

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

**Financial Statements  
December 31, 2017  
(With Summarized Information  
for December 31, 2016)**

**(With Reporting Requirements for  
Government Auditing Standards)**

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

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## 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, 2017, 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, 2017, 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 May 22, 2018, 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.

## **Report on Summarized Comparative Information**

We have previously audited the Trenton Health Team, Inc. and Trenton Health Team ACO, Inc.'s 2016 financial statements and our report dated July 18, 2017 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the financial statements from which it has been derived.

*Spire Group, PC*

Clark, New Jersey  
May 22, 2018

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

**Combined Statement of Financial Position  
December 31, 2017 (With Summarized Information for the Year Ending December 31, 2016)**

	Trenton Health Team, Inc.	Trenton Health Team ACO, Inc.	Total	Eliminating Entries	2017 Combined	2016 Total
<b>Assets</b>						
Cash and cash equivalents	\$ 1,082,277	\$ 75,139	\$ 1,157,416	\$ -	\$ 1,157,416	\$ 525,539
Accounts receivable	104,388	-	104,388	-	104,388	88,233
Intercompany receivable	42,925	-	42,925	(42,925)	-	-
Grants and contracts receivable	1,547,242	-	1,547,242	-	1,547,242	293,734
Prepaid expenses	69,276	185	69,461	-	69,461	156,169
Property and equipment - net	2,047	-	2,047	-	2,047	15,076
<b>Total Assets</b>	<b>\$ 2,848,155</b>	<b>\$ 75,324</b>	<b>\$ 2,923,479</b>	<b>\$ (42,925)</b>	<b>\$ 2,880,554</b>	<b>\$ 1,078,751</b>
<b>Liabilities</b>						
Accounts payable	\$ 104,987	\$ -	\$ 104,987	\$ -	\$ 104,987	\$ 16,521
Intercompany payable	-	42,890	42,890	(42,890)	-	-
Accrued expenses	89,245	35	89,280	(35)	89,245	84,204
Deferred revenue	209,673	185	209,858	-	209,858	258,333
Refundable advances	1,844,182	32,066	1,876,248	-	1,876,248	592,654
<b>Total Liabilities</b>	<b>2,248,087</b>	<b>75,176</b>	<b>2,323,263</b>	<b>(42,925)</b>	<b>2,280,338</b>	<b>951,712</b>
<b>Net Assets</b>						
Unrestricted	531,572	148	531,720	-	531,720	114,353
Temporarily restricted	68,496	-	68,496	-	68,496	12,686
<b>Total Net Assets</b>	<b>600,068</b>	<b>148</b>	<b>600,216</b>	<b>-</b>	<b>600,216</b>	<b>127,039</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,848,155</b>	<b>\$ 75,324</b>	<b>\$ 2,923,479</b>	<b>\$ (42,925)</b>	<b>\$ 2,880,554</b>	<b>\$ 1,078,751</b>

See accompanying notes.

