

**PRIMECARE COMMUNITY
HEALTH, INC.**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

PRIMECARE COMMUNITY HEALTH, INC.

YEARS ENDED DECEMBER 31, 2014 AND 2013

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Independent Auditor's Report

Board of Directors
PrimeCare Community Health, Inc.
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of PrimeCare Community Health, Inc. (PrimeCare), which comprise the balance sheet as of December 31, 2014 and 2013 and the related statements of operations, changes in net assets and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PrimeCare Community Health, Inc. as of December 31, 2014 and 2013 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expense detail on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedule of expense detail has been subjected to the auditing procedures applied in the audits 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 also have issued our report dated May 18, 2015, on our consideration of PrimeCare'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 PrimeCare's internal control over financial reporting and compliance.

Ostrow Reisin Berk & Abrams, Ltd.

Chicago, Illinois
May 18, 2015

PRIMECARE COMMUNITY HEALTH, INC.

BALANCE SHEET

December 31,	2014	2013
ASSETS		
Current assets:		
Cash	\$ 219,594	\$ 313,815
Patient accounts receivable, less allowance for uncollectible accounts of \$578,524 in 2014 and \$469,029 in 2013	583,132	607,841
Grants receivable	403,906	
Other receivables	69,205	101,468
Prepaid expenses	17,502	46,325
Total current assets	1,293,339	1,069,449
Property and equipment, net	1,680,726	1,352,364
Investments	57,500	
Security deposit	35,594	37,669
Total assets	\$ 3,067,159	\$ 2,459,482

See notes to financial statements.

PRIMECARE COMMUNITY HEALTH, INC.

BALANCE SHEET (CONTINUED)

December 31,	2014	2013
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 265,631	\$ 110,952
Accrued compensation	509,139	407,122
Other accrued liabilities	72,310	55,772
Note payable	50,000	
Total current liabilities	897,080	573,846
Noncurrent liabilities:		
Deferred rent	77,593	45,254
Due to Saint Elizabeth Hospital	265,465	213,327
Total noncurrent liabilities	343,058	258,581
Total liabilities	1,240,138	832,427
Net assets:		
Unrestricted	1,787,021	1,372,055
Temporarily restricted	40,000	255,000
Total net assets	1,827,021	1,627,055
Total liabilities and net assets	\$ 3,067,159	\$ 2,459,482

See notes to financial statements.

PRIMECARE COMMUNITY HEALTH, INC.

STATEMENT OF OPERATIONS

Years ended December 31,	2014	2013
Changes in unrestricted net assets:		
Revenues, gains and other support:		
Patient service revenue	\$ 5,482,347	\$ 4,752,092
Provision for uncollectible accounts	493,685	443,370
Net patient service revenue	4,988,662	4,308,722
Grant revenue	2,296,596	1,385,464
Interest income	277	934
Other revenue	263,804	150,188
Net assets released from restrictions	255,000	42,500
Total revenues, gains and other support	7,804,339	5,887,808
Expenses:		
Salaries, wages and benefits	5,397,377	4,904,633
Medical and general supplies	226,339	134,253
Purchased services	702,608	541,537
Occupancy	609,266	557,136
Repairs and maintenance	71,518	68,810
Marketing	5,661	7,379
Insurance	28,586	31,860
Interest	7,193	35,324
Depreciation and amortization	282,393	193,580
Write-off of uncollectible grant receivable		42,500
Other	58,432	47,813
Total expenses	7,389,373	6,564,825

See notes to financial statements.

PRIMECARE COMMUNITY HEALTH, INC.

STATEMENT OF OPERATIONS (CONTINUED)

Years ended December 31,	2014	2013
Excess of revenues over expenses (expenses over revenues)	\$ 414,966	\$ (677,017)
Forgiveness of indebtedness		822,600
Increase in unrestricted net assets	414,966	145,583
Changes in temporarily restricted net assets:		
Grant revenue	40,000	
Net assets released from restrictions	(255,000)	(42,500)
Decrease in temporarily restricted net assets	(215,000)	(42,500)
Increase in net assets	\$ 199,966	\$ 103,083

See notes to financial statements.

PRIMECARE COMMUNITY HEALTH, INC.

