

**PUERTO RICO COMMUNITY NETWORK
FOR CLINICAL SERVICES, RESEARCH AND
HEALTH ADVANCEMENT (PR CONCRA), INC.**

(A Non-Profit Corporation)

FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITORS' REPORT

AND SCHEDULES AND REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND THE UNIFORM GUIDANCE

December 31, 2020 and 2019

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Financial Statements

December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Governing Board of
**Puerto Rico Community Network for
Clinical Services, Research and Health
Advancement (PR CONCRA), Inc.**
San Juan, Puerto Rico

Report on the Financial Statements

We have audited the accompanying financial statements of **Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc. (the Institution)**, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, 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

We did not observe the taking of the physical inventory as of December 31, 2019 since that date was prior to our appointment as auditors for **the Institution**, and we were able to satisfy ourselves regarding inventory quantities by means of other auditing procedures.

Our responsibility is to express an opinion on these financial statements based on our audit. Except as explained in the prior paragraph, 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 in the first paragraph present fairly, in all material respects, the financial position of **Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc.** as of December 31, 2020 and 2019, and the 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.

Emphasis of Matters

New accounting pronouncements adoption

As discussed in Note 2 to the financial statements, in 2019, PR CONCRA adopted ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), ASU 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made and ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. Our opinion is not modified with respect to this matter.

Discontinued operations

As discussed in Note 15 to the financial statements, in 2021, PR CONCRA would no longer be a recipient of federal funds through section 330 funds and the Primary Health Center 330 ceased its operations to the public on August 2021. The estimated loss of section 330 funds amounted to \$948,373. Our opinion is not modified with respect to this matter.

Other Matters – Supplementary and Other Information

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 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administration Requirements, Cost Principles and Audit Requirements, 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 March 29, 2022, on our consideration of **the Institution's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Institution's** internal control over financial reporting and compliance.

March 29, 2022

License No. PSC - 196
Ponce, Puerto Rico



Stamp number E484734 was
affixed to the original report.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Statements of Financial Position

December 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,037,466	\$ 2,705,572
Grants and contract receivable	610,184	42,761
Accounts receivable, net	2,574,082	2,258,629
Inventory	253,643	327,689
Preaid expenses	<u>29,897</u>	<u>-</u>
Total current assets	8,505,272	5,334,651
Property, plant and equipment - net	<u>459,265</u>	<u>416,696</u>
TOTAL	<u>\$ 8,964,537</u>	<u>\$ 5,751,347</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	1,122,607	\$ 1,010,546
Accrued expenses and withholdings	62,622	237,330
Unearned revenue	<u>837,541</u>	<u>99,428</u>
Total current liabilities	<u>2,022,770</u>	<u>1,347,304</u>
Net assets:		
With donor restrictions	-	-
Without donor restrictions	<u>6,941,767</u>	<u>4,404,043</u>
	<u>6,941,767</u>	<u>4,404,043</u>
TOTAL	<u>\$ 8,964,537</u>	<u>\$ 5,751,347</u>

See accompanying notes to financial statements.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Statement of Activities and Changes in Net Assets

For the year ended December 31, 2020

	With Donor Restrictions	Without Donor Restrictions	Total
SUPPORT AND REVENUES:			
Government grants and contracts	\$ 2,273,664	\$ -	\$ 2,273,664
Private cooperative agreement	-	79,208	79,208
Medical insurance revenues	-	2,453,769	2,453,769
Drugs and medications - PI	-	7,705,594	7,705,594
Capitation Triple S - Tentatives	-	218,480	218,480
Medical plan deductible	-	12,404	12,404
Donations	-	955	955
Other	-	61,755	61,755
Net assets released from restrictions:			
Satisfaction of program services	(2,273,664)	2,273,664	-
Total revenues	-	12,805,829	12,805,829
EXPENSES:			
Program services:			
Drugs and medicines	-	4,108,165	4,108,165
Clinical services	-	937,935	937,935
Dental	-	10,834	10,834
Youth and adolescent	-	450,381	450,381
Education and prevention	-	922,034	922,034
Other complementary program	-	307,501	307,501
Total program services	-	6,736,850	6,736,850
Support Services:			
General and administrative expenses	-	3,531,255	3,531,255
Total expenses	-	10,268,105	10,268,105
CHANGE IN NET ASSETS	-	2,537,724	2,537,724
NET ASSETS, BEGINNING OF YEAR	-	4,404,043	4,404,043
NET ASSETS, ENDING OF YEAR	\$ -	\$ 6,941,767	\$ 6,941,767

See accompanying notes to financial statements.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Statement of Activities and Changes in Net Assets

