GENESIS COMMUNITY HEALTH, INC.
Financial Statements
September 30, 2016 and 2015
With Independent Auditors' Report

withum
AUDIT TAX ADVISORY

Genesis Community Health, Inc.
September 30, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Genesis Community Health, Inc.
Boynton Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Genesis Community Health, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 auditors' 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 auditors consider internal control relevant to the Organization'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 Organization'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 Genesis Community Health, Inc. as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Financial Statements and Supplementary Information

The financial statements of Genesis Community Health, Inc. as of and for the year ended September 30, 2015, were audited by other auditors whose report dated January 26, 2016, expressed an unmodified opinion on those statements.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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 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 schedule of expenditures of federal awards 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 April 1, 2017, on our consideration of the Organization'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 Organization's internal control over financial reporting and compliance.

Withum Smith + Brown, PC

April 1, 2017

Genesis Community Health, Inc.
Statements of Financial Position
September 30, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	$ 104,475	$ 370,486
Receivables		
Accounts receivable, less allowance for doubtful accounts: 2016 – $83,210 and 2015 – $47,245	78,168	21,799
Grants receivable	194,320	87,633
Other receivable	3,601	2,329
Prepaid expenses	66,347	81,115
Total current assets	446,911	563,362
Property, equipment, and leasehold improvements	47,974	66,761
Deposits	25,412	15,835
Total assets	$ 520,297	$ 645,958
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 325,138	$ 230,278
Deferred support	189,277	372,917
Total current liabilities	514,415	603,195
Net assets		
Unrestricted	5,882	42,763
Total net assets	5,882	42,763
Total liabilities and net assets	$ 520,297	$ 645,958

The Notes to Financial Statements are an integral part of these statements.

Genesis Community Health, Inc.
Statements of Activities
Years Ended September 30, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Grants and contributions	$ -	$ 3,118,417	$ 3,118,417	$ -	$ 2,340,836	$ 2,340,836
Patient fees	606,706	-	606,706	396,114	-	396,114
Interest income	125	-	125	86	-	86
Net assets released from restrictions	3,118,417	(3,118,417)	-	2,340,836	(2,340,836)	-
Total support and revenue	3,725,248	-	3,725,248	2,737,036	-	2,737,036
Expenses						
Program services	3,088,677	-	3,088,677	2,142,533	-	2,142,533
Management and general	627,452	-	627,452	518,680	-	518,680
Fundraising expenses	46,000	-	46,000	46,000	-	46,000
Total expenses	3,762,129	-	3,762,129	2,707,213	-	2,707,213
Increase (decrease) in net assets	(36,881)	-	(36,881)	29,823	-	29,823
Net assets						
Beginning of year	42,763	-	42,763	12,940	-	12,940
End of year	$ 5,882	$ -	$ 5,882	$ 42,763	$ -	$ 42,763

The Notes to Financial Statements are an integral part of these statements.

Genesis Community Health, Inc.
Statements of Functional Expenses
Years Ended September 30, 2016 and 2015

	2016				2015			
	Program Services	Management and General	Fundraising Expenses	Total	Program Services	Management and General	Fundraising Expenses	Total
Personnel	$ 1,794,346	$ 436,479	$ -	$ 2,230,825	$ 1,207,597	$ 348,642	$ -	$ 1,556,239
Contracted services	583,043	24,582	46,000	653,625	513,055	39,710	46,000	598,765
Medical supplies	139,368	1,225	-	140,593	26,161	508	-	26,669
Facilities	275,892	41,644	-	317,536	185,344	33,623	-	218,967
Dues and subscriptions	30,604	4,619	-	35,223	28,262	5,127	-	33,389
Insurance	49,231	7,431	-	56,662	64,691	11,735	-	76,426
Depreciation	16,323	2,464	-	18,787	44,240	8,025	-	52,265
Administration	168,347	90,980	-	259,327	55,630	53,772	-	109,402
Marketing	31,523	18,028	-	49,551	17,553	17,538	-	35,091
	$ 3,088,677	$ 627,452	$ 46,000	$ 3,762,129	$ 2,142,533	$ 518,680	$ 46,000	$ 2,707,213

The Notes to Financial Statements are an integral part of these statements.

Genesis Community Health, Inc.
Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Cash received from grants and patients	$ 3,377,155	$ 3,132,747
Cash paid for program and supporting services	(3,643,291)	(2,736,383)
Interest received	125	86
Net cash provided by (used in) operating activities	(266,011)	396,450
Cash flows from investing activities		
Purchases of property and equipment and leasehold improvements	-	(16,783)
Net cash used in investing activities	-	(16,783)
Cash flows from financing activities		
Repayment of note payable	-	(61,800)
Net cash used in financing activities	-	(61,800)
Net increase (decrease) in cash and cash equivalents	(266,011)	317,867
Cash and Cash Equivalents		
Beginning of year	370,486	52,619
End of year	$ 104,475	$ 370,486
Reconciliation of increase (decrease) in net assets to net cash provided by (used in) operating activities		
Increase (decrease) in net assets	$ (36,881)	$ 29,823
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	18,787	52,265
Changes in assets and liabilities		
Accounts receivable	(56,369)	3,430
Grants receivable	(106,687)	214,718
Other receivable	(1,272)	(2,329)
Prepaid expenses	14,768	(17,997)
Deposits	(9,577)	(6,839)
Accounts payable and accrued expenses	94,860	(56,599)
Deferred support	(183,640)	179,978
Total adjustments	(229,130)	366,627
Net cash provided by (used in) operating activities	$ (266,011)	$ 396,450