STATEMENT OF CHANGES IN NET ASSETS

Years ended December 31, 2014 and 2013	Unrestricted	Temporarily Restricted	Total
Balances, December 31, 2012	\$ 1,226,472	\$ 297,500	\$ 1,523,972
Increase (decrease) in net assets during the year ended December 31, 2013	145,583	(42,500)	103,083
Balances, December 31, 2013	1,372,055	255,000	1,627,055
Increase (decrease) in net assets during the year ended December 31, 2014	414,966	(215,000)	199,966
Balances, December 31, 2014	\$ 1,787,021	\$ 40,000	\$ 1,827,021

See notes to financial statements.

PRIMECARE COMMUNITY HEALTH, INC.

STATEMENT OF CASH FLOWS

Years ended December 31,	2014	2013
Operating activities:		
Increase in net assets	\$ 199,966	\$ 103,083
Adjustments to reconcile above to cash provided by (used in) operating activities:		
In-kind donation of EHR implementation costs		(91,342)
Depreciation and amortization	282,393	193,580
Provision for uncollectible accounts	493,685	443,370
Forgiveness of indebtedness		(822,600)
(Increase) decrease in operating assets:		
Patient accounts receivable	(468,976)	(526,428)
Grants receivable	(403,906)	148,750
Other receivables	32,263	(63,800)
Prepaid expenses	28,823	8,542
Security deposit	2,075	(2,075)
Increase (decrease) in operating liabilities:		
Accounts payable	154,679	77,192
Accrued compensation	102,017	41,646
Other accrued liabilities	16,538	(11,670)
Deferred rent	32,339	35,038
Due to Saint Elizabeth Hospital	52,138	(29,146)
Cash provided by (used in) operating activities	524,034	(495,860)
Investing activities:		
Purchase of investments	(7,500)	
Purchases of property and equipment	(610,755)	(133,021)
Cash used in investing activities	(618,255)	(133,021)
Decrease in cash	(94,221)	(628,881)
Cash, beginning of year	313,815	942,696
Cash, end of year	\$ 219,594	\$ 313,815
Supplemental disclosures of cash flow information:		
Non-cash financing of investment	\$ 50,000	
Non-cash capitalization of donated EHR implementation costs		\$ 91,342

See notes to financial statements.

PRIMECARE COMMUNITY HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS

1. Organization

PrimeCare Community Health, Inc. (PrimeCare) was incorporated on April 21, 1992, to provide health care services that principally serve the medically underserved members of the communities it serves. PrimeCare operates in the near Northwest Chicago community. PrimeCare's Board of Directors is comprised mainly of active users of PrimeCare and representatives of the community served by PrimeCare.

PrimeCare is a Federally Qualified Health Center (FQHC) eligible for cost-based reimbursement from Medicaid and Medicare. Presently, PrimeCare operates five sites.

2. Summary of significant accounting policies

Basis of accounting:

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.

Financial statement presentation:

PrimeCare presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Accordingly, PrimeCare reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets:

Unrestricted net assets include unrestricted resources, which represent the portion of funds that are available for the operating objectives of PrimeCare.

Temporarily restricted net assets:

Temporarily restricted net assets consist of donor restricted contributions and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as temporarily restricted revenue, when received and such unexpended amounts are reported as temporarily restricted net assets at year-end. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as "net assets released from restrictions." As of December 31, 2014 and 2013, there was \$40,000 and \$255,000 of temporarily restricted net assets, respectively.

PRIMECARE COMMUNITY HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Financial statement presentation: (continued)

Permanently restricted net assets:

Permanently restricted net assets consist of donor-restricted contributions, which are required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations. PrimeCare had no permanently restricted net assets at December 31, 2014 and 2013.

Cash:

PrimeCare maintains its cash in bank accounts which, at times, may exceed federally-insured limits. At December 31, 2014 and 2013, PrimeCare had approximately \$17,000 and \$113,000, respectively, in excess of federally-insured limits. PrimeCare has not experienced any losses in such accounts. Management believes that PrimeCare is not exposed to any significant credit risk on cash.