For the year ended December 31, 2019

	With Donor Restrictions	Without Donor Restrictions	Total
SUPPORT AND REVENUES:			
Government grants and contracts	\$ 2,083,264	\$ -	\$ 2,083,264
Private cooperative agreement	-	159,983	159,983
Medical insurance revenues	-	1,968,609	1,968,609
Drugs and medications - PI	-	6,094,613	6,094,613
Capitation Triple S - Tentatives	-	151,150	151,150
Medical plan deductible	-	25,252	25,252
Donations	-	138,981	138,981
Other	-	11,104	11,104
Net assets released from restrictions:			
Satisfaction of program services	(2,083,264)	2,083,264	-
Total revenues	-	10,632,956	10,632,956
EXPENSES:			
Program services:			
Drugs and medicines	-	3,160,189	3,160,189
Clinical services	-	1,040,024	1,040,024
Dental	-	168,829	168,829
Youth and adolescent	-	701,604	701,604
Education and prevention	-	850,418	850,418
Other complementary program	-	303,163	303,163
Total program services	-	6,224,227	6,224,227
Support Services:			
General and administrative expenses	-	2,810,743	2,810,743
Total expenses	-	9,034,970	9,034,970
CHANGE IN NET ASSETS	-	1,597,986	1,597,986
NET ASSETS, BEGINNING OF YEAR	-	2,806,057	2,806,057
NET ASSETS, ENDING OF YEAR	\$ -	\$ 4,404,043	\$ 4,404,043

See accompanying notes to financial statements.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Statement of Functional Expenses

For the year ended December 31, 2020

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Personnel compensation	\$ 890,430	\$ 660,644	\$ 1,551,074
Other employee benefits	106,357	61,523	167,880
Payroll taxes	<u>71,381</u>	<u>85,045</u>	<u>156,426</u>
 Total personnel expenses	 <u>1,068,168</u>	 <u>807,212</u>	 <u>1,875,380</u>
 Prescribed drugs and medications	 4,738,781	 2,590	 4,741,371
Medical and health specialist	565,704	78,742	644,446
Other professional services	25,463	1,679,329	1,704,792
Laboratories	94,850	43,718	138,568
Medical and outreach materials	100,071	123,376	223,447
Travel	8,394	18,780	27,174
Communications	54,537	65,951	120,488
Occupancy	1,689	243,530	245,219
Equipment rental and maintenance	23,973	72,875	96,848
Staff education	3,081	6,335	9,416
Office expense	14,777	217,384	232,161
Insurance	14,464	22,952	37,416
Program activities	11,809	753	12,562
Interest and bank charges	1,233	3,335	4,568
Hurricane Maria Relief Expense	-	36,500	36,500
Other expenses	<u>8,476</u>	<u>-</u>	<u>8,476</u>
 Total expenses before depreciation	 6,735,470	 3,423,362	 10,158,832
Depreciation	<u>1,380</u>	<u>107,893</u>	<u>109,273</u>
 Total expenses	 <u>\$ 6,736,850</u>	 <u>\$ 3,531,255</u>	 <u>\$ 10,268,105</u>

See accompanying notes to financial statements.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Statement of Functional Expenses

For the year ended December 31, 2019

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Personnel compensation	\$ 1,229,408	\$ 614,068	\$ 1,843,476
Other employee benefits	119,832	60,836	180,668
Payroll taxes	<u>101,667</u>	<u>54,743</u>	<u>156,410</u>
 Total personnel expenses	 <u>1,450,907</u>	 <u>729,647</u>	 <u>2,180,554</u>
 Prescribed drugs and medications	 3,657,459	 -	 3,657,459
Medical and health specialist	651,242	-	651,242
Other professional services	66,636	1,486,337	1,552,973
Laboratories	150,378	350	150,728
Medical and outreach materials	72,571	250	72,821
Travel	41,049	19,100	60,149
Communications	15,277	27,114	42,391
Occupancy	20,038	114,593	134,631
Equipment rental and maintenance	14,995	121,544	136,539
Staff education	29,220	3,940	33,160
Office expense	14,784	82,201	96,985
Insurance	9,325	19,755	29,080
Program activities	5,964	44,867	50,831
Interest and bank charges	1,232	3,295	4,527
Hurricane Maria Relief Expense	-	20,743	20,743
Other expenses	<u>21,770</u>	<u>35,899</u>	<u>57,669</u>
 Total expenses before depreciation	 6,222,847	 2,709,635	 8,932,482
Depreciation	<u>1,380</u>	<u>101,108</u>	<u>102,488</u>
 Total expenses	 <u>\$ 6,224,227</u>	 <u>\$ 2,810,743</u>	 <u>\$ 9,034,970</u>

See accompanying notes to financial statements.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

Increase (Decrease) in Cash and Cash Equivalents

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ 2,537,724</u>	<u>\$ 1,597,986</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	109,273	102,488
Bad debts	6,206	27,415
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(889,082)	(860,723)
Inventories	74,046	(186,358)
Prepaid expenses	29,897	-
Increase (decrease) in:		
Accounts payable	112,061	487,470
Accrued expenses and withholdings	(234,502)	6,187
Unearned revenues	<u>738,113</u>	<u>13,233</u>
Total adjustments	<u>(53,988)</u>	<u>(410,288)</u>
Net cash provided by operating activities	2,483,736	1,187,698
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of equipment	<u>(151,842)</u>	<u>(70,418)</u>
NET INCREASE IN CASH	2,331,894	1,117,280
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,705,572</u>	<u>1,588,292</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 5,037,466</u></u>	<u><u>\$ 2,705,572</u></u>

See accompanying notes to financial statements.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Notes to Financial Statements

As of and for the years ended December 31, 2020 and 2019

1. ORGANIZATION

Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc. (“the Institution”) is a non-profit entity organized in June 1990 under the corporate laws of the Commonwealth of Puerto Rico and commenced operations during August 1990. Since 1990, Puerto Rico CONCRA serves annually over 900 individuals infected and affected by HIV/AIDS. The organization provides specialized multidisciplinary services including outpatient ambulatory medical care, other clinical (non-medical) services, and support services to all populations living with HIV/AIDS, including special populations like women and Youth.