The Notes to Financial Statements are an integral part of these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Genesis Community Health, Inc. (the "Organization") was formed to promote health care service programs and to establish, maintain, and promote community health centers and other outpatient health care delivery facilities that will provide high quality, primary care health services to the community, with particular focus on the health care needs of the medically underserved populations in and around Palm Beach County, Florida. Its support and revenue comes primarily through grants awarded during the fiscal year.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

At September 30, 2016 and 2015, the Organization had no temporarily or permanently restricted net assets.

Support and Revenue Recognition

The Organization received grant funding from certain private foundations for which revenue is recognized only to the extent of expenditures under the terms of the grant. Grant amounts awarded in excess of obligations incurred are recorded as deferred support. Patient fees are recognized based on services rendered at rates that will be paid by Medicaid or insurance.

Revenue from government grants and contracts designated for use in specific activities is recognized in the period when the expenditures have been incurred in compliance with the grantor's restrictions. Grants and contract awards for the acquisition of long-lived assets are reported as unrestricted non-operating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as refundable advances.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts and Grants Receivables
Accounts and grants receivables are stated at net realizable value. In determining whether or not to record an allowance for doubtful accounts, management makes a judgmental determination based on an evaluation of the facts and circumstances related to each account. Receivables are written off as a charge to the allowance when, in management's estimation, it is probable that the receivable is uncollectible.

Property, Equipment, and Leasehold Improvements
Property and equipment is recorded at cost. Depreciation is calculated by the straight-line method over estimated useful lives of 3 to 7 years. Contributed assets are recorded at their estimated fair value at the date of contribution. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Repairs and maintenance are expensed as incurred.

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

Income Taxes
The Organization is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Accordingly, no provision for income taxes is reflected in the accompanying financial statements. Accounting principles generally accepted in the United States of America prescribe requirements for the recognition of income taxes in financial statements, and the amounts recognized are affected by income tax positions taken by the Organization in its tax returns. The Organization's status as an exempt organization is defined as an income tax position under these requirements. While management believes it has complied with the IRC, the sustainability of some income tax positions taken by the Organization in its tax returns may be uncertain. There are minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized in the financial statements. Management does not believe that the Organization has any material uncertain tax positions at September 30, 2016. In the event interest and penalties were due relating to an unsustainable tax position, they would be treated as a component of income tax expense.

Use of Estimates
In preparing the financial statements, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent Events
Management has evaluated subsequent events through April 1, 2017, the date which the financial statements were available to be issued. Based upon this evaluation, the Organization has determined that no subsequent events have occurred which require adjustment to or disclosure in the financial statements.

2. PROPERTY, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

Property, equipment, and leasehold improvements consist of the following at September 30, 2016 and 2015:

	2016	2015
Leasehold improvements	$ 156,684	$ 156,684
Information technology equipment	157,557	157,557
Medical equipment	14,500	14,500
Vehicles	23,663	23,663
Furniture and fixtures	11,908	11,908
	364,312	364,312
Less accumulated depreciation	(316,338)	(297,551)
Total property and equipment and leasehold improvements	$ 47,974	$ 66,761

Depreciation for the years ended September 30, 2016 and 2015, was $18,787 and $52,265, respectively.

3. NOTE PAYABLE TO BANK

The Organization has a $100,000 line of credit with interest at 7.10%, collateralized by property and equipment. The line of credit matures on December 9, 2017. There was no outstanding balance at September 30, 2016 or 2015.

4. CONDITIONAL PROMISES TO GIVE

In addition to grants receivable, the Organization had received the following conditional promises to give as of September 30, 2016:

Condition	Amount
Incurring future expenses	$ 2,194,531

These conditional promises to give require the Organization to provide certain services during specific periods. If such services are not provided, the grantors are not obligated to expend the funds allotted under the grant agreements.

Included in deferred support at September 30, 2016 and 2015, are refundable advances under conditional promises to give in the amounts of $189,277 and $372,917, respectively. These amounts are also conditioned on incurring future expenses.

5. RELATED PARTIES

The Organization is a member of Health Choice Network of Florida, Inc. ("HCN"), an association for federally qualified health centers, which provides substantial support services to the Organization's operations in terms of information technology, finance, electronic health records, managed care, and other clinical services. The CEO of the Organization serves on the Board of HCN. The amounts paid to HCN for this support was $288,316 and $223,351 for the years ended September 30, 2016 and 2015, respectively. As of September 30, 2016 and 2015, there was $29,349 and $37,628 due to HCN, respectively.