Patient accounts receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance are as follows:

Years ended December 31,	2014	2013
Balance, beginning of year	\$ 469,029	\$ 445,675
Receivables written off	(384,190)	(420,016)
Add provision for uncollectible accounts	493,685	443,370
Balance, end of year	\$ 578,524	\$ 469,029

Grants receivable:

Grants receivable represent unconditional promises to give that are expected to be collected within one year and are recorded at net realizable value.

PRIMECARE COMMUNITY HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Property and equipment and related depreciation and amortization:

PrimeCare capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment are recorded at cost or, for donated items, at fair value as of the date received.

Leasehold improvements are amortized over the lesser of the term of the lease or the estimated life of the improvements. Depreciation of equipment is provided using the straight-line method over the estimated useful lives of the assets, which range from 3-5 years.

Net patient service revenue:

PrimeCare has agreements with third-party payors that provide for payments to PrimeCare at amounts different from its established rates. Payment arrangements include prospectively determined rates per visit, discounted charges and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered.

Contributions:

Contributions, including unconditional promises to give, are recognized as revenue in the period received and recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and nature of any donor-imposed restrictions. Temporarily restricted support is reclassified to unrestricted net assets upon satisfaction of the restriction. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the same reporting period in which the revenue is recognized.

PrimeCare records in-kind donations at fair value at the time of the donation. PrimeCare received \$91,342 in the form of an electronic health records software implementation subsidy during the year ended December 31, 2013.

EHR Incentive payments:

The American Recovery and Investment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH). The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology.

PRIMECARE COMMUNITY HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

EHR Incentive payments: (continued)

Eligibility for annual Medicaid incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid payments are available to providers that adopt, implement or upgrade certified EHR technology. Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments.

PrimeCare recognizes HITECH incentive payments as revenue under the grant accounting model when it is reasonably assured that the meaningful use objectives have been achieved. During the year ended December 31, 2013, \$42,500 of grants receivable under the HITECH incentive grant was determined to be uncollectible and the write-off of uncollectible grant receivable is reflected as an expense in the statement of operations. PrimeCare's compliance with the meaningful use criteria is subject to audit by the federal government.

Provisions for community service and care to the indigent:

PrimeCare has a policy in place to determine which patients will receive health care services on a sliding fee scale. These services represent charity care and are excluded from net patient service revenue. PrimeCare maintains records to identify and monitor the level of charity care provided, which is measured by the amount of estimated costs incurred to provide these services. These costs totaled approximately \$597,000 and \$506,000 for the years ended December 31, 2014 and 2013, respectively.

Tax status:

PrimeCare is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and applicable state law. PrimeCare has adopted the requirements for accounting for uncertain tax positions and management has determined that PrimeCare was not required to record a liability related to uncertain tax positions as of December 31, 2014 and 2013. All federal and state tax and/or information returns of PrimeCare for tax years ended December 31, 2011, 2012 and 2013 are subject to examination by the Internal Revenue Service and state taxing authorities, generally for three years after the returns were filed.

Malpractice claims:

The employees of PrimeCare are covered under the Federal Tort Claims Act (FTCA) from any malpractice claims. Presence Health provides primary malpractice insurance for their faculty attending physicians and residents. The FTCA also covers the activities of Presence Health employees while practicing in PrimeCare clinics. In addition, PrimeCare purchases FTCA gap coverage on all PrimeCare employees practicing in their clinics.

PRIMECARE COMMUNITY HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Performance indicator:

For the year ended December 31, 2013, excess of expenses over revenues on the statement of operations excludes forgiveness of indebtedness of \$822,600. See Note 8.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification:

Certain amounts reported in the prior year have been reclassified in order to conform to the current year's presentation.

3. Contractual arrangements with third-party payors

PrimeCare provides care to patients under Medicare, Medicaid and various health maintenance and preferred provider organization contractual arrangements and programs. Payments under these arrangements and programs are based on either a cost-based encounter rate, a per-member per month capitated rate or a rate based on a percentage of charges. The difference between charges for services rendered and the estimated payments under these arrangements and programs is excluded from net patient service revenue.