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

**Combined Statement of Activities**

**For the Year Ended December 31, 2017 (With Summarized Information for the Year Ended December 31, 2016)**

	Trenton Health Team, Inc.	Trenton Health Team ACO, Inc.	Total	Eliminating Entries	2017 Combined	2016 Total
<b>Unrestricted Net Assets</b>						
<b>Support and Revenues</b>						
Grant and contract revenue	\$ 845,044	\$ -	\$ 845,044	\$ -	\$ 845,044	\$ 1,056,932
Government grants and contributions	620,547	652,688	1,273,235	-	1,273,235	565,060
HIE subscription fees	625,833	-	625,833	-	625,833	436,667
ACO management fee and reimbursed costs	346,252	-	346,252	(346,252)	-	-
Fee for service	249,168	-	249,168	-	249,168	178,826
In-kind and non-cash contributions	100,041	-	100,041	-	100,041	81,280
Contributions	82,786	-	82,786	-	82,786	8,920
Interest income	224	35	259	-	259	222
Net assets released from restrictions	13,190	-	13,190	-	13,190	13,756
<b>Total Unrestricted Support and Revenues</b>	<b>2,883,085</b>	<b>652,723</b>	<b>3,535,808</b>	<b>(346,252)</b>	<b>3,189,556</b>	<b>2,341,663</b>
<b>Expenses</b>						
Program services	2,183,051	619,286	2,802,337	(346,252)	2,456,085	1,926,364
Management and general	251,622	18,378	270,000	-	270,000	142,698
Fundraising	31,104	15,000	46,104	-	46,104	36,167
<b>Total Program Expenses</b>	<b>2,465,777</b>	<b>652,664</b>	<b>3,118,441</b>	<b>(346,252)</b>	<b>2,772,189</b>	<b>2,105,229</b>
<b>Net Increase in Unrestricted Net Assets</b>	<b>417,308</b>	<b>59</b>	<b>417,367</b>	<b>-</b>	<b>417,367</b>	<b>236,434</b>
<b>Temporarily Restricted Net Assets</b>						
Contributions	69,000	-	69,000	-	69,000	15,000
Restrictions satisfied by payments	(13,190)	-	(13,190)	-	(13,190)	(13,756)
<b>Net Increase in Temporarily Restricted Net Assets</b>	<b>55,810</b>	<b>-</b>	<b>55,810</b>	<b>-</b>	<b>55,810</b>	<b>1,244</b>
<b>Increase in Net Assets</b>	<b>473,118</b>	<b>59</b>	<b>473,177</b>	<b>-</b>	<b>473,177</b>	<b>237,678</b>
<b>Net Deficit – Beginning of Years</b>	<b>126,950</b>	<b>89</b>	<b>127,039</b>	<b>-</b>	<b>127,039</b>	<b>(110,639)</b>
<b>Net Assets – End of Years</b>	<b>\$ 600,068</b>	<b>\$ 148</b>	<b>\$ 600,216</b>	<b>\$ -</b>	<b>\$ 600,216</b>	<b>\$ 127,039</b>

See accompanying notes.

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

**Combined Statement of Functional Expenses**

**For the Year Ended December 31, 2017 (With Summarized Information for the Year Ended December 31, 2016)**

	Trenton Health Team, Inc.				Trenton Health Team ACO, Inc.				Eliminating Entries	2017 Combined Total	2016 Combined Total
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total			
Salaries	\$ 1,021,064	\$ 86,691	\$ 24,069	\$ 1,131,824	\$ 105,402	\$ -	\$ -	\$ 105,402	\$ (105,452)	\$ 1,131,774	\$ 976,124
Payroll taxes and employee benefits	190,977	16,215	4,501	211,693	14,582	-	-	14,582	(12,595)	213,680	191,503
Donated services	83,255	16,049	737	100,041	-	-	-	-	-	100,041	6,981
Professional fees and consultants	527,429	101,905	-	629,334	482,100	18,350	15,000	515,450	(219,041)	925,743	660,939
Program expenses-mini grants	201,021	-	-	201,021	-	-	-	-	-	201,021	-
Program expenses	28,019	-	-	28,019	-	-	-	-	-	28,019	62,203
Occupancy	11,425	970	269	12,664	-	-	-	-	-	12,664	78,089
Staff education and training	5,752	192	-	5,944	5,847	-	-	5,847	(795)	10,996	11,737
Travel and meetings	35,268	4,866	-	40,134	2,655	-	-	2,655	(20)	42,769	29,102
Office expense	24,376	8,904	579	33,859	8,242	28.00	-	8,270	(7,892)	34,237	22,391
Insurance	27,091	8,951	-	36,042	-	-	-	-	-	36,042	34,897
Software expense	10,100	5,456	888	16,444	458	-	-	458	(458)	16,444	8,658
Depreciation and amortization	12,262	766	-	13,028	-	-	-	-	-	13,028	22,303
Miscellaneous	5,012	657	61	5,730	-	-	-	-	-	5,730	302
<b>Total Expenses</b>	<u>\$ 2,183,051</u>	<u>\$ 251,622</u>	<u>\$ 31,104</u>	<u>\$ 2,465,777</u>	<u>\$ 619,286</u>	<u>\$ 18,378</u>	<u>\$ 15,000</u>	<u>\$ 652,664</u>	<u>\$ (346,253)</u>	<u>\$ 2,772,188</u>	<u>\$ 2,105,229</u>

See accompanying notes.

