

**Susquehanna Community
Health and Dental Clinic, Inc.
d/b/a River Valley Health
and Dental Center**

Financial Statements and
Supplementary Information

June 30, 2021 and 2020

**Susquehanna Community Health and Dental Clinic, Inc.
d/b/a River Valley Health and Dental Center**

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Independent Auditors' Report

To the Board of Directors of
Susquehanna Community Health and Dental Clinic, Inc.
d/b/a River Valley Health and Dental Center

Report on the Financial Statements

We have audited the accompanying financial statements of Susquehanna Community Health and Dental Clinic, Inc. d/b/a River Valley Health and Dental Center (the Corporation), which comprise the balance sheets as of June 30, 2021 and 2020, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Susquehanna Community Health and Dental Clinic, Inc. d/b/a River Valley Health and Dental Center as of June 30, 2021 and 2020, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards presented on page 24, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 October 26, 2021, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Williamsport, Pennsylvania
October 26, 2021

**Susquehanna Community Health and Dental Clinic, Inc.
d/b/a River Valley Health and Dental Center**

Balance Sheets
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,704,816	\$ 1,622,439
Accounts receivable:		
Patients	514,061	344,930
Grants and other	449,383	168,804
Pharmacy	128,872	41,639
Contributions	-	88,071
Estimated third-party payor settlements	58,077	-
Prepaid expenses	102,651	73,106
	<u>2,957,860</u>	<u>2,338,989</u>
Total current assets	2,957,860	2,338,989
Property and Equipment, Net	<u>5,075,157</u>	<u>4,886,216</u>
Total assets	<u><u>\$ 8,033,017</u></u>	<u><u>\$ 7,225,205</u></u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of:		
Notes payable	\$ 14,825	\$ -
Capital lease obligations	284,471	241,696
Accounts payable	287,472	153,602
Accrued expenses	1,009,363	1,051,535
Deferred revenue	135,500	-
Estimated third-party payor settlements	-	384,729
	<u>1,731,631</u>	<u>1,831,562</u>
Total current liabilities	1,731,631	1,831,562
Long-Term Debt		
Notes payable	155,151	1,198,800
Capital lease obligations	3,250,693	3,487,644
	<u>5,137,475</u>	<u>6,518,006</u>
Total liabilities	5,137,475	6,518,006
Net Assets Without Donor Restriction	<u>2,895,542</u>	<u>707,199</u>
Total liabilities and net assets	<u><u>\$ 8,033,017</u></u>	<u><u>\$ 7,225,205</u></u>

See notes to financial statements

Susquehanna Community Health and Dental Clinic, Inc.
d/b/a River Valley Health and Dental Center

Statements of Operations and Changes in Net Assets
 Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues and Other Support		
Net patient service revenues	\$ 7,150,807	\$ 5,984,845
Grant revenue	3,459,451	2,474,536
Other revenue	1,450,153	872,652
Payroll Protection Program loan forgiveness revenue	1,205,560	-
Pharmacy revenue	1,109,655	343,717
Contributions	15,375	524,025
Interest income	691	1,174
	<u>14,391,692</u>	<u>10,200,949</u>
Expenses		
Salaries and wages	5,937,149	5,828,963
Purchased services and professional fees	2,129,743	1,595,666
Supplies and other	1,920,087	1,327,073
Employee benefits	1,443,736	1,546,756
Depreciation and amortization	714,615	633,252
Interest	220,047	223,882
Rent	211,662	186,700
Loss on disposal of property and equipment	2,832	4,782
	<u>12,579,871</u>	<u>11,347,074</u>
Revenues in excess of (less than) expenses	1,811,821	(1,146,125)
Grant Income Used for Long-Term Purposes	<u>376,522</u>	<u>268,916</u>
Increase (decrease) in net assets without donor restriction	2,188,343	(877,209)
Net Assets Without Donor Restriction, Beginning	<u>707,199</u>	<u>1,584,408</u>
Net Assets Without Donor Restriction, Ending	<u><u>\$ 2,895,542</u></u>	<u><u>\$ 707,199</u></u>