Puerto Rico CONCRA is the largest and sole provider specialized in HIV care for Lesbian, Homosexual, Bisexual, Transsexual and Transgender (LGBT) Community, and for Youth, in all Puerto Rico. The one stop shop concept of care of Puerto Rico CONCRA permits the delivery of core services on the same visit including outpatient ambulatory medical care (including Infectologist and Internal Medicine specialists), CD4 monitoring and viral load testing, antiretroviral therapy, prophylaxis and treatment of opportunistic infections and malignancies, adherence monitoring, oral health care, mental health care, nursing services, labs and procedures, medical case management, outreach services, HIV counseling and testing, and psychosocial support including trained peers, among other specialty care.

On August 24, 2020, the PRCONCRA Primary Health Center opened its doors to the public, although the award was approved on September 1, 2019, PR CONCRA did not have access to the funds until the opening of the offices to serve patients. **The Institution** begin a comprehensive primary care program which provides primary health services to the low-income individuals, however, as described in Note 15, the center would no longer be a recipient of federal funds through section 330 funds starting on August 26, 2021.

During this year, Puerto Rico CONCRA receives approximately 18% of revenues and support from federal fund through the different sources and agencies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The financial statements of **the Institution** have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of presentation - The financial statements of **the Institution** have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”).

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of **the Institution** and changes therein are classified as follows:

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(A Non-Profit Corporation)**

Notes to Financial Statements

As of and for the years ended December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of **the Institution**. **The Institution's** board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of **the Institution** or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

All grants and contracts are considered to be available for unrestricted use unless specifically restricted by the grantor. Amounts received that are designated for future periods or restricted by the grantor for specific purposes are reported as with donor restrictions support that increases those net asset classes. When a temporary restriction expires, with donor's restrictions net assets are reclassified to without donor restrictions net assets and reported in the statement of activities as net assets released from restrictions.

Revenue recognition – Following are **the Institution's** main revenue recognition policy:

Federal and state grants and contracts

The Institution receives its grants and contracts support and revenues primarily from the U.S. Department of Health and Human Services and other federal and state agencies. Grants and contracts are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant awards that are contributions – Unconditional grants to **the Institution** are reported at fair value at the date the grant is received. Conditional grants are recognized only when the conditions on which they depend are substantially met and the grant becomes unconditional. Grants that qualify as conditional contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are recorded as refundable advances and included in deferred revenue and refundable advances in the accompanying statements of financial position.

Grant awards that are exchanges – Grant and contract revenue is received from various funding agencies in exchange for specific services provided by **the Institution**. This revenue is recognized at the time **the Institution** provides the services to which the grants and contracts are limited. Amounts received in advance of services being provided are recorded as deferred revenue and included in deferred revenue and refundable advances in the accompanying consolidated statements of financial position.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
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Notes to Financial Statements

As of and for the years ended December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

Premium (Capitation) and Fee for Service Revenue

The Institution has agreements with various Manage Care Organizations (“MCO”) to provide primary health care services to enrolled members. Under these agreements, **the Institution** receives a monthly fixed amount per individual member (PMPM) known as capitation fee. Capitation revenue is recognized on a per-member, per-month basis in the periods that beneficiaries are entitled to healthcare services subject to retroactive adjustment for retroactive changes in assigned beneficiaries. Fee for service revenue is recognized when services have been provided by **the Institution** to beneficiaries.

Transaction price for capitation under this type of third-party payor includes considerations of monthly fees, retroactive adjustments in membership and incentive payments and other risk pool adjustments. Monthly capitations payments are determined based on the number member and actuarial agreed rates and are earned (over the time) monthly as result of agreeing of standing ready to provide goods or services to qualified enrolled beneficiaries and not as a result of actually providing care.

In regard to retroactive adjustments in memberships are recorded in the month the information is available as provided by the MCO and is recognized as premium revenue at that time. Normally this kind of adjustment are not significant to the premium revenues. In regard to incentive, they are recorded as received because this kind of revenues is contingent upon **the Institution** achieve certain quality and risk pool goals and is recorded as other income at that time.

Patients enrolled under this plan may be subject to payment of deductibles and copayments depending medical services provided. Also, under this arrangement there are certain medical services that could be billed on fee for service basis as agreed in contract. Revenues from services provided on a fee for service basis and deductibles and copayments are recognized as disclosed in the following **net patient service revenues** section.

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Notes to Financial Statements

As of and for the years ended December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net patient service revenues

Patient service revenue is reported at the amount that reflects the consideration to which **the Institution** expects to be entitled in exchange for providing patient care. These amounts are due from patients, third party payors and others and include variable consideration such as contractual allowances, discounts, concessions and retroactive adjustments.

Generally, patients are billed right after services are provided. Third party payors are billed several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are based on the nature of the services provided and consist of outpatient medical services, the sales of drug and medicines for the treatment (see next pharmacy revenue policies) and the continue care of patients' conditions. Revenues from this kind of performance obligations satisfied are recognized at a point in time which generally is when the services are provided to patients and when the sale of medicines and drugs occur. Because patient performance obligations relate to contracts with extremely short period of duration, there are no unsatisfied or partially satisfied performance obligation at the end of the reporting period.