6. LEASE AGREEMENT

The Organization had two pre-existing leases expire during the year ended September 30, 2015. In May 2015, the Organization renewed a lease agreement to operate its business offices. This lease expires in 2020. In January 2016, the Organization renewed a lease for a medical facility. This lease expires in April 2017. Both of these leases are located in Boynton Beach, Florida. The Organization also began leasing two medical facilities in Boca Raton, Florida. These two leases expire in September 2018 and May 2021. Rental expense for all leases, including equipment leases, for the years ended September 30, 2016 and 2015, was $282,247 and $154,864 respectively.

Future minimum rentals under the leases at September 30, 2016, are as follows:

Year Ending September 30,	
2017	$ 225,786
2018	193,593
2019	136,685
2020	112,098
2021	43,838
	$ 712,000

7. CONCENTRATIONS

During the years ended September 30, 2016 and 2015, the Organization had concentrations in grants from one and three grantors in the amounts of $2,484,405 and $2,122,060, respectively.

Cash is maintained in two financial institutions. At times, the balances exceed federally insured limits. The Organization did not exceed its federally insured limit at September 30, 2016. At September 30, 2015, the Organization had exceeded its federally insured limit by $111,648.

8. RETIREMENT PLAN

The Organization offers a defined-contribution plan to eligible employees as prescribed in Section 403(b) of the Internal Revenue Code. The plan covers all eligible employees who elect to participate. Contributions are based on employee salary deferrals. In addition, the plan allows the Organization to match employee salary deferrals. The Organization made contributions of $17,256 to the plan during the year ended September 30, 2016. The Organization did not make any contributions to the plan for the year ended September 30, 2015.

9. CONTINGENCIES

The Organization receives a substantial amount of its support from government and public grants. A significant reduction in the level of this support, if this were to occur, would have an effect on the Organization's programs and activities.

Costs reflected in the financial statements relating to government and public-funded programs are subject to audit by the funding agency. The possible disallowance of any item charged to the program has not been determined, if any. No provision for any liability that may result has been made in the financial statements.

SUPPLEMENTARY INFORMATION

Genesis Community Health, Inc.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2016

	CFDA Number	Contract Number	Grant Expenditures
U.S. Department of Health and Human Services:			
Consolidated Health Centers Cluster			
Consolidated Health Center	93.224	H80CS24107	$ 2,407,881
Health Infrastructure Investment Program	93.527	C8DCS29685	2,450
Subtotal Consolidated Health Centers Cluster			2,410,331
Centers for Disease Control – Expanded Testing Initiative	93.940	PB325	18,514
Centers for Disease Control – Expanded Testing Initiative	93.940	PB336	55,560
Total expenditures of federal awards			$ 2,484,405

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended September 30, 2016. 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 Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. INDIRECT COST RATE

The Organization does not have a federally negotiated indirect cost rate and has not elected to use the ten percent de minimis cost rate.

4. SUBRECIPIENTS

The Organization did not provide any federal funds to subrecipients.

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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 AUDITNG STANDARDS*

To the Board of Directors
Genesis Community Health, Inc.
Boynton Beach, Florida

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 Genesis Community Health, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 Organization'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

April 1, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Directors
Genesis Community Health, Inc.
Boynton Beach, Florida

Report on Compliance for Each Major Federal Program

We have audited Genesis Community Health, Inc.'s (the "Organization") (a nonprofit organization) 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 Organization's major federal programs for the year ended September 30, 2016. The Organization'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 federal grants applicable to its federal programs.

Auditors' Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of the Organization 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 Organization'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 Organization'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.

Withum Smith + Brown, PC

April 1, 2017

Genesis Community Health, Inc.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

I. SUMMARY OF AUDITORS' RESULTS

1. Financial Statements

a. Type of auditors' report issued	Unmodified	
b. Internal control over financial reporting:		
1) Material weakness(es) identified?	___Yes	_X_ No
2) Significant deficiencies identified not considered to be material weaknesses?	___Yes	_X_ None reported
c. Noncompliance material to financial statements noted?	___Yes	_X_ No

2. Federal Awards Programs:

a. Internal control over major programs		
1) Material weakness(es) identified?	___Yes	_X_ No
2) Significant deficiencies identified not considered to be material weaknesses?	___Yes	_X_ None reported
b. Type of auditors' report issued on compliance for major programs	Unmodified	
c. Any audit findings disclosed that are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (200.516(a))	___Yes	_X_ No

d. Identification of major programs

CFDA Number	Name of Federal Program or Cluster
93.224	Consolidated Health Centers
93.527	Health Infrastructure Investment Program

e. Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
f. Auditee qualified as low-risk auditee	_X_ Yes	___No

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

No matters were reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

No matters were reported.