounts payable	(169,070)	2,732	(166,338)	-	(166,338)
Accrued expenses	8,801	-	8,801	-	8,801
Deferred revenue	52,925	-	52,925	-	52,925
Refundable advances	(125,689)	434,940	309,251	-	309,251
Net Change in Cash and Cash Equivalents	(194,751)	423,168	228,417	-	228,417
Cash and Cash Equivalents – Beginning	297,122	-	297,122	-	297,122
Cash and Cash Equivalents – Ending	\$ <u>102,371</u>	\$ <u>423,168</u>	\$ <u>525,539</u>	\$ <u>-</u>	\$ <u>525,539</u>

Supplemental Disclosure for Cash Flow Information

There were no amounts paid for interest or income taxes during the year ended December 31, 2016

See accompanying notes.

TRENTON HEALTH TEAM, INC. AND TRENTON HEALTH TEAM ACO, INC.

Notes to Combined Financial Statements December 31, 2016

Note 1 – Nature of Activities

Trenton Health Team Inc. (the "Organization"), a non-profit entity located in Trenton, New Jersey, was established in 2010. The Organization is a community health improvement collaborative whose mission is to transform healthcare for the city by forming a committed partnership with the community to expand access to high quality, coordinated healthcare. The Organization's current major programs include:

Care Management & Coordination – The Organization continues to strengthen its care management and coordination efforts through a continuous improvement cycle, refining and codifying its approach. Care management focuses on complex, high-utilizing Medicaid patients in Trenton and supported TB patients throughout Mercer County. An educational component was added to the Care Team programming, as Chronic Disease/Diabetes. Self-Management classes were made available through partners that serve low-income, high-need clients. The Community-wide Clinical Care Coordination Team (C4T) brought key partners together to review data and address vital issues and concerns across the city of Trenton.

Community Partnerships – The Organization implemented a number of grant projects that support the priorities and goals of the Community Health Improvement Plan adopted in 2014 by the Organization's Community Advisory Board, which includes representatives from more than 50 Trenton-based agencies. Projects included establishing a Trauma-informed Care learning community, with representatives from 18 organizations, to help address behavioral health issues; working with faith-based groups to offer an evidence-based curriculum on healthy eating and active living to address health literacy and obesity; and partnering to bring health screenings into the community using Trenton's mobile health van at health fairs and at a weekly farmers market.

Administration of the Trenton Health Information Exchange (HIE) – The HIE has grown in use to include 250,000 individual patient records that are accessed in real-time by more than 600 healthcare providers within the greater Trenton community. A full-time HIE Administrator conducts training for new users, trouble shoots user questions, generates reports, and monitors system usage. Report functions have been expanded and enhanced, including the creation of both personal and population level tools. A Clinical Decision Support system was developed to improve care and outcomes for diabetes and hypertension.

Trenton Health Team ACO, Inc. ("ACO") – ACO received certification from the NJ Department of Human Services as a Medicaid Accountable Care Organization effective July 1, 2015. The Organization continued to implement infrastructure required for an integrated healthcare delivery system that will transform Trenton's fragmented primary care system and restore health to the city.

Trenton Health Team Inc. and Trenton Health Team ACO, Inc. (the "Organizations") are combined for financial reporting purposes based upon shared management.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

TRENTON HEALTH TEAM, INC. AND TRENTON HEALTH TEAM ACO, INC.

**Notes to Combined Financial Statements
December 31, 2016**

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The Organizations are required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets – net assets not subject to donor-imposed stipulations, and therefore expendable for operating purposes.
- Temporarily restricted net assets – net assets subject to donor-imposed stipulations that will be met by actions of the Organizations and/or by the passage of time.
- Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organizations. Generally, the donors of these assets permit the Organizations to use all or part of the income earned on related investments for general or donor-specified purposes. The Organizations have no permanently restricted net assets.

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 disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organizations consider highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Grants Receivable

The Organizations consider all grants receivable to be fully collectible; accordingly, no allowance for doubtful amounts is provided. If amounts become uncollectible, they will be charged to the change in net assets when that determination is made.

Property and Equipment

Property and equipment, costing in excess of \$5,000 are capitalized as assets and recorded at cost, except for donated items, which are recorded at the fair value on the date of donation. Depreciation is provided over the estimated useful lives of the assets, which are 5 years for computer equipment, software and vehicles, using the straight-line method. Leasehold improvements are amortized over the lesser of the length of the related leases or the estimated useful lives of the assets.

Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred.

Public Support and Revenue Recognition

Contributions are recognized when a donor makes a promise to give to the Organizations that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable values. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable values, using low risk interest rates applicable to the years in which promises are received to discount the amounts.

Conditional promises to give are recognized when the conditions on which they are dependent are substantially satisfied. Certain grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

TRENTON HEALTH TEAM, INC. AND TRENTON HEALTH TEAM ACO, INC.

**Notes to Combined Financial Statements
December 31, 2016**

Note 2 – Summary of Significant Accounting Policies (Continued)

Public Support and Revenue Recognition (Continued)

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, that are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

Subscription revenue in the statement of activities consists of user fees for use of proprietary software licensed by the Organization, as well as Health Information Exchange services built and operated by the Organization. Revenue is recognized in the period earned.

Functional Allocation of Expenses

Certain operating expenses have been allocated to program services based on the reasonable benefit that the program derived from these expenses. There are various funding sources providing support towards the Organizations' programs and some of the expenses charged to the programs represent direct expenses related to program operations and objectives.

Note 3 – Concentrations of Credit Risk

Financial instruments which potentially subject the Organizations to concentrations of credit risk are cash and accounts receivable arising from its normal business activities. The Organizations maintain cash balances in banks. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. The balances, at times, may exceed the federally insured limit of \$250,000.

Note 4 – Income Taxes

Trenton Health Team, Inc. and Trenton Health Team ACO, Inc. are exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and applicable state law. Income generated by activities that would be considered unrelated to the Organizations' mission would be subject to tax, which, if incurred, would be recognized as a current expense. No such tax has been recognized for the year ended December 31, 2016.

The Organizations account for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2016.

The Organizations' exempt from federal income tax returns are no longer subject to examination by federal taxing authorities for the years before 2013.

TRENTON HEALTH TEAM, INC. AND TRENTON HEALTH TEAM ACO, INC.

**Notes to Combined Financial Statements
December 31, 2016**

Note 5 – Commitments and Contingencies

In August 2013, the Organization entered into a three year master software agreement with a vendor for a total of \$1,050,000. Payments are due quarterly in the amount of \$87,500 over the term of the master software agreement. Total final payments made as of December 31, 2016 were \$175,000.

Note 6 – Property and Equipment

Property and equipment consist of the following:

	<u>2016</u>
Leasehold improvements	\$ 3,973
Computer equipment and software	86,453
Vehicle	<u>19,387</u>
	109,813
Less: Accumulated depreciation and amortization	<u>94,737</u>
Net Property and Equipment	<u>\$ 15,076</u>

Depreciation expense for the year ended December 31, 2016 was \$22,303.

Note 7 – Temporarily Restricted Net Assets

Temporarily restricted net assets, at December 31, 2016, were available for the Janssen Program in the amount of \$12,686.

Temporarily restricted net assets released from donor restriction for the year end December 31, 2016 were \$13,756.

Note 8 – Concentration of Risk and Uncertainties

The Organization received approximately 17% of its support and revenues in 2016 from one grantor. At December 31, 2016, there was \$86,798 in grants receivable from this grantor. A significant reduction in the level of this revenue or non-payment of the amount due, if this were to occur, could have a significant negative effect on the Organization.

ACO received approximately 100% of its support and revenues in 2016 from one source. At December 31, 2016, there was no receivable from this source. A significant reduction in the level of this revenue, if this were to occur, could have a significant negative effect on ACO.

Note 9 – Donated Services, Materials and Facilities

The Organizations occupy offices in two locations: 1) part of a building located at 218 North Broad Street, Trenton, New Jersey, under an agreement with the City of Trenton, and 2) several offices at St. Francis Medical Center located at 601 Hamilton Avenue, Trenton, New Jersey. No rent or utilities are paid by the Organizations. The landlords of each location have estimated the approximate fair value of the rental and utilities to be \$66,359 for the year ended December 31, 2016.

The Organization receives various administrative, fundraising and program specific services from related parties free of charge. In-kind donated services were \$6,981 for the year ended December 31, 2016.

TRENTON HEALTH TEAM, INC. AND TRENTON HEALTH TEAM ACO, INC.

**Notes to Combined Financial Statements
December 31, 2016**

Note 9 – Donated Services, Materials and Facilities (Continued)

The Organization also receives donated use of a vehicle from a related party. In-kind vehicle usage was \$3,300 for the year ended December 31, 2016.