The Institution is utilizing the portfolio approach practical expedient for contracts related to net patient service revenue. **The Institution** account for contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category. The portfolios consist of mayor payor classes for outpatient service revenue. Based on historical collection trends and other analysis, **The Institution** has concluded that revenue for a given portfolio would not be materially different that if accounted for on a contract-by-contract basis.

The Institution has agreements with third-party payers that provide for payments to **the Institution** at amounts different from charged rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, case rates, and per diem payments.

The Institution participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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Notes to Financial Statements

As of and for the years ended December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The transaction price is determined based on standard rates reduced by explicit, implicit price concessions and retroactive revenue adjustments. Explicit price concessions provided to third-party payors are based on contractual agreements, discount policies, and historical experience. For uninsured and insured patients (with deductible and copayment balances) **the Institution** has a policy of providing care to patients and no one is denied services because of inability to pay. Explicit concessions include discounts provided based on sliding scales. Implicit price discounts provided represent differences between amounts billed and the estimated consideration **the Institution** expects to receive, which are determined based on historical collection experience, current market conditions, and other factors. Those discounted services are excluded from revenue. Retroactive revenue adjustments for settlements with third-party payors due to audits, review, or investigations are considered on an estimated basis in the period the related services are rendered.

Such estimated amounts are revised in future periods as adjustments become known. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

As provided for under the guidance, **the Institution** does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less

Unearned revenues - **The Institution** reports unearned revenue on its balance sheet, when potential revenue does not meet both the "measurable" and "available" criteria for revenue recognition in the current period (unavailable revenue). Unearned revenue also arises when **the Institution** receives resources before it has a legal claim to them. In subsequent periods, when the revenue recognition criterion is met, or when **the Institution** has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Donations and in-kind contributions

The Institution recognizes all donated services and materials at their fair market value at the time of donation.

Sliding fee scale

The Institution provides care to patients, who meet certain criteria under its sliding fee policy, at a nominal fee or at amounts less than its established rates. Patient balances are adjusted to the discounted rates at the time of service.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
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Notes to Financial Statements

As of and for the years ended December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Pharmacy Revenue

Pharmacy revenue is recognized as pharmaceuticals are dispensed to the customer. **The Institution**, as an FQHC, participates in the 340B Drug Pricing Program. The program requires drug manufacturers to provide outpatient drugs to FQHCs and other identified entities at a reduced price. **The Institution** contracts with local pharmacies under this program. The local pharmacies dispense drugs to eligible patients of **the Institution** and bill Medicare and commercial insurances on behalf of **the Institution**. Reimbursement received by the pharmacies is remitted to **the Institution** net of dispensing and administrative fees. Revenue generated from the program is included in patient service revenue net of third-party allowances. The cost of drug replenishments and contracted expenses incurred related to the program are included in other operating expenses.

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 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 – For purposes of the statement of cash flows, **the Institution** considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Bad debts - **The Institution** has elected to record bad debts using ASC 606 that prescribes that **the Institution** calculates probable bad debts based an analytical review of expected revenue using probability factors. If based on that analysis it is determined there is a probable reduction in revenue, **the Institution** record this adjustment as reduced revenue.

Inventory – Inventory consist of medications purchase by **the Institution** through the 340B Drug Pricing Program, storage at contracted pharmacy under 340B contract pharmacy program. Inventory is stated at cost under the first-in, first-out method, not in excess of market.

Property, plant and equipment and depreciation – Property, plant and equipment are recorded at cost. Donated property is recorded at its estimated fair value at the date of receipt. Depreciation is computed on the straight-line method based on the estimated useful life of each class of depreciable assets. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Notes to Financial Statements

As of and for the years ended December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The Institution's capitalization policy considers as property and equipment tangible nonexpendable property, an acquisition cost over \$5,000. Repair and maintenance are expensed as incurred. Expenses that increase the value or productive capacity of assets are also capitalized.

Gift of long-lived assets such as land, building or equipment is reported as unrestricted support, and is excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gift of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. **The Institution** reports expirations of restrictions as depreciation expense is recognized over the time.

In accordance with the provisions of FASB ASC 360-10-50-2 (formerly statement of Financial Standard No. 144, "Accounting for the Impairment of Long-Lived Assets", **the Institution** reviews for the impairment of long-lived assets and certain identifiable intangibles whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Vacations and sick leave - Employees of **the Institution** are entitled to paid vacation depending on length of services and other factors. Sick leave is not accrued because it does not vest; employees are not paid for any sick leave balance at termination of employment or at any other time. At December 31, 2020 and 2019 the accrued vacations of \$52,204 and \$73,958, respectively, were included as accrued expenses and withholdings in the statement of financial position.

Income taxes - **The Institution** is a non-profit organization that is exempt from federal and state income tax under Section 501 (c)(3) of the Internal Revenue Code and Section 1101.01(2)A of the Puerto Rico Tax Act of 2011.