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

**Combined Statement of Cash Flows**

**For the Year Ended December 31, 2017 (With Summarized Information for the Year Ended December 31, 2016)**

	Trenton Health Team, Inc.	Trenton Health Team ACO, Inc.	Total	Eliminating Entries	2017 Combined	2016 Total
<b>Cash Flows From Operating Activities</b>						
Change in net assets	\$ 473,118	\$ 59	\$ 473,177	\$ -	\$ 473,177	\$ 237,678
Adjustments to reconcile change in net assets to net cash provided by operating activities						
Depreciation and amortization	13,028	-	13,028	-	13,028	22,303
Changes in assets and liabilities						
Accounts receivable	(16,155)		(16,155)	-	(16,155)	69,659
Grants receivable	(1,253,509)		(1,253,509)	-	(1,253,509)	(288,712)
Intercompany receivable	67,482		67,482	(67,482)	-	-
Prepaid expenses	(38,107)	124,815	86,708	-	86,708	(17,150)
Accounts payable	91,198	(2,732)	88,466	-	88,466	(166,338)
Accrued expenses	5,042	-	5,042	-	5,042	8,801
Intercompany payable	-	(67,482)	(67,482)	67,482	-	-
Deferred revenue	(48,660)	-	(48,660)	-	(48,660)	52,925
Refundable advances	1,686,468	(402,655)	1,283,813	-	1,283,813	309,251
<b>Net Change in Cash and Cash Equivalents</b>	<b>979,905</b>	<b>(347,995)</b>	<b>631,910</b>	<b>-</b>	<b>631,910</b>	<b>228,417</b>
<b>Cash and Cash Equivalents – Beginning</b>	<b>102,371</b>	<b>423,168</b>	<b>525,539</b>	<b>-</b>	<b>525,539</b>	<b>297,122</b>
<b>Cash and Cash Equivalents – Ending</b>	<b>\$ 1,082,276</b>	<b>\$ 75,173</b>	<b>\$ 1,157,449</b>	<b>\$ -</b>	<b>\$ 1,157,449</b>	<b>\$ 525,539</b>

**Supplemental Disclosure for Cash Flow Information**

There were no amounts paid for interest or income taxes during the years ended December 31, 2017 and 2016

See accompanying notes.



**Notes to Combined Financial Statements  
December 31, 2017 and 2016**

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**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:

Clinical Services – THT continued to strengthen its clinical service efforts through a continuous improvement cycle, refining and codifying its approach. Care management focused on complex, high-utilizing Medicaid patients in Trenton and supported TB patients throughout Mercer County. An educational component for Chronic Disease/Diabetes Self-Management was included in Clinical Services programming, as was a navigation and support program for high-need cancer clients. A new, 5-year program is coordinating diabetes care city-wide. 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 Programs – THT continued to implement a number of grant projects that support the priorities and goals of the Community Health Improvement Plan adopted in 2014 by THT's Community Advisory Board, which includes representatives from more than 60 Trenton-based agencies. Projects included; working with faith-based groups to offer an evidence-based curriculum on healthy eating and active living to address health literacy and obesity; coordination of efforts in four elementary schools aimed at encouraging healthy eating and active living among students and their families; addressing policy, system, and environmental changes pertaining to tobacco use, good nutrition, and physical activity; and partnering to bring health screenings into the community using the City's mobile health van at health fairs and at a weekly farmers market. A new program is targeting a specific geographic area for revitalization and improved access to healthy lifestyle options.

Data Services – The Trenton Health Information Exchange (HIE) has grown in use to include 300,000 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 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.

**Notes to Combined Financial Statements**  
**December 31, 2017 and 2016**

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**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 and Contracts Receivable**

The Organizations consider all grants and contracts 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.

Notes to Combined Financial Statements  
December 31, 2017 and 2016

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**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.

Program revenue is recognized in the period earned. Contract revenue that is determined to be an exchange transaction is recognized according to each contract.

**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, 2017.

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 2017.

The Organizations' exempt from federal income tax returns are no longer subject to examination by federal taxing authorities for the years before 2014.

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

### Notes to Combined Financial Statements December 31, 2017 and 2016

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#### 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 \$525,000.

#### Note 6 – Property and Equipment

Property and equipment consist of the following:

	<u>2017</u>	<u>2016</u>
Leasehold improvements	\$ 3,973	\$ 3,973
Computer equipment and software	86,453	86,453
Vehicle	19,387	19,387
	<u>109,813</u>	<u>109,813</u>
Less: Accumulated depreciation and amortization	107,765	94,737
Net Property and Equipment	<u>\$ 2,048</u>	<u>\$ 15,076</u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$13,029 and \$22,303, respectively.

#### Note 7 – Temporarily Restricted Net Assets

Temporarily restricted net assets, at December 31, 2017 and 2016, were available for future programs in the amounts of \$68,496 and \$12,686, respectively. Temporarily restricted net assets released from donor restriction for the year end December 31, 2017 were \$13,190.