The Organization received 12 projectors donated by Novo Nordisk. The value of the projectors totaled \$4,200 for the year ended December 31, 2016.

The Organization also received computer software donated by TechSoup. The value of the software totaled \$440 for the year ended December 31, 2016.

Note 10 – Inter-Company Activities

All intercompany activity is eliminated in the combined financial statements.

Note 11 – Subsequent Events

Subsequent events have been evaluated through July 18, 2017, the date which these financial statements were available to be issued.

As of July 1, 2017, the New Jersey Department of Human Services will make available \$1,000,000 to each of the certified New Jersey Medicaid ACOs. The funding cannot be used as a Federal match for other grant funds, but may be used to support other ACO activities.

TRENTON HEALTH TEAM, INC. AND TRENTON HEALTH TEAM ACO, INC.

Supplementary Information

Schedule of Budgeted and Incurred Costs

Grant Number: DFHS16DPC002

Grant Period: 10/01/15 – 06/30/16

Audit for the Year Ended December 31, 2016

Cost Category	Final Approved Budget	PY Audited Expenditure Reports	CY Audited Expenditure Reports	Total Expenditures	Questioned Costs
Salaries and wages	\$ 18,868	\$ 464	\$ 19,606	\$ 20,070	\$ -
Fringe benefits	3,830	241	2,609	2,850	-
Consultant	13,450	4,317	9,133	13,450	-
Office expense	575	-	575	575	-
Facility Cost	235	-	235	235	-
Travel	222	-	-	-	-
Total Direct Cost	37,180	5,022	32,158	37,180	-
Indirect Cost	-	-	-	-	-
Total Costs	37,180	5,022	32,158	37,180	-
Less: Program income	-	-	-	-	-
Net Total Cost	\$ 37,180	\$ 5,022	\$ 32,158	\$ 37,180	\$ -

TRENTON HEALTH TEAM, INC. AND TRENTON HEALTH TEAM ACO, INC.

Supplementary Information

Schedule of Budgeted and Incurred Costs

Grant Number: DFHS16FIP002

Grant Period: 10/01/15 – 09/30/16

Audit for the Year Ended December 31, 2016

<u>Cost Category</u>	<u>Final Approved Budget</u>	<u>PY Audited Expenditure Reports</u>	<u>CY Audited Expenditure Reports</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
Salaries and wages	\$ 151,375	\$ 34,512	\$ 113,676	\$ 148,188	\$ -
Fringe benefits	35,534	4,408	26,310	30,718	-
Consultant and professional services	199,705	7,505	191,500	199,005	-
Office expense and related cost	3,396	805	4,903	5,708	-
Program expense and related cost	5,510	-	6,411	6,411	-
Travel, conference and meetings	1,030	222	1,047	1,269	-
Facility cost	1,450	363	1,088	1,451	-
Sub-grants	42,000	-	47,250	47,250	-
Total Direct Cost	<u>440,000</u>	<u>47,815</u>	<u>392,185</u>	<u>440,000</u>	<u>-</u>
Indirect Cost	-	-	-	-	-
Total Costs	<u>440,000</u>	<u>47,815</u>	<u>392,185</u>	<u>440,000</u>	<u>-</u>
Less: Program income	-	-	-	-	-
Net Total Cost	<u>\$ 440,000</u>	<u>\$ 47,815</u>	<u>\$ 392,185</u>	<u>\$ 440,000</u>	<u>\$ -</u>

TRENTON HEALTH TEAM, INC. AND TRENTON HEALTH TEAM ACO, INC.

Supplementary Information

Schedule of Budgeted and Incurred Costs

Grant Number: DFHS17FIP002

Grant Period: 10/01/16 – 09/30/17

Audit for the Year Ended December 31, 2016

<u>Cost Category</u>	<u>Final Approved Budget</u>	<u>PY Audited Expenditure Reports</u>	<u>CY Audited Expenditure Reports</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
Salaries and wages	\$ 139,450	\$ -	\$ 43,656	\$ 43,656	\$ -
Fringe benefits	36,116	-	7,439	7,439	-
Consultant and professional services	41,004	-	2,880	2,880	-
Office expense and related cost	1,800	-	691	691	-
Staff education and training	4,630	-	160	160	-
Sub-grants	42,000	-	1,050	1,050	-
Total Direct Cost	<u>265,000</u>	<u>-</u>	<u>55,876</u>	<u>55,876</u>	<u>-</u>
Indirect Cost	-	-	-	-	-
Total Costs	<u>265,000</u>	<u>-</u>	<u>55,876</u>	<u>55,876</u>	<u>-</u>
Less: Program income	-	-	-	-	-
Net Total Cost	<u>\$ 265,000</u>	<u>\$ -</u>	<u>\$ 55,876</u>	<u>\$ 55,876</u>	<u>\$ -</u>

TRENTON HEALTH TEAM, INC. AND TRENTON HEALTH TEAM ACO, INC.