See notes to financial statements

**Susquehanna Community Health and Dental Clinic, Inc.
d/b/a River Valley Health and Dental Center**

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets without donor restrictions	\$ 2,188,343	\$ (877,209)
Adjustments to reconcile increase (decrease) in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation and amortization	714,615	633,252
Grant for long-term purposes	(376,522)	(268,916)
Payroll Protection Program loan forgiveness revenue	(1,205,560)	-
Payroll Protection Program loan interest expense	6,760	-
Noncash contribution	-	(148,917)
Loss on disposal of property and equipment	2,832	4,782
Changes in:		
Accounts receivable, patients	(169,131)	83,525
Grants and other receivables	(280,579)	(52,365)
Pharmacy receivables	(87,233)	(41,639)
Contributions receivable	88,071	(46,404)
Estimated third-party payor settlements	(442,806)	641,660
Prepaid expenses	(29,545)	125,392
Deferred revenue	135,500	-
Accounts payable and accrued expenses	91,698	28,093
Net cash provided by operating activities	<u>636,443</u>	<u>81,254</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	<u>(858,868)</u>	<u>(302,570)</u>
Net cash used in investing activities	<u>(858,868)</u>	<u>(302,570)</u>
Cash Flows From Financing Activities		
Proceeds from long-term debt	176,000	1,198,800
Proceeds from grant for long-term purposes	376,522	268,916
Principal payments on capital lease obligations	(241,696)	(227,478)
Principal payments on note payable	<u>(6,024)</u>	<u>-</u>
Net cash provided by financing activities	<u>304,802</u>	<u>1,240,238</u>
Increase in cash and cash equivalents	82,377	1,018,922
Cash and Cash Equivalents, Beginning	<u>1,622,439</u>	<u>603,517</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,704,816</u>	<u>\$ 1,622,439</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 213,287</u>	<u>\$ 223,882</u>
Noncash Investing and Financing Activities		
Capital lease obligations incurred for the acquisition of property and equipment	<u>\$ 47,520</u>	<u>\$ 47,371</u>
Payroll Protection Program loan forgiveness revenue	<u>\$ 1,205,560</u>	<u>\$ -</u>

See notes to financial statements

Susquehanna Community Health and Dental Clinic, Inc. d/b/a River Valley Health and Dental Center

Notes to Financial Statements
June 30, 2021 and 2020

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Susquehanna Community Health and Dental Clinic, Inc. d/b/a River Valley Health and Dental Center (the Corporation) is a not-for-profit corporation established to provide primary health care and dental services to medically underserved patients in Lycoming County, Pennsylvania. The Corporation has been designated a Federally Qualified Health Center (FQHC). Accordingly, in cases where patients are economically unable to pay, discounts are provided as required by federal regulations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Accounts Receivable, Patients

The Corporation assesses collectability on patient contracts prior to the recognition of net patient service revenues. Patient accounts receivable are recorded at net realizable value. Accounts are written off through bad debt expense when the Corporation has exhausted all collection efforts and determines accounts are impaired based on changes in patient credit worthiness.

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives; such amortization is included in depreciation expense in the accompanying statements of operations and changes in net assets.

Certain property and equipment have been purchased with grant funds received from the U.S. Department of Health and Human Services (HHS). These assets are considered to be owned by the Corporation while in use by current or future authorized programs; however, HHS retains a reversionary interest in these assets as well as the right to determine the use of any proceeds from the sale of such assets. Accordingly, the Corporation may not transfer, mortgage, assign, lease or in any other manner, encumber certain items without prior approval of HHS.

Donations of property and equipment are reported at fair value as an increase in net assets without donor restrictions unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in net assets without donor restriction when the donated asset is placed in service.

Property and equipment are evaluated for impairment whenever events and changes in circumstances indicate the carrying value of an asset may not be recoverable. If long-lived assets are deemed impaired, the impairment is measured as the amount by which the carrying amount of the assets exceeds fair value. There were no impairment losses recorded in 2021 and 2020.

Susquehanna Community Health and Dental Clinic, Inc. d/b/a River Valley Health and Dental Center

Notes to Financial Statements
June 30, 2021 and 2020

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions.

Net Patient Service Revenues

Net patient service revenues are recognized at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including commercial and governmental programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the Corporation bills the patients and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied at a point in time is generally recognized when goods or services are provided and the Corporation does not believe it is required to provide additional services to the patient. The majority of services provided by the Corporation are satisfied at a point in time. Revenues for performance obligations satisfied over time are recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Corporation measures the performance obligation from the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services.

The Corporation determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured or underinsured patients in accordance with the Corporation's policies, and/or implicit price concessions provided to uninsured or underinsured patients. The Corporation determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Corporation determines its estimates of implicit price concessions based on its historical collection experience with a respective class of patient using a portfolio approach as a practical expedient to account for patient contracts as a collective group rather than individually. The financial statement effects of using this practical expedient are not materially different from an individual contract approach.

Susquehanna Community Health and Dental Clinic, Inc. d/b/a River Valley Health and Dental Center

Notes to Financial Statements
June 30, 2021 and 2020

Sliding Fees

The Corporation has a sliding fee schedule for patients who meet certain criteria under its charity care policy. The sliding fees are amounts less than established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenues.

The Corporation maintains records to identify and monitor the level of charity care it provides. The costs associated with the charity care services provided are estimated by applying a cost-to-charge ratio to the difference between established rates and the sliding fees for qualified patients. The level of charity care provided by the Corporation amounted to approximately \$253,000 in 2021 and \$359,000 in 2020.

Grant Revenue

Revenue from grants designated for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions. The Corporation accounts for this funding in accordance with the Financial Accounting Standard Board's (FASB) Accounting Standards Codification (ASC) 958-605 guidance for conditional contributions, and accordingly, revenues are measured and recognized when barriers are substantially met, which occurs when the Corporation complies with the terms and conditions related to the purpose of the grant rather than those that are administrative in nature. Grants awarded for the acquisition of long-lived assets are reported as changes to net assets without donor restrictions, in the absence of grantor stipulations to the contrary, during the fiscal year in which the assets are acquired or expended. Cash received in excess of revenue recognized is recorded as deferred revenue in the accompanying balance sheets. Receivables from the grantor agency are reported at their outstanding unpaid balances as grant receivables in the accompanying balance sheets.