#### Note 8 – Concentration of Risk and Uncertainties

The Organization received approximately 30% of its support and revenue from two funding sources for the year ended December 31, 2017. The Organization received approximately 17% of its support and revenues in 2016 from one funding source. Any significant reduction in the level of this revenue could have a significant negative effect on the Organization's programs.

ACO received 100% of its support and revenue in 2017 and 2016 from one source. At December 31, 2017, 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, utilities and administrative services to be \$89,545 and \$66,359 for the years ended December 31, 2017 and 2016.

The Organization receives various administrative services from related parties free of charge. In-kind donated services were \$6,980 for the year ended December 31, 2017.

**Notes to Combined Financial Statements  
December 31, 2017 and 2016**

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**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 \$3,516 and \$440 for the years ended December 31, 2017 and 2016, respectively.

**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 May 22, 2018, the date which these financial statements were available to be issued.

## **Supplementary Information**

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, 2017**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE</u>	<u>GRANT PERIOD</u>	<u>CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY NUMBER</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<b>U.S. Department of Health and Human Services</b>					
State of New Jersey Department of Health					
Faith in Prevention 2017	10/1/16 - 9/30/17	93.758	DFHS17FIP002	\$ -	\$ 209,124
Faith in Prevention 2018	10/1/17 - 9/30/18	93.758	DFHS18FIP003	-	37,140
NJ Heart & Stroke 2017	1/1/17-6/30/17	93.945	DFHS17H&S005	-	147,586
NJ Heart & Stroke 2018	7/1/17-6/30/18	93.757	DFHS18H&S011	-	61,673
Health Resources & Services Administration					
The College of New Jersey					
Behavioral Health Workforce Education and Training for Professionals and Paraprofessionals	9/30/16-9/30/17	94.243	F1783THT	-	11,803
<b>Total Federal Awards</b>				\$	\$
				<u>-</u>	<u>467,326</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, 2017**

<u>STATE GRANTOR AND PROGRAM TITLE</u>	<u>GRANT PERIOD</u>	<u>STATE ID NUMBER</u>	<u>EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES</u>
<b>State of New Jersey Department of Health</b>				
OMMH: Community Health Disparity Prevention 2017	7/1/16 - 6/30/17	MGMT17HDP015	18,970	36,000
			<u>18,970</u>	<u>36,000</u>
Tuberculosis, Ambulatory Care 2017	1/1/17 - 12/31/17	EPID17TAC007	60,527	60,527
<b>Total State Financial Assistance</b>			\$ <u>79,497</u> \$	<u>96,527</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, 2017**

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<u>COUNTY GRANTOR AND PROGRAM TITLE</u>	<u>GRANT PERIOD</u>	<u>PASS-THROUGH ENTITY NUMBER</u>	<u>EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES</u>
<b>County of Mercer</b>				
Board of Chosen Freeholders				
Tuberculosis, Ambulatory Care 2017	1/1/17 - 12/31/17	RESO #2017-525	\$ <u>64,488</u> \$	<u>64,488</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, 2017**

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**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, 2017, 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 May 22, 2018.

**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.

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

**Supplementary Information**  
**Schedule of Budgeted and Incurred Costs**  
**Grant Number: DFHS18H&S011**  
**Grant Period: 7/1/17 - 6/30/18**  
**Audit for the Year Ended December 31, 2017**

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**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.



Clark, New Jersey  
May 22, 2018

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

**Supplementary Information  
 Schedule of Budgeted and Incurred Costs  
 Grant Number: F1783THT  
 Grant Period: 9/30/16-9/30/17  
 For the Year Ended December 31, 2017**

<b>Cost Category</b>	<b>Final Approved Budget</b>	<b>PY Audited Expenditure Reports</b>	<b>CY Audited Expenditure Reports</b>	<b>Total expenditures</b>	<b>Questioned Costs</b>
Salaries & Wages	7,454	-	7,267	7,267	-
Fringe Benefits	969	-	1,572	1,572	-
Staff Education & Training	350	-	350	350	-
Travel	1,150	-	985	985	-
Program expenses	1,060	-	860	860	-
<b>Total Direct Cost</b>	<b>10,983</b>	<b>-</b>	<b>11,034</b>	<b>11,034</b>	<b>-</b>
Indirect Cost	820	-	769	769	-
<b>Total Costs</b>	<b>11,803</b>	<b>-</b>	<b>11,803</b>	<b>11,803</b>	<b>-</b>
Less: Program Revenue	-	-	-	-	-
<b>Net Total Cost</b>	<b>11,803</b>	<b>-</b>	<b>11,803</b>	<b>11,803</b>	<b>-</b>