Accounting principles generally accepted in the United States of America require **the Institution's** management to evaluate tax positions taken by **the Institution** and recognize a tax liability (or asset) if **the Institution** has taken an uncertain position that more likely than not would not be sustained upon examination by the Puerto Rico Department of Treasury ("PRDT"). **The Institution's** management has analyzed the tax positions taken by **the Institution**, and has concluded that as of December 31, 2020 there are no other uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Notes to Financial Statements

As of and for the years ended December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Expense recognition and functional allocation – Expenses are recognized when the related liability is incurred. Program service expenses are the costs related to providing programs and services or the costs of the activities for which purpose the organization exists. Management and general expenses relate to the overall direction of **the Institution**. Most of the expenses are allocated functionally on a direct basis. Expenses that benefit more than one activity or function are allocated using the most appropriate base to the particular cost being allocated.

Health care services cost recognition – The cost of health care services provided to, or contracted for, is accrued in the period in which it is provided to a member based in part on estimates, including an accrual for medical services provided but not reported to the Center. Medical claims, which has been incurred but not reported by providers (IBNR) are estimated based on historical data; trends and other financial information.

Recently adopted accounting standards - On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The core principle of this new guidance is that “an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services”. On August 12, 2015, the FASB further amended this guidance and issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606), which deferred the effective date for all entities by one year.

On June 21, 2018, FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. Additionally, the amendments in this ASU require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor 's obligation to transfer assets. Finally, ASU 2018-08 amends the “simultaneous release accounting policy” to allow a not-for-profit entity to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that revenue is recognized.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Notes to Financial Statements

As of and for the years ended December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Accounting standards issued but not yet adopted - Accounting for Leases

In February 2016, the FASB issued an update (“ASU 2016-02”) establishing ASC Topic 842, Leases (“ASC 842”), as amended by subsequent ASUs on the topic, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. ASU 2016-02 requires lessees to apply a two-method approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase. Lessees are required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. Lessees will recognize an expense based on the effective interest method for finance leases or on a straight-line basis for operating leases. The accounting applied by the lessor is largely unchanged from that applied under the existing lease standard.

Under ASU 2016-02, initial direct costs for both lessees and lessors would include only those costs that are incremental to the arrangement and would not have been incurred if the lease had not been obtained. As a result, **the Institution** will no longer capitalize internal leasing costs and instead will expense these costs as incurred. The ASU 2016-02 was originally effective for years commencing on January 1, 2020. In June 2020, ASU 2020-05 was issued which deferred the effective date of this standard. The standard will be effective for the Organization for the year ending December 31, 2021. **The Institution** is currently evaluating the impact of the adoption of this update on their financial statements and disclosures.

Date of management review - Management of **the Institution** has evaluated subsequent events through March 29, 2020, which is the date the financial statements were available to be issued. Except for subsequent event disclosed in note 15, no events were identified that should be disclosed or adjusted in the financial statements or its related notes.

3. GRANTS AND CONTRACT RECEIVABLE

Grants and contract receivable as of December 31, 2020 and 2019 consist of the following:

	2020	2019
Ryan White Part D - Primary Care	\$ 266,382	\$ 35,019
Ryan White Part A - HIV Emergency Relief Project Grants	71,324	4,831
Ryan White Part D - Primary Care (COVID 19)	53,800	-
Consolidated Health Center	7,562	-
HIV Prevention Projects for the Commonwealth of Puerto Rico and U.S. Virgin Islands (Tod@s II)	<u>211,116</u>	<u>2,911</u>
	<u>\$ 610,184</u>	<u>\$ 42,761</u>

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Notes to Financial Statements

As of and for the years ended December 31, 2020 and 2019

4. ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2020 and 2019 consist of the following:

	2020	2019
Medical plans - Pharmacy Contract	\$ 1,820,110	\$ 1,682,732
Medical plans - Prevention	655,211	517,604
Medical plans - Medical Services	-	54,732
Other receivable	<u>132,382</u>	<u>30,976</u>
	2,607,703	2,286,044
Less allowance for uncollectible accounts	<u>(33,621)</u>	<u>(27,415)</u>
Accounts receivable - net	<u>\$ 2,574,082</u>	<u>\$ 2,258,629</u>

The analysis of the allowance for doubtful accounts as of December 31, 2020 and 2019 consist of the following:

	2020	2019
Balance at beginning	\$ 27,415	\$ -
Provision	<u>6,206</u>	<u>27,415</u>
Balance end of year	<u>\$ 33,621</u>	<u>\$ 27,415</u>

5. INVENTORIES

Inventory as of December 31, 2020 and 2019 consist of drugs and medicines under 340B contract pharmacy program. **The Institution** uses a replenishment model for contract pharmacy services.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
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Notes to Financial Statements

As of and for the years ended December 31, 2020 and 2019

6. PROPERTY, PLANT AND EQUIPMENT - NET

Property, plant and equipment as of December 31, 2020 and 2019 consist of the following:

	2020	2019
Office equipment	\$ 821,855	\$ 742,556
Building	339,580	250,000
Office furniture and fixtures	128,455	171,887
Building improvements	116,607	116,312
Computer equipment	99,102	73,002
Medical equipment	<u>40,089</u>	<u>40,089</u>
	1,545,688	1,393,846
Less: accumulated depreciation and amortization	<u>(1,086,423)</u>	<u>(977,150)</u>
Property, plant and equipment net	<u>\$ 459,265</u>	<u>\$ 416,696</u>