At June 30, 2021 and 2020, the Corporation has entered into conditional contract services and other grants from governmental entities in the aggregate amount of approximately \$6,135,000 and \$3,183,000, respectively, which have not been recorded in the accompanying financial statements as they have not been earned. These grants and contracts require the Corporation to provide certain services during specified periods. If such services are not provided during the specified period, the Corporation is not obligated to expend the funds allotted under the grants and contracts.

The Corporation has a significant concentration of grant revenue of approximately 94 percent and 97 percent from the HHS in 2021 and 2020, respectively.

Provider Relief Funding

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law to combat the financial effects of COVID-19. The CARES Act created a Provider Relief Fund to provide financial support for hospitals and other healthcare providers. The Corporation received \$67,807 in 2021 and \$156,763 in 2020 related to this funding. In accordance with the terms and conditions, the Corporation can apply the funding against lost revenues and eligible expenses. Noncompliance with the terms and conditions could result in repayment of some or all of the support. HHS has indicated Relief Fund payments are subject to future reporting and audit requirements.

The Corporation has incurred lost revenues and eligible expenses in accordance with the terms and conditions of the Provider Relief Fund for years ended June 30, 2021 and 2020 of \$67,807 and \$156,763, respectively, which were recognized and included in grant revenue in the accompanying statements of operations and changes in net assets.

Susquehanna Community Health and Dental Clinic, Inc. d/b/a River Valley Health and Dental Center

Notes to Financial Statements
June 30, 2021 and 2020

Health Center Program COVID-19 Supplemental Funding

The CARES Act also provided for supplemental funding to FQHCs for one-time support for the detection, prevention, diagnosis and treatment of COVID-19, including maintaining or increasing health center capacity and staffing levels during a COVID-19 related public health emergency. This supplemental funding was provided through HRSA, and was calculated using a formula based on a minimum base value of \$503,000 plus \$15 per patient reported in the 2018 Uniform Data System (UDS) plus \$30 per uninsured patient reported in the 2018 UDS. The Corporation was awarded \$782,855 of this funding. The Corporation incurred eligible expenses in accordance with the terms and conditions of this funding of \$698,261 in 2021 and \$84,594 in 2020, which were recognized and included in grant revenue in the accompanying statements of operations and changes in net assets.

The CARES Act also created the Supplemental Funding for Community Based Health Care Centers program, which provides funds to be used by health centers to support efforts to detect COVID-19; prevent, diagnose and treat COVID-19; and maintain and increase health center capacity and staffing levels during the coronavirus pandemic. This supplemental funding was provided through HRSA, and was calculated using a formula based on a minimum base value of \$50,464 plus \$0.50 per patient reported in the 2018 UDS plus \$2.50 per uninsured patient reported in the 2018 UDS. The Corporation received \$61,469 related to incurred eligible expenses in accordance with the terms and conditions of this funding, which were recognized and included in grant revenues in the accompanying statement of operations and changes in net assets in 2020.

In April 2020, the United States Congress passed the Paycheck Protection Program and Health Care Enhancement Act, which also provided for supplemental funding to FQHCs under the title of

Expanding Capacity for Coronavirus Testing (ECT) for one-time support to prevent, prepare for, and respond to COVID-19. Specifically funds are to be used by health centers for necessary expenses to purchase, administer and expand capacity for testing to monitor and suppress COVID-19. This supplemental funding was provided through HRSA, and was calculated using a formula based on a minimum base value of \$98,329 plus \$15 per patient reported in the 2019 UDS. The Corporation was awarded \$354,394 of this funding. The Corporation incurred eligible expenses in accordance with the terms and conditions of this funding of \$163,191 in 2021 and \$73,844 in 2020, which were recognized and included in grant revenue in the accompanying statements of operations and changes in net assets.

In March 2021, the United States Congress passed the American Rescue Plan Act (ARPA), which also provided for supplemental funding to FQHCs for one-time support to plan, prepare for, promote, distribute, administer, and track COVID-19 vaccines; detect, diagnose, trace, and monitor COVID-19 infections and activities necessary to mitigate the spread of COVID-19; purchase equipment and supplied to conduct testing and vaccinations for COVID-19; establish, expand, and sustain the health care workforce to prevent, prepare for, and respond to COVID-19; modify, enhance, and expand health care services and infrastructure; and conduct community outreach and education activities related to COVID-19. This supplemental funding was provided through HRSA, and was calculated using a formula based on a minimum base value of \$500,000 plus \$125 per patient reported in the 2019 UDS plus \$250 per uninsured patient reported in the 2019 UDS. The Corporation was awarded \$2,979,875 of this funding. The Corporation incurred eligible expenses in accordance with the terms and conditions of this funding of \$6,492, which were recognized and included in grant revenue in the accompanying statements of operations and changes in net assets in 2021. The Corporation is eligible for the remainder of the funding as eligible expenses are incurred in accordance with the terms and conditions of the funding through May 31, 2022, the end of the grant period.