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

**Supplementary Information**

**Schedule of Budgeted and Incurred Costs**

**Grant Number: DFHS18H&S011**

**Grant Period: 7/1/17-6/30/18**

**For the Year Ended December 31, 2017**

Cost Category	Final Approved Budget	PY Audited Expenditure Reports	CY Audited Expenditure Reports	Total Expenditures	Questioned Costs
Salaries and wages	\$ 70,200	\$ -	\$ 24,231	\$ 24,231	\$ -
Fringe benefits	14,835	-	6,106	6,106	-
Consultant	68,750	-	30,688	30,688	-
Office expense	1,950	-	-	-	-
Facility Cost	1,620	-	648	648	-
Travel	-	-	-	-	-
Total Direct Cost	157,355	-	61,673	61,673	-
Indirect Cost	-	-	-	-	-
Total Costs	157,355	-	61,673	61,673	-
Less: Program income	-	-	-	-	-
Net Total Cost	\$ 157,355	\$ -	\$ 61,673	\$ 61,673	\$ -

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

**Supplementary Information**

**Schedule of Budgeted and Incurred Costs**

**Grant Number: DFHS17H&S005**

**Grant Period: 1/1/17-6/30/17**

**Audit for the Year Ended December 31, 2017**

Cost Category	Final Approved Budget	PY Audited Expenditure Reports	CY Audited Expenditure Reports	Total Expenditures	Questioned Costs
Salaries and wages	\$ 43,563	\$ -	\$ 41,032	\$ 41,032	\$ -
Fringe benefits	10,115	-	4,928	4,928	-
Consultant	82,780	-	93,666	93,666	-
Office expense	10,066	-	6,081	6,081	-
Facility Cost	1,879	-	1,879	1,879	-
Travel	-	-	-	-	-
Total Direct Cost	<u>148,403</u>	<u>-</u>	<u>147,586</u>	<u>147,586</u>	<u>-</u>
Indirect Cost	-	-	-	-	-
Total Costs	<u>148,403</u>	<u>-</u>	<u>147,586</u>	<u>147,586</u>	<u>-</u>
Less: Program income	-	-	-	-	-
Net Total Cost	<u>\$ 148,403</u>	<u>\$ -</u>	<u>\$ 147,586</u>	<u>\$ 147,586</u>	<u>\$ -</u>

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

**Supplementary Information**

**Schedule of Budgeted and Incurred Costs**

**Grant Number: DFHS18FIP003**

**Grant Period: 10/01/17 – 09/30/18**

**Audit for the Year Ended December 31, 2017**

Cost Category	Final Approved Budget	PY Audited Expenditure Reports	CY Audited Expenditure Reports	Total Expenditures	Questioned Costs
Salaries and wages	\$ 145,537	\$ -	\$ 25,298	\$ 25,298	\$ -
Fringe benefits	27,935	-	6,838	6,838	-
Consultant and professional services	11,500	-	2,299	2,299	-
Office expense and related cost	2,003	-	495	495	-
Program expense and related cost	4,850	-	110	110	-
Travel, conference and meetings	-	-	-	-	-
Facility cost	-	-	-	-	-
Sub-grants	42,000	-	2,100	2,100	-
Total Direct Cost	233,825	-	37,140	37,140	-
Indirect Cost	-	-	-	-	-
Total Costs	233,825	-	37,140	37,140	-
Less: Program income	-	-	-	-	-
Net Total Cost	\$ 233,825	\$ -	\$ 37,140	\$ 37,140	\$ -



**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, 2017**

<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	\$ 108,749	\$ 152,405	\$ -
Fringe benefits	36,116	7,439	21,122	28,561	-
Consultant and professional services	41,004	2,880	38,387	41,267	-
Office expense and related cost	1,800	691	1,170	1,861	-
Staff education and training	4,630	160	3,846	4,006	-
Sub-grants	42,000	1,050	35,850	36,900	-
Total Direct Cost	<u>265,000</u>	<u>55,876</u>	<u>209,124</u>	<u>265,000</u>	-
Indirect Cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Costs	265,000	55,876	209,124	265,000	-
Less: Program income	-	0	-	-	-
Net Total Cost	<u>\$ 265,000</u>	<u>\$ 55,876</u>	<u>\$ 209,124</u>	<u>\$ 265,000</u>	<u>\$ -</u>