7. ACCRUED EXPENSES AND WITHHOLDINGS

The balance of accrued expenses and withholdings as of December 31, 2020 and 2019 consist of:

	2020	2019
Vacations	\$ 52,204	\$ 73,958
Expenses and withholdings	<u>10,418</u>	<u>163,372</u>
	<u>\$ 62,622</u>	<u>\$ 237,330</u>

8. LINE OF CREDIT

As of December 31, 2020 and 2019, **the Institution** has available a line of credit with First Bank of Puerto Rico in the amount of \$50,000, bearing interest at of 9.75% (variable rate), secured by deposits, and renewable annually. There was no outstanding balance of line of credit as of December 31, 2020 and 2019. The line of credit was closed on August 27, 2020.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Notes to Financial Statements

As of and for the years ended December 31, 2020 and 2019

9. NET ASSETS

Net assets without donor restrictions in the statement of financial position consist of Ryan White Funds and Section 330 funds (Consolidated Health Centers), Affordable Care Act Funds (ACA). Funds are available to support primary medical care and essential support services for individuals infected and affected by HIV/AIDS. Services includes specialized multidisciplinary services including outpatient ambulatory medical care, other clinical (non-medical) services, and support services to all populations living with HIV/AIDS, including special populations like women and Youth.

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. During the year ended December 31, 2020 the amount of net assets released from restrictions aggregated \$2,273,664. Such net assets were contributed to **the Institution** through conditional governmental programs and private contribution in the form of grants, awards and contracts, which are recorded as revenues with donor restrictions until specified conditions are met, however all funds' expenditures were release as of December 31, 2020.

Net assets with donor restrictions received by Puerto Rico CONCRA during the year 2020 by Program are as follows:

Ryan White Part A - Part A is a reimbursement contract that provides support to improve access to comprehensive continuum of high-quality community-based primary medical care and support services for people with HIV/AIDS.

Ryan White Part C - Ryan White HIV/AIDS Part C Program, provides grant funding to local community-based organizations to support outpatient ambulatory health service and support services through Early Intervention Services (EIS) program grants. Part C also funds planning grants, which help organizations more effectively deliver HIV care and services through Capacity Development grants.

Ryan White Part D - Ryan White HIV/AIDS Part D Program, provide outpatient ambulatory family-centered primary and specialty medical care and support services for women, infants, children, and youth living with HIV.

Human Immunodeficiency Virus (HIV) Prevention Projects CDC is a grant award that provides support for HIV prevention program.

Section 330 funds (Consolidated Health Centers), Affordable Care Act Funds (ACA). Section 330 funds are available for primary and preventive health services to medically underserved populations.

10. SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

- i. Interest paid for the year ended December 31, 2020, and 2019 amounted to \$4,569 and \$4,527, respectively.
- ii. During 2020 and 2019 **the Institution** charged-off accounts receivable in the amount of \$6,206 and \$27,415, respectively.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
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Notes to Financial Statements

As of and for the years ended December 31, 2020 and 2019

11. COMMITMENTS AND CONTINGENCIES

Puerto Rico Health Reform Contract

The Center enters into an agreement with Triple S Salud, Inc. to manage the regions covered by Government Health Plan (GHP), formerly “Plan Vital Health Insurance Program”. During the term of the agreement, PR CONCRA, agrees and consents to arrange for the rendering of covered and medically necessary services to enrollees, including the coordination of services through mental and behavioral Health care Providers and others specialist in a timely manner as defined and limited under the provisions of the GHP Program Contract. PR CONCRA must work as extent is possible, within TSS’s established PPN, in directing care for enrollees and coordinating services.

Federal Grants and Contracts

Programs supported by federal and state grants are subject to additional audits by the grantor agencies in order to determine if expenditures comply with conditions of such grants. It is the Management’s opinion that no additional material unrecorded liabilities will arise from audits previously performed or to be performed.

Fiscal Agent of El Punto en la Montaña

PR CONCRA was designated the Fiscal Agent of El Punto en la Montaña, Inc. (the Corporation). As Fiscal Agent, PR CONCRA, receive the funds granted to the Corporation and disburse such funds to third parties, after receipt adequate documentation authorized by the responsible officers of the Corporation and in agreement with budget line item. The unexpended amount of Non-Federal Grant Funds received as of December 31, 2019, was to \$69,564 and is included in accrued expenses and withholdings. The Collaborative Agreement as Fiscal Agent with the El Punto de la Montaña Corporation ceased through the transfer of \$75,916 of funds available in the bank account on July 9, 2020

Pharmacy Contract Services Agreement

PR CONCRA has contracted with Barakah Two Thousand Drugs Corp, Farmacia Caridad (the pharmacy) on February 8, 2019, to facilitate the design and implementation of the 340B contract pharmacy program. PR CONCRA uses a replenishment model for contract pharmacy services. For all the service and obligations, the pharmacy agreed to assumed and provided under the agreement, PR CONCRA will pay the pharmacy 25% of the total payment actually received from the insurer for the dispensing of covered drugs less cost of drugs. Except for the dispensing of STD drugs, PR CONCRA shall pay the pharmacy a dispensing fee per processed prescription of covered drugs of five (\$5.00) dollars for each medication dispensed. The term of the agreement is for a period of two (2) years and shall be renewed automatically for successive one-year terms, unless terminated earlier as provided in the contract.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Notes to Financial Statements

As of and for the years ended December 31, 2020 and 2019

12. LIQUIDITY

As of December 31, 2020, **the Institution's** financial assets available within one year for general expenditure are as follows:

Cash and cash equivalents	\$ 5,037,466
Grants contracts receivable	610,184
Accounts receivable, net	<u>2,574,082</u>
 Total	 <u>\$ 8,221,732</u>

The Institution's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the statement of financial position date and amounts set aside for long-term investing.