Susquehanna Community Health and Dental Clinic, Inc. d/b/a River Valley Health and Dental Center

Notes to Financial Statements
June 30, 2021 and 2020

340B Revenue

The Corporation participates in the 340B Drug Pricing Program (the 340B Program) which enables qualifying health care providers to purchase outpatient drugs from pharmaceutical suppliers at a substantial discount. The 340B Program is managed by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs. Under this program, the Corporation purchases pharmaceuticals at a reduced cost to fill prescriptions to qualified patients. Revenue is recognized based on patient transaction-based services as prescriptions are dispensed. The amount recognized as revenue is the fee charged for the prescription and such revenues are recognized at the time of purchase as the performance obligation is satisfied. Revenues under the 340B Program are included in other revenue in the accompanying statements of operations and changes in net assets.

Pharmacy Revenue

The Corporation began to operate an on-site retail pharmacy in July 2019. Pharmacy revenue is recognized based on patient transaction-based services as prescriptions are dispensed. The Corporation determines the transaction price based on standard charges for prescriptions, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured or underinsured patients in accordance with the Corporation's policies, and/or implicit price concessions provided to uninsured or underinsured patients. All pharmacy related services provided by the Corporation are satisfied at a point in time.

Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified as net assets without donor restriction and reported in the statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restriction in the accompanying statements of operations and changes in net assets.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs amounted to approximately \$105,000 in 2021 and \$40,000 in 2020.

Revenues in Excess of (Less Than) Expenses

The statements of operations and changes in net assets includes the determination of revenues in excess of (less than) than expenses. Changes in net assets without donor restriction which are excluded from the determination of revenues in excess of (less than) expenses, consistent with industry practice, include contributions of or grant income used for long-term purposes.

Income Taxes

The Corporation is a not-for-profit organization as described in section 501(c)(3) of the Internal Revenue Code (the Code), and is exempt from federal income taxes on related income pursuant to section 501(a) of the Code.

The Corporation accounts 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 has been met. Management has determined that there were no tax uncertainties that met the recognition threshold in 2021 and 2020.

Susquehanna Community Health and Dental Clinic, Inc. d/b/a River Valley Health and Dental Center

Notes to Financial Statements
June 30, 2021 and 2020

Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform to the current year presentation.

Subsequent Events

The System evaluated subsequent events for recognition and disclosure through October 26, 2021, the date the financial statements were available to be issued.

New Accounting Standards Not Yet Adopted

Leases

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheets and disclosing key information about leasing arrangements. Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in the balance sheets. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Corporation's leasing activities. The Corporation will be required to retrospectively adopt the guidance in ASU No. 2016-02 for years beginning after December 15, 2021 (i.e. its fiscal year ended June 30, 2023).

Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU No. 2020-07). ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021 (i.e. its fiscal year ended June 30, 2022). Early adoption is permitted.

The Corporation is currently assessing the effect that these standards will have on its financial statements.

2. Net Patient Service Revenues

The Corporation has agreements with third-party payers that provide for payments to the Corporation at amounts different from its established rates. These payment arrangements include:

Medicare: Covered FQHC services rendered to Medicare program beneficiaries are paid under a prospective payment system (PPS). Medicare payment, including patient coinsurance, are paid based on the lesser of the Corporation's actual charge or the applicable PPS rate. Services not covered under the FQHC benefit are paid based on established fee schedules.

Medical Assistance: Covered FQHC services rendered to Medical Assistance program beneficiaries are paid based on a prospective reimbursement methodology. The Corporation is reimbursed a set encounter rate for all services under this plan. Services not covered under the FQHC benefit are paid based on established fee schedules.

Susquehanna Community Health and Dental Clinic, Inc. d/b/a River Valley Health and Dental Center

Notes to Financial Statements
June 30, 2021 and 2020

Medical Assistance MCO: The Corporation maintains agreements with publicly sponsored Managed Care Organizations (MCOs) licensed by the Commonwealth of Pennsylvania, Department of Insurance. The Corporation receives fee-for-service revenue through the provision of specialized treatment and dental procedures. The Corporation also receives wrap-around payments for services provided to this patient base, allowing the Corporation to receive full prospective payment reimbursement at the rates determined under the Medical Assistance reimbursement methodology described above.

Commercial: The Corporation has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Corporation under these agreements includes prospectively determined rates per unit and discounts from established charges.

Settlements with third party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence with the payor and the Corporation's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price increased net patient service revenues by approximately \$395,000 in 2021 and decreased net patient service revenues by approximately \$106,000 in 2020.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients, and offers those uninsured or underinsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charges by any contractual adjustment, discounts and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustment to net patient service revenues in the period of the change. Such adjustments to net patient service revenues were not material in 2021 or 2020. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Consistent with the Corporation's mission, care is provided to patients regardless of their ability to pay. Therefore, the Corporation has determined it has provided implicit price concessions to uninsured patients and other patient balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Corporation expects to collect based on its collection history with those patients.

The Corporation has determined that the nature, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, Medicare, Medical Assistance, commercial, and self-pay) have different reimbursement and payment methodologies;
- Length of the patient's service/episode of care;
- Method of reimbursement (fee for service, prospective payment, etc.); and
- Line of business that provided the service (medical, dental, behavioral health, etc.)