The percentages of net patient accounts receivable applicable to Medicare, Medicaid and Managed Care contractual arrangements are as follows:

December 31,	2014	2013
Medicare	12%	6%
Medicaid	43%	34%
Managed Care	4%	6%

PRIMECARE COMMUNITY HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Contractual arrangements with third-party payors (continued)

The percentages of net patient service revenue applicable to Medicare, Medicaid and Managed Care contractual arrangements are as follows:

Years ended December 31,	2014	2013
Medicare	7%	8%
Medicaid	65%	54%
Managed Care	3%	4%

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term.

Management believes that PrimeCare is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs.

4. Capitation revenue

PrimeCare has a capitation arrangement with Presence Health Partners (PHP) whereby PrimeCare does not carry any of the risk for the provision of health services to plan members. Under the arrangement, PrimeCare receives capitation premium payments per enrollee assigned to them. Capitation revenue is recorded as part of other revenue in the statement of operations.

PRIMECARE COMMUNITY HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Property and equipment

Property and equipment are as follows:

December 31,	2014	2013
Leasehold improvements	\$ 1,292,375	\$ 823,477
Equipment	1,344,266	1,202,409
	2,636,641	2,025,886
Less accumulated depreciation and amortization	955,915	673,522
Property and equipment, net	\$ 1,680,726	\$ 1,352,364

6. Investments

During the year ended December 31, 2014, PrimeCare purchased investments of certain privately-held companies in the health care industry that are accounted for using the cost method. The aggregate cost of the investments totaled \$57,500 at December 31, 2014. The investments can only be liquidated upon 90 day notice.

7. Note payable

During the year ended December 31, 2014, PrimeCare financed the purchase of one of its investments for \$50,000 with a privately-held company in the health care industry (see Note 6). The unsecured note payable with all accrued interest at 1.93%, compounded annually is due in full on September 25, 2015.

PRIMECARE COMMUNITY HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. Affiliation, management and loan agreements

PrimeCare entered into an Affiliation Agreement (agreement) with Presence Saints Mary and Elizabeth Medical Center (the Hospital), an affiliate of Presence Healthcare Services. The agreement outlines the commitment of PrimeCare and the Hospital to work collaboratively to foster their shared charitable missions. The agreement expires on June 30, 2015.

The agreement also provides for a contingency arrangement in recognition of the capital invested in PrimeCare by the Hospital and the restructuring of the debt owed by PrimeCare to the Hospital. PrimeCare agrees to make a payment to the Hospital in the amount of \$1 million should PrimeCare enter into an agreement or transaction which would cause PrimeCare to cease to be a Federally Qualified Health Center, substantially impair the ability of PrimeCare to continue its charitable mission to deliver primary care services to patients, cease to provide services to those who reside in the near Northwest Chicago community or affiliate, merge, consolidate or enter into any agreement with any other health care provider.

The agreement will terminate at the end of the term of the agreement or in the event that either PrimeCare or the Hospital does not comply with the provisions of the agreement.

On October 15, 1992, PrimeCare executed a Loan and Security Agreement with the Hospital. Under the terms of the agreement, the Hospital, at its sole discretion, had agreed to make available to PrimeCare revolving loans in amounts up to \$750,000 in total. Additionally, all revolving loans outstanding are payable upon termination of the agreement. Interest is charged at the greater of 6% or the market rate. The agreement expires on June 30, 2015.

At December 31, 2014 and 2013, PrimeCare owed the Hospital \$265,465 and \$213,327, respectively, including accrued interest. Effective December 31, 2013, the Hospital agreed to forgive \$822,600 of the balance owed to them. Additionally, the Hospital contributed \$200,000 and \$400,000, respectively, of grant revenue, primarily in the form of use of facilities and services, to PrimeCare for the years ended December 31, 2014 and 2013.

PrimeCare and the Hospital also entered into a Management Services Agreement. This agreement summarizes the specific arrangements between the Hospital and PrimeCare for shared facilities and services to be provided. During 2014 and 2013, the Hospital paid \$452,356 and \$481,713, respectively, on behalf of PrimeCare. PrimeCare reimbursed the Hospital accordingly on a monthly basis. The agreement expires on June 30, 2015.