As part of **the Institution'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. **The Institution** does not intend to spend other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process.

13. FINANCIAL INSTRUMENTS

The Institution's financial instruments consist of cash, grants receivable, accounts payable, accrued expenses and short-term borrowings. The carrying amounts reported in the statements of financial position approximate fair values because the short maturities of those instruments.

14. CONCENTRATION OF CREDIT RISK

The Institution maintains its cash balances in various commercial banks. Commercial bank accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2020, **the Institution's** uninsured cash balances amounted to \$4,552,052.

15. UNUSUAL EVENTS

Coronavirus Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. The immediate impact to **the Institution's** operations includes disruptions or restrictions on our employees' ability to work. Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Notes to Financial Statements

As of and for the years ended December 31, 2020 and 2019

15. UNUSUAL EVENTS, Continued

Coronavirus Pandemic

In response to the economic impact of COVID-19, **the Institution** received the following:

In March of 2020, **the Institution** received additional federal grant awards from the FY 2020 Coronavirus Supplemental Funding for Health Centers totaling \$50,464. The grant award contains specific terms and conditions that must be followed when utilizing this funding.

In April of 2020, **the Institution** received additional federal grant awards from the Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding totaling \$503,000. The grant award contains specific terms and conditions that must be followed when utilizing this funding.

In April of 2020 **the Institution** received \$106,000 of additional funding support from the Ryan White HIV/AIDS Program Part C EIS COVID-19 Response. The grant award contains specific terms and conditions that must be followed when utilizing this funding.

In April of 2020 **the Institution** received \$26,606 of additional funding support from the Ryan White HIV/AIDS Program Part D EIS COVID-19 Response. The grant award contains specific terms and conditions that must be followed when utilizing this funding.

In May of 2020, **the Institution** received additional federal grant awards from the Expanding Capacity for Coronavirus Testing (ECT) totaling \$98,329. The grant award contains specific terms and conditions that must be followed when utilizing this funding.

PRCONCRA Primary Health Center and Loss of funds

On August 26, 2021, HRSA informed that the center would no longer be a recipient of federal funds through section 330 funds. The non-renewal of the competition proposal for funds 330 was due to noncompliance with Health Center Program requirements. This decision impacts **the institution's** continued funding under the Health Center Program (i.e., base/H80 funding) and all active supplemental funding awards (i.e., CARES/H8D, ECT/H8E, ARP/H8F). It also impacts the associated federal benefits (e.g., eligibility for FQHC reimbursement, FSHCAA liability protections/FTCA coverage)".

On August 29, 2021, the PRCONCRA Primary Health Center 330 ceased its operations to the public.

SINGLE AUDIT SECTION

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Schedule of Expenditures of Federal Awards

For the year ended December 31, 2020

<u>Federal Grantor/ Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA No.</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Health and Human Services:</u>				
<u>Direct Programs:</u>				
Ryan White Part D - Primary Care	93.153	N/A	\$	300,463
(Ryan White Part D) Coronavirus Supplemental Funding for preventing, preparing for, and responding to COVID-19	93.153	N/A		26,516
Ryan White Part C - Outpatient Early Intervention Services with Respect to HIV Decease	93.918	N/A		761,254
(Ryan White Part C) Coronavirus Supplemental Funding for preventing, preparing for, and responding to COVID-19	93.918	N/A		56,671
HIV Prevention Projects for the Commonwealth of Puerto Rico and U.S. Virgin Islands (Tod@s II)	93.939	N/A	-	298,069
				<u>1,442,973</u>
Consolidated Health Centers (Community Health Centers, Migrant Health Center)	93.224	N/A		73,586
Coronavirus Supplemental Funding for preventing, preparing for, and responding to COVID-19	93.224	N/A		1,456
Expanding Capacity for Coronavirus Testing (ECT)	93.224	N/A		30,000
Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Detection of coronavirus (SARS-CoV-2)	93.224	N/A	-	410,286
Total Direct Programs				<u>515,328</u>
<u>Pass-through Programs:</u>				
Municipality of San Juan - HIV Emergency Relief Project Grant - Ryan White Part A	93.914		-	403,563
Total of Expenditures of the Federal Awards			-	<u>\$ 2,361,864</u>

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Notes to Schedule of Expenditures of Federal Awards

For the year ended December 31, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of **Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc. (the Institution)** under programs of the federal government for the year ending in December 31, 2020. The information in this SEFA 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 SEFA presents only a selected portion of the operation of **the Institution**, it is not intended to and does not present the financial position, changes in net assets, or cash flow of **the Institution**.

The Catalog of Federal Domestic Assistance (CFDA) Number is a program identification number. The first two digits identify the federal department or agency that administers the program, and the last three numbers are assigned by numerical sequence.