**Susquehanna Community Health and Dental Clinic, Inc.
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Notes to Financial Statements
June 30, 2021 and 2020

The composition of net patient service revenues by primary payor for the years ending June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Medical Assistance MCOs	\$ 4,659,669	\$ 4,260,494
Other third-party payors	979,619	720,059
Medicare	661,028	644,073
Medical Assistance Patients (self-pay)	715,439	233,725
	<u>135,052</u>	<u>126,494</u>
Total	<u>\$ 7,150,807</u>	<u>\$ 5,984,845</u>

3. Property and Equipment, Net

Property and equipment and accumulated depreciation consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Building and improvements	\$ 5,569,211	\$ 5,793,669
Furniture and equipment	1,996,764	1,889,168
Vehicle	583,445	435,758
Software	<u>34,529</u>	<u>28,118</u>
Total	8,183,949	8,146,713
Less accumulated depreciation	<u>3,270,797</u>	<u>3,355,228</u>
Total depreciable assets	4,913,152	4,791,485
Construction in progress	<u>162,005</u>	<u>94,731</u>
Property and equipment, net	<u>\$ 5,075,157</u>	<u>\$ 4,886,216</u>

Depreciation and amortization expense was \$714,615 in 2021 and \$633,252 in 2020.

The Corporation has entered into capital leases for the use of certain real estate and equipment (Note 6). Assets held under capital leases had a gross carrying value of \$4,585,410 at June 30, 2021, net of accumulated amortization of \$1,840,790. Assets held under capital leases had a gross carrying value of \$4,547,371 at June 30, 2020, net of accumulated amortization of \$1,525,000.

4. Accrued Expenses

Accrued expenses at June 30 are comprised of the following:

	<u>2021</u>	<u>2020</u>
Paid time off and medical leave	\$ 764,236	\$ 832,216
Salaries and wages	196,441	171,756
Payroll taxes and withholdings	<u>48,686</u>	<u>47,563</u>
Total	<u>\$ 1,009,363</u>	<u>\$ 1,051,535</u>

**Susquehanna Community Health and Dental Clinic, Inc.
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Notes to Financial Statements
June 30, 2021 and 2020

5. Line of Credit

On November 1, 2017, the Corporation entered into an agreement with Citizens & Northern Bank for a line of credit with a borrowing limit of \$500,000. Funds are to be used for cash flow purposes. The line of credit has a variable interest rate equal to 0.50 percent above the prime interest rate. A second lien on all the property of the Corporation serves as collateral on the line of credit. There was no outstanding balance at June 30, 2021 and 2020.

6. Long-Term Debt

Notes Payable

The Corporation's notes payable consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Paycheck Protection Program note payable	\$ -	\$ 1,198,800
Note payable	169,976	-
Total	169,976	1,198,800
Less current maturities	14,825	-
Long-term debt	<u>\$ 155,151</u>	<u>\$ 1,198,800</u>

Scheduled principal repayments as of June 30, 2021 are as follows:

Years ending June 30:	
2022	\$ 14,825
2023	15,436
2024	16,058
2025	16,734
2026	17,465
	<u>89,458</u>
Total	<u>\$ 169,976</u>

Paycheck Protection Program Note Payable

On April 9, 2020, the Corporation received loan proceeds in the amount of \$1,198,800 under the Paycheck Protection Program (PPP) which was established as part of the CARES Act and is administered through the Small Business Administration (SBA). The PPP provided loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25 percent during the covered period.

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The Corporation met the PPP's loan forgiveness requirements, and therefore, applied for forgiveness during October 2020. Legal release was received on November 2, 2020, therefore, the Corporation recorded Payroll Protection Program loan forgiveness revenue of \$1,205,560 during 2021, which is comprised of principal of \$1,198,800 and \$6,760 of interest accrued on the outstanding loan balance as of the date of forgiveness.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

Note Payable

In January 2021, the Corporation entered into a note payable with a local bank in the amount of \$176,000. The proceeds were used to fund the purchase a property in Jersey Shore, Pennsylvania. The note payable is due in monthly installments of \$1,786, including interest at an initial fixed interest rate of 3.99 percent through January 2026. Beginning in February 2026, the note payable is due in monthly installments of an amount sufficient to fully amortize the loan balance over the remaining term of the loan (January 2031), plus interest at a variable rate at the greater of Wall Street Journal's U.S. Prime Rate or 3.75 percent per annum. This note is secured by an open-end mortgage on the purchased property.

Capital Lease Obligations

Building Lease

The Corporation entered into a capital lease obligation in January 2015 for its clinical facility. The term of the lease is through September 30, 2031, with an option to extend the lease for two additional five year terms. The lease is payable in monthly installments that escalate every five years. The lease has an imputed interest rate of 5.778 percent.

Equipment Leases

The Corporation also entered into a capital lease obligation in August 2019 for certain computer equipment. The term of the lease is through August 1, 2022. The lease is payable in fixed monthly installments. The lease has an imputed interest rate of 9.747 percent.

The Corporation also entered into a capital lease obligation in June 2020 for certain communications equipment. The term of the lease is through May 29, 2024. The lease is payable in fixed quarterly installments. The lease has an imputed interest rate of 3.540 percent.