PRIMECARE COMMUNITY HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Employees retirement plan

PrimeCare established an Employees Retirement Plan under Internal Revenue Code Section 403(b) Tax Deferred Annuity covering substantially all eligible employees. PrimeCare contributes 2% of eligible employees' base salary, plus a match of 25% of employee 403(b) contributions up to a maximum of 3% of annual base salary. The participating employees choose and decide on their investment plan. Participants may contribute up to the limits allowed by the Internal Revenue Code from year-to-year. PrimeCare's total expenses related to the plan were \$83,767 and \$86,502 for the years ended December 31, 2014 and 2013, respectively.

10. Functional expenses

Expenses incurred for providing health care services and patient education during 2014 and 2013 totaled \$6,022,027 and \$5,398,194, respectively. Expenses incurred for management and general expenses during 2014 and 2013 totaled \$1,326,343 and \$1,122,647, respectively. Expenses incurred for fundraising during 2014 and 2013 totaled \$41,003 and \$43,984, respectively.

11. Operating leases

PrimeCare leases certain equipment and space for its health centers under various operating leases.

Two operating leases with the Hospital (see Note 8) are on a month-to-month basis.

Beginning September 1, 2010, PrimeCare entered into an operating lease with Presence Healthcare Services for its Portage Park site, at an annual base rent of \$1. During the year ended December 31, 2014, the lease agreement was extended through August 31, 2015. PrimeCare recorded contributed rent and rental expense related to this leasing agreement of \$47,767 for each of 2014 and 2013. Effective January 1, 2015, the lessor is Community First Medical Center.

Beginning July 1, 2012, PrimeCare entered into an operating lease for its Northwest site. The lease is for a term of fifteen years, expiring on June 30, 2027. The lease includes the option to extend the lease for three additional five-year terms. The lease also contains a right of first option to purchase the entire plaza that includes the space leased by PrimeCare.

Beginning August 1, 2013, PrimeCare entered into an operating lease with Presence Healthcare Services for its Fullerton site, extending through July 31, 2018.

PRIMECARE COMMUNITY HEALTH, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11. Operating leases (continued)

Future minimum rental payments under the lease agreements are as follows:

Year ending December 31:	Amount
2015	\$ 217,840
2016	224,980
2017	232,240
2018	224,090
2019	208,860
Thereafter	1,741,560
Total	\$ 2,849,570

Total rental expense amounted to \$512,867 and \$483,259 for the years ended December 31, 2014 and 2013, respectively.

12. Electronic Health Records (EHR)

On December 31, 2011, PrimeCare executed a Physician Practice EHR Agreement with Presence Saints Mary and Elizabeth Medical Center (the Hospital) for the installation, implementation, licensing and access to the electronic health record software. The agreement is for an initial term of five years, ending on December 31, 2016 and will automatically renew for an additional one-year period unless terminated by either party.

Software setup and implementation costs for the system totaled \$182,684, of which \$91,342 was subsidized by the Hospital during the year ended December 31, 2013. The subsidy from the Hospital is reflected as an in-kind donation included in grant revenue on the statement of operations. The gross software set up and implementation costs have been capitalized and are included in property and equipment as of December 31, 2014 and 2013.

13. Subsequent events

Management of PrimeCare has reviewed and evaluated subsequent events from December 31, 2014, the financial statement date, through May 18, 2015, the date the financial statements were available to be issued. No events have occurred in this period that would be required to be recognized and/or disclosed in these financial statements as required by generally accepted accounting principles.

ADDITIONAL INFORMATION

PRIMECARE COMMUNITY HEALTH, INC.

SCHEDULE OF EXPENSE DETAIL

Years ended December 31,	2014	2013
Audit and legal fees	\$ 27,741	\$ 50,768
Billing and payroll services	411,579	341,789
Depreciation and amortization	282,393	193,580
Employee benefits and payroll taxes	943,411	953,760
General supplies	46,092	34,133
Insurance	28,586	31,860
Interest	7,193	35,324
Marketing	5,661	7,379
Medical supplies and services	180,247	100,120
Other expenses	58,432	47,813
Other purchased services	263,288	148,980
Rent	512,867	483,259
Repairs and maintenance	71,518	68,810
Salaries and wages	4,453,966	3,950,873
Utilities and storage	96,399	73,877
Write-off of uncollectible grant receivable		42,500
Total expenses	\$ 7,389,373	\$ 6,564,825