State or local government redistributions of federal awards to **the Institution**, known as “pass-through awards”, should be treated by **the Institution** as though they were received directly from the federal government. The Uniform Guidance requires the SEFA to include the name of the pass-through entity and the identifying number assigned by the pass-through entity for the federal awards received as a sub-recipient. Numbers identified as N/A are not applicable and numbers identified as N/AV are not available

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. The pass-through entity identifying numbers are presented where available.

NOTE C - INDIRECT COST RATE

The Institution has elected not to use the 10-percent of de minimis indirect cost rate as allowed under the Uniform Guidance.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Notes to Schedule of Expenditures of Federal Awards

For the year ended December 31, 2020

**NOTE D – RECONCILIATION OF EXPENDITURES IN THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS TO THE EXPENSES PRESENTED IN STATEMENT OF ACTIVITIES**

Description	Ryan White Part D	Ryan White Part C	Ryan White Part A	CDC Tod@s	Health Center	Total
Expenses per SEFA	\$ 326,979	\$ 817,925	\$ 403,563	\$ 298,069	\$ 515,328	\$ 2,361,864
Less: Capitalized expenditures					(89,580)	(89,580)
Add: Depreciation expense	-	-	1,380	-	-	1,380
Total net assets released from restrictions	<u>\$ 326,979</u>	<u>\$ 817,925</u>	<u>\$ 404,943</u>	<u>\$ 298,069</u>	<u>\$ 425,748</u>	<u>\$ 2,273,664</u>

NOTE E – PRIMARY HEALTH CENTER AND LOSS OF FUNDS

On August 26, 2021, HRSA informed that the center would no longer be a recipient of federal funds through section 330 funds. The non-renewal of the competition proposal for funds 330 was due to noncompliance with Health Center Program requirements. This decision impacts the institution's continued funding under the Health Center Program (i.e., base/H80 funding) and all active supplemental funding awards (i.e., CARES/H8D, ECT/H8E, ARP/H8F). It also impacts the associated federal benefits (e.g., eligibility for FQHC reimbursement, FSHCAA liability protections/FTCA coverage)".

On August 29, 2021, the PRCONCRA Primary Health Center 330 ceased its operations to the public.

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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
**Puerto Rico Community Network for
Clinical Services, Research and Health
Advancement (PR CONCRA), Inc.**
San Juan, Puerto Rico

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 financial statements of **Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc.**, "the Institution" (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 29, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc.'s** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc.'s** internal control. Accordingly, we do not express an opinion on the effectiveness of **the Institution'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 **Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc.**'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Institution'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 Institution's** internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 29, 2022

License No. PSC - 196
Ponce, Puerto Rico

RRC CPA Group, PSC

Stamp number E484735 was
affixed to the original report.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
**Puerto Rico Community Network for
Clinical Services, Research and Health
Advancement (PR CONCRA), Inc.**
San Juan, Puerto Rico

Report on Compliance for Each Major Federal Program

We have audited **Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc.**'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc.**'s major federal programs for the years ended December 31, 2020 and 2019. **Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc.**'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 **Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc.**'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc.**'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc.**'s compliance.

Opinion on Each Major Federal Program

In our opinion, **Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc.** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020 and 2019.

Report on Internal Control Over Compliance

Management of **Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc.** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc.'s** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Puerto Rico Community Network for Clinical Services, Research and Health Advancement (PR CONCRA), Inc.'s** internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

March 29, 2022

License No. PSC - 196
Ponce, Puerto Rico



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affixed to the original report.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Schedule of Findings and Questioned Costs

For the year ended December 31, 2020 and 2019

I. Summary of audit results:

Part I - Financial Statements

1. Type of auditor's report issued: Unmodified opinion Qualified opinion
 Adverse opinion Disclaimer of opinion
2. Internal control over financial reporting:
- a) Material weakness(es) identified? Yes No
b) Significant deficiency(ies) identified? Yes None reported
3. Noncompliance material to financial statements noted? Yes No

Part II - Federal Awards

1. Internal control over major federal programs:
- a) Material weakness(es) identified? Yes No
b) Significant deficiency (ies) identified? Yes None reported
2. Type of auditor's report issued on compliance for major federal programs: Unmodified opinion Qualified opinion
 Adverse opinion Disclaimer of opinion
3. Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? Yes No
4. Identification of major federal programs:
- | CFDA Number(s) | Name of Federal Program or Cluster |
|----------------|--|
| 93.224 | Consolidated Health Centers (Community Health Centers, Migrant Health Center) |
| 93.939 | HIV Prevention Projects for the Commonwealth of Puerto Rico and U.S. Virgin Islands (Tod@s II) |
5. Dollar threshold used to distinguish Type A and Type B programs: \$750,000
6. Low-risk auditee Yes No

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Schedule of Findings and Questioned Costs, Continued

For the year ended December 31, 2020 and 2019

II. Findings related to financial statements reported in accordance with GAGAS:

None reported.

III. Findings and Questioned Costs for Federal Awards:

None reported.

**PUERTO RICO COMMUNITY NETWORK FOR CLINICAL SERVICES, RESEARCH
AND HEALTH ADVANCEMENT (PR CONCRA), INC.
(A Non-Profit Corporation)**

Summary Schedule of Prior Findings

For the year ended December 31, 2020 and 2019

Fiscal year Ended	Finding No.	Condition	Status
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No prior year audit findings to follow-up.