Future payments on the capital lease obligations at June 30, 2021 are as follows:

2022	\$	480,781
2023		465,514
2024		462,541
2025		446,701
2026		446,701
Thereafter		<u>2,372,729</u>
Total minimum lease payments		4,674,967
Less amount representing interest		<u>1,139,803</u>
Present value of net minimum lease payments	\$	<u>3,535,164</u>

**Susquehanna Community Health and Dental Clinic, Inc.
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Notes to Financial Statements
June 30, 2021 and 2020

The capital lease obligations are reflected in the balance sheets at June 30 as follows:

	<u>2021</u>	<u>2020</u>
Current maturities of capital lease obligations	\$ 284,471	\$ 241,696
Long-term obligations	<u>3,250,693</u>	<u>3,487,644</u>
Long-term debt	<u>\$ 3,535,164</u>	<u>\$ 3,729,340</u>

7. Liquidity and Availability of Resources

Financial assets available for general expenditure within one year of the balance sheets date, consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,704,816	\$ 1,622,439
Accounts receivable:		
Patients	514,061	344,930
Grants and other	449,383	168,804
Pharmacy	128,872	41,639
Contributions	-	88,071
Estimated third-party payor settlements	<u>58,077</u>	<u>-</u>
Total	<u>\$ 2,855,209</u>	<u>\$ 2,265,883</u>

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Additionally, the Corporation maintains a \$500,000 line of credit, as discussed in more detail in Note 5.

8. Defined Contribution Plan

The Corporation has a 403(b) defined contribution retirement plan covering substantially all employees who have completed one year of service. At the Corporation's discretion, they may make a contribution of up to 6 percent of each eligible employee's compensation regardless of whether the employee makes a contribution, up to a maximum of \$1,500 annually. The cost of the defined contribution pension plan amounted to \$61,736 in 2021 and \$52,636 in 2020.

9. Lease Commitments

The following is a schedule by year of future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2020:

Years ending June 30:	
2022	\$ 137,327
2023	138,171
2024	136,739
2025	136,023
2026	116,412
Thereafter	<u>596,757</u>
Total minimum future rentals	<u>\$ 1,261,429</u>

Rent expense for operating leases totaled approximately \$134,000 in 2021 and \$127,000 in 2020.

Susquehanna Community Health and Dental Clinic, Inc. d/b/a River Valley Health and Dental Center

Notes to Financial Statements
June 30, 2021 and 2020

10. Medical Malpractice

HHS deemed the Corporation and its practicing providers covered under the Federal Tort Claims Act (FTCA) for damage for personal injury, including death, resulting from the performance of medical, surgical, dental and related functions. FTCA coverage is comparable to an occurrence policy without a monetary cap.

Claim liabilities are determined without consideration of insurance recoveries. Expected recoveries are based upon the Corporation's claims experience, no accrual has been made for medical malpractice costs for the years ended June 30, 2021 and 2020. However, because of the risk of providing health care services, it is possible that an event has occurred which will be the basis of a future material claim.

11. Contingencies

COVID-19

The spread of COVID-19 around the world in 2020 and 2021 has caused significant volatility in the U.S. and international markets, supply chains, businesses and communities. The Corporation's evaluation of the effects of these events is ongoing as of the date the accompanying financial statements were issued. COVID-19 may impact various parts of the Corporation's 2022 operations and financial performance, including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of personnel, supply chain disruption, declines in revenue related to decreases in volumes of certain revenue streams. The extent of the impact will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

Federal and State Awards

The Corporation participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Corporation is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Healthcare Industry

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Management is not aware of any material incidents of noncompliance that have not been provided for in the accompanying financial statements; however, the possible future financial effects of this matter on the Corporation, if any, are not determinable.

Susquehanna Community Health and Dental Clinic, Inc. d/b/a River Valley Health and Dental Center

Notes to Financial Statements
June 30, 2021 and 2020

12. Concentrations of Credit Risk

The Corporation receives a substantial portion of its revenue from grants with HHS. Any significant reductions in this grant could have an adverse impact on the Corporation.

The Corporation received funding for operations from UPMC Susquehanna (formerly Susquehanna Health), recognizing \$500,000 in contribution revenue during the year ended June 30, 2020. Future and additional funding may be requested by the Corporation, if needed, but will require approval by UPMC Susquehanna.

The Corporation participates in the 340B Program, which enables the Corporation to receive discounted prices from drug manufacturers on outpatient pharmaceutical purchases. This program is overseen by the Health Resources and Service Administration (HRSA). HRSA is currently conducting routine audits of these programs at health care organizations, and increasing its compliance monitoring processes. Laws and regulations governing the 340B Program are complex and subject to interpretation and change. As a result, it is reasonably possible that material changes to the financial statement amounts related to the 340B Program could occur in the near term.

The Corporation maintains substantially all of its cash and cash equivalents with financial institutions. Total cash balances are insured up to \$250,000 by the Federal Deposit Insurance Corporation. The balances at times may exceed the insurance limit and management considers this to be a normal business risk.