**Supplementary Information
 Schedule of Expenditures of Federal, State, and Local Awards
 For the Year Ended December 31, 2016**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	GRANT PERIOD	CFDA NUMBER	PASS-THROUGH ENTITY NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
U.S. Department of Health and Human Services					
State of New Jersey Department of Health					
Faith in Prevention 2016	10/1/15 - 9/30/16	93.991	DFHS16FIP002	\$ 155,000	\$ 386,594
Faith in Prevention 2017	10/1/16 - 9/30/17	93.758	DFHS17FIP002		55,876
Diabetes Prevention & Control 2016	10/1/15 - 6/30/16	93.943	DFHS16DPC002		28,112
Total Federal Awards				\$ 155,000	\$ 470,582

See notes to the schedules.

TRENTON HEALTH TEAM, INC. AND TRENTON HEALTH TEAM ACO, INC.

**Supplementary Information
 Schedule of Expenditures of Federal, State, and Local Awards (Continued)
 For the Year Ended December 31, 2016**

<u>STATE GRANTOR AND PROGRAM TITLE</u>	<u>GRANT PERIOD</u>	<u>STATE ID NUMBER</u>	<u>EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES</u>
State of New Jersey Department of Health				
OMMH: Community Health Disparity Prevention 2016	7/1/15 - 6/30/16	MGMT16HDP018	\$ 22,787	\$ 35,998
OMMH: Community Health Disparity Prevention 2017	7/1/16 - 6/30/17	MGMT17HDP015	17,030	17,030
			<u>39,817</u>	<u>53,028</u>
Tuberculosis, Ambulatory Care 2016	1/1/16 - 12/31/16	EPID16TAC004	55,000	55,000
Total State Financial Assistance			\$ <u>94,817</u>	\$ <u>108,028</u>

See notes to the schedules.

TRENTON HEALTH TEAM, INC. AND TRENTON HEALTH TEAM ACO, INC.

**Supplementary Information
 Schedule of Expenditures of Federal, State, and Local Awards (Continued)
 For the Year Ended December 31, 2016**

<u>COUNTY GRANTOR AND PROGRAM TITLE</u>	<u>GRANT PERIOD</u>	<u>PASS-THROUGH ENTITY NUMBER</u>	<u>EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES</u>
County of Mercer				
Board of Chosen Freeholders				
Tuberculosis, Ambulatory Care 2016	1/1/16 - 12/31/16	RESO #2014-54	\$ <u>70,579</u>	\$ <u>70,579</u>

See notes to the schedules.

TRENTON HEALTH TEAM, INC. AND TRENTON HEALTH TEAM ACO, INC.

Supplementary Information

**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended December 31, 2016**

Note 1 - General Information

The accompanying schedule of expenditures of federal, state, and local awards presents the activities in all the federal, state and local award programs of Trenton Health Team, Inc. and Trenton Health Team ACO, Inc. All financial awards received directly from federal, state, and local agencies, as well as financial awards passed through other governmental agencies or non-profit organizations, are included on the schedule.

Note 2 - Basis of Accounting

The accompanying schedules of expenditures of federal, state, and local awards (the “schedules”) are presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08-OMB *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Therefore, certain types of expenditures are not allowed or are limited as to reimbursement. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting. Trenton Health Team, Inc. and Trenton Health Team ACO, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



**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 Boards of Trustees of
Trenton Health Team, Inc. and Trenton Health
Team ACO, Inc.
Trenton, New Jersey

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 combined financial statements of Trenton Health Team, Inc. and its affiliate Trenton Health Team ACO, Inc. (nonprofit organizations), which comprise the combined statement of financial position as of December 31, 2016, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated July 18, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Organizations' 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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' 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 combined 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 the Organizations' combined financial statements are free from material misstatement, we performed tests of their 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 combined 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 the Organizations' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Spire Group, PC

Clark, New Jersey
July 18, 2017