The Corporation grants credit without collateral to its patients, most of whom are local residents insured under third-party payor arrangements, primarily with Medicare, Medical Assistance, Medical Assistance HMO, and various commercial insurance companies. The Corporation maintains allowances for potential credit losses and such losses have historically been within management's expectations.

The mix of accounts receivable, patients at June 30 is as follows:

	<u>2021</u>	<u>2020</u>
Medical Assistance MCOs	66 %	59 %
Other third-party payors	15	17
Medicare	12	15
Patients (self-pay)	3	6
Medical Assistance	4	3
	<u>100 %</u>	<u>100 %</u>

**Susquehanna Community Health and Dental Clinic, Inc.
d/b/a River Valley Health and Dental Center**

Notes to Financial Statements
June 30, 2021 and 2020

13. Functional Expenses

The Corporation provides general health care and related services to individuals within its geographic region. Expenses related to providing these services in 2021 and 2020 are as follows:

	2021		
	Healthcare Services	General and Administrative	Total
Salaries and wages	\$ 5,068,284	\$ 868,865	\$ 5,937,149
Purchased services and professional fees	1,527,588	602,155	2,129,743
Supplies and other	1,390,446	529,641	1,920,087
Employee benefits	1,239,111	204,625	1,443,736
Depreciation	613,331	101,284	714,615
Interest	188,860	31,187	220,047
Rent	-	211,662	211,662
Loss on disposal of property and equipment	2,832	-	2,832
Total	<u>\$ 10,030,452</u>	<u>\$ 2,549,419</u>	<u>\$ 12,579,871</u>
	2020		
	Healthcare Services	General and Administrative	Total
Salaries and wages	\$ 5,023,530	\$ 805,433	\$ 5,828,963
Purchased services and professional fees	1,066,935	528,731	1,595,666
Supplies and other	949,232	377,841	1,327,073
Employee benefits	1,268,340	278,416	1,546,756
Depreciation	519,267	113,985	633,252
Interest	183,583	40,299	223,882
Rent	-	186,700	186,700
Loss on disposal of property and equipment	4,782	-	4,782
Total	<u>\$ 9,015,669</u>	<u>\$ 2,331,405</u>	<u>\$ 11,347,074</u>

The financial statements report certain expense categories that are attributable to more than one health care service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation and amortization and other occupancy costs, are allocated to a function based on an employee count basis.

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

To the Board of Directors of
Susquehanna Community Health and Dental Clinic, Inc.
d/b/a River Valley Health and Dental Center

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Susquehanna Community Health and Dental Clinic, Inc. d/b/a River Valley Health and Dental Center (the Corporation), which comprise the balance sheet as of June 30, 2021, and the related statements of operations and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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 Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

Williamsport, Pennsylvania
October 26, 2021

**Independent Auditors' Report on Compliance
for Each Major Federal Program and Report on
Internal Control Over Compliance Required
by the Uniform Guidance**

To the Board of Directors of
Susquehanna Community Health and Dental Clinic, Inc.
d/b/a River Valley Health and Dental Center

Report on Compliance for Each Major Federal Program

We have audited Susquehanna Community Health and Dental Clinic, Inc. d/b/a River Valley Health and Dental Center's (the Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended June 30, 2021. The Corporation'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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Corporation'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 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 the Corporation'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 the Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Corporation 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 June 30, 2021.

Report on Internal Control Over Compliance

Management of the Corporation 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 the Corporation'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 the Corporation'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, 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.

Baker Tilly US, LLP

Williamsport, Pennsylvania
October 26, 2021

Susquehanna Community Health & Dental Clinic, Inc.

d/b/a River Valley Health and Dental Center

Schedule of Expenditures of Federal Awards

Period From July 1, 2020 to June 30, 2021

	Federal CFDA Number	Award/ Grant Number	Grant Period	Program or Award Amount	Total Received for the Year	Accrued (Deferred) Revenue July 1, 2020	Revenue Recognized	Federal Expenditures	Accrued (Deferred) Revenue June 30, 2021	Pass-Through to Subrecipients
U.S. Department of Health and Human Services										
Direct funding:										
Grants for New and Expanded Services under the Health Center Program	93.527	H80CS24159-08-00	6/1/2019 - 5/31/2020	\$ 1,660,936	\$ 14,994	\$ -	\$ 14,994	\$ 14,994	\$ -	\$ -
Grants for New and Expanded Services under the Health Center Program	93.527	H80CS24159-08-02	6/1/2019 - 5/31/2020	167,000	15,466	-	15,466	15,466	-	-
Grants for New and Expanded Services under the Health Center Program	93.527	H80CS24159-08-03	6/1/2019 - 5/31/2020	116,096	35,327	8,819	26,508	26,508	-	-
Grants for New and Expanded Services under the Health Center Program	93.527	H80CS24159-08-06	6/1/2019 - 5/31/2020	300,000	144,163	-	144,163	144,163	-	-
Grants for New and Expanded Services under the Health Center Program	93.527	H80CS24159-09-00	6/1/2020 - 5/31/2021	984,615	984,615	-	984,615	984,615	-	-
Grants for New and Expanded Services under the Health Center Program	93.527	H80CS24159-09-01	6/1/2020 - 5/31/2021	443,550	443,550	8,064	435,486	435,486	-	-
Grants for New and Expanded Services under the Health Center Program	93.527	H80CS24159-09-02	6/1/2020 - 5/31/2021	167,000	36,657	-	36,657	36,657	-	-
Grants for New and Expanded Services under the Health Center Program	93.527	H80CS24159-09-02	6/1/2020 - 5/31/2021	77,171	19,794	-	77,171	77,171	57,377	-
Grants for New and Expanded Services under the Health Center Program	93.527	H80CS24159-09-04	6/1/2020 - 5/31/2021	336,574	277,724	-	284,077	284,077	6,353	-
Grants for New and Expanded Services under the Health Center Program	93.527	H80CS24159-10-00	6/1/2021 - 5/31/2022	1,362,861	-	-	-	-	-	-
Subtotal for CFDA 93.527					1,972,290	16,883	2,019,137	2,019,137	63,730	-
Health Center Program	93.224	H80CS24159-07-05	6/1/2018 - 5/31/2019	326,000	60,694	13,920	46,774	46,774	-	-
Health Center Program	93.224	H8DCS36628-01-00	4/1/2020 - 3/31/2021	782,855	698,261	-	698,261	698,261	-	-
Health Center Program	93.224	H8ECS37719-01-00	5/1/2020 - 4/30/2021	354,394	162,624	-	163,191	163,191	567	-
Health Center Program	93.224	H80CS24159-09-00	6/1/2020 - 5/31/2021	346,035	184,639	-	184,639	184,639	-	-
Health Center Program	93.224	H8FCS40593-01-00	4/1/2021 - 3/31/2023	2,979,875	-	-	6,492	6,492	6,492	-
Health Center Program	93.224	H80CS24159-10-00	6/1/2021 - 5/31/2022	449,089	121,593	-	129,657	129,657	8,064	-
Subtotal for CFDA 93.224					1,227,811	13,920	1,229,014	1,229,014	15,123	-
Total Health Center Program Cluster					3,200,101	30,803	3,248,151	3,248,151	78,853	-
Provider Relief Fund	93.498	N/A	2/1/2020 - 6/30/2021	156,763	156,763	-	156,763	156,763	-	-
COVID-19 Testing for the Uninsured	93.461	N/A	N/A	43,482	43,482	-	43,482	43,482	-	-
Total Direct Awards from U.S. Department of Health and Human Services					3,400,346	30,803	3,448,396	3,448,396	78,853	-
Passed Through Pennsylvania Association of Community Health Centers (PACHC):										
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A	8/1/2020 - 8/31/2022	423,104	105,776	-	-	-	(105,776)	-
Immunization Cooperative Agreements	93.268	N/A	8/1/2020 - 6/30/2022	354,394	-	-	9,574	9,574	9,574	-
Total Passed Through PACHC					105,776	-	9,574	9,574	(96,202)	-
Passed Through Family Health Council of Central Pennsylvania (FHCCP):										
Family Planning Services, Title X Grant	93.217	6 FHPHA006431	4/1/2019 - 3/31/2022	N/A	168,456	29,900	161,036	161,036	22,480	-
Social Services Block Grant	93.667	SAP-4100078155	7/1/2017 - 6/30/2022	N/A	9,688	-	14,708	14,708	5,020	-
Maternal and Child Health Services Block Grant to the States	93.994	202001	7/1/2020 - 6/30/2021	N/A	27,423	3,507	33,142	33,142	9,226	-
Total Passed Through FHCCP					205,567	33,407	208,886	208,886	36,726	-
Total U.S. Department of Health and Human Services					3,711,689	64,210	3,666,856	3,666,856	19,377	-
U.S. Department of the Treasury										
Passed Through Commonwealth of Pennsylvania Department of Health										
Coronavirus Relief Fund	21.019	SAP# 4100086550	3/1/2020 - 10/31/2020	209,899	209,899	-	209,899	209,899	-	-
Total U.S. Department of the Treasury					209,899	-	209,899	209,899	-	-
Total Federal Awards					\$ 3,921,588	\$ 64,210	\$ 3,876,755	\$ 3,876,755	\$ 19,377	\$ -

See notes to schedule of expenditures of federal awards

**Susquehanna Community Health and Dental Clinic, Inc.
d/b/a River Valley Health and Dental Center**

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of Susquehanna Community Health and Dental Clinic, Inc. d/b/a River Valley Health and Dental Center (the Corporation) under programs of the federal government for the year ended June 30, 2021. 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 and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position, results of operations, changes in net assets or cash flows of the Corporation.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recorded following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

4. Loan Programs

The Corporation did not have any federal loan programs during the year ended June 30, 2021.

**Susquehanna Community Health and Dental Clinic, Inc.
d/b/a River Valley Health and Dental Center**

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements were in accordance with GAAP: 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 federal 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 federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.224/93.527 21.019	Health Center Program Cluster Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? X yes _____ no

**Susquehanna Community Health and Dental Clinic, Inc.
d/b/a River Valley Health and Dental Center**

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

**Susquehanna Community Health and Dental Clinic, Inc.
d/b/a River Valley Health and Dental Center**

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

Section IV - Schedule of Prior Year Audit Findings

None.