

**PRIMECARE COMMUNITY  
HEALTH, INC.**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2016 AND 2015**

# **PRIMECARE COMMUNITY HEALTH, INC.**

YEARS ENDED DECEMBER 31, 2016 AND 2015

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## **Independent Auditors' Report**

Board of Directors  
PrimeCare Community Health, Inc.

We have audited the accompanying financial statements of PrimeCare Community Health, Inc. (a nonprofit health care corporation) (PrimeCare), which comprise the balance sheets as of December 31, 2016 and 2015, 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.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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 positions of PrimeCare Community Health, Inc. as of December 31, 2016 and 2015, 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.

## **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expense detail on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 have also issued our report dated April 24, 2017, 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.*

April 24, 2017

# PRIMECARE COMMUNITY HEALTH, INC.

## BALANCE SHEETS

December 31,	2016	2015
<b>ASSETS</b>		
Current assets:		
Cash	\$ 109,791	\$ 185,212
Patient accounts receivable, less allowance for uncollectible accounts of \$425,210 in 2016 and \$534,212 in 2015	2,079,041	1,429,589
Grants receivable	250,750	278,319
Other receivables	337,822	461,500
Prepaid expenses	141,832	13,111
Total current assets	2,919,236	2,367,731
Property and equipment, net	1,513,387	1,330,152
Investments	57,500	57,500
Security deposits	124,994	35,594
Total assets	\$ 4,615,117	\$ 3,790,977

*See notes to financial statements.*

# PRIMECARE COMMUNITY HEALTH, INC.

## BALANCE SHEETS (CONTINUED)

December 31,	2016	2015
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 527,595	\$ 161,228
Accrued compensation	732,849	592,421
Other accrued liabilities	58,918	107,482
Total current liabilities	1,319,362	861,131
Noncurrent liabilities:		
Deferred rent	121,089	102,911
Due to Saint Elizabeth Hospital	636,244	432,217
Total noncurrent liabilities	757,333	535,128
Total liabilities	2,076,695	1,396,259
Net assets:		
Unrestricted	2,525,561	2,334,078
Temporarily restricted	12,861	60,640
Total net assets	2,538,422	2,394,718
Total liabilities and net assets	\$ 4,615,117	\$ 3,790,977

See notes to financial statements.

# PRIMECARE COMMUNITY HEALTH, INC.

## STATEMENTS OF OPERATIONS

Years ended December 31,	2016	2015
Changes in unrestricted net assets:		
Revenues, gains and other support:		
Patient service revenue	\$ 8,311,606	\$ 7,229,895
Less provision for uncollectible accounts	1,511,604	692,678
Net patient service revenue	6,800,002	6,537,217
Grant revenue	2,250,281	2,083,069
340B contract pharmacy revenue	1,491,895	688,189
Other revenue	340,360	200,349
Net assets released from restrictions	47,779	47,940
Total revenues, gains and other support	10,930,317	9,556,764
Expenses:		
Salaries, wages and benefits	7,722,304	6,330,078
Medical and general supplies	1,042,163	521,583
Purchased services	438,099	904,538
Occupancy	769,320	631,702
Repairs and maintenance	122,282	87,657
Insurance	36,552	28,733
Interest	22,259	19,437
Depreciation and amortization	386,343	395,418
Other	199,512	90,561
Total expenses	10,738,834	9,009,707
Excess of revenues over expenses and increase in unrestricted net assets	191,483	547,057
Changes in temporarily restricted net assets:		
Grant revenue		68,580
Net assets released from restrictions	(47,779)	(47,940)
Increase (decrease) in temporarily restricted net assets	(47,779)	20,640
Increase in net assets	\$ 143,704	\$ 567,697

*See notes to financial statements.*

# **PRIMECARE COMMUNITY HEALTH, INC.**

## **STATEMENTS OF CHANGES IN NET ASSETS**

<b>Years ended December 31, 2016 and 2015</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Balances, January 1, 2015	\$ 1,787,021	\$ 40,000	\$ 1,827,021
Increase in net assets during the year ended December 31, 2015	547,057	20,640	567,697
<b>Balances, December 31, 2015</b>	<b>2,334,078</b>	<b>60,640</b>	<b>2,394,718</b>
<b>Increase (decrease) in net assets during the year ended December 31, 2016</b>	<b>191,483</b>	<b>(47,779)</b>	<b>143,704</b>
<b>Balances, December 31, 2016</b>	<b>\$ 2,525,561</b>	<b>\$ 12,861</b>	<b>\$ 2,538,422</b>

*See notes to financial statements.*

# PRIMECARE COMMUNITY HEALTH, INC.

## STATEMENTS OF CASH FLOWS

Years ended December 31,	2016	2015
Cash flows from operating activities:		
Increase in net assets	\$ 143,704	\$ 567,697
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	386,343	395,418
Provision for uncollectible accounts	1,511,604	692,678
Deferred rent	18,178	25,318
(Increase) decrease in operating assets:		
Patient accounts receivable	(2,161,056)	(1,539,135)
Grants receivable	27,569	125,587
Other receivables	123,678	(392,295)
Prepaid expenses	(128,721)	4,391
Security deposits	(89,400)	
Increase (decrease) in operating liabilities:		
Accounts payable	366,367	(104,403)
Accrued compensation	140,428	83,282
Other accrued liabilities	(48,564)	35,172
Net cash provided by operating activities	290,130	(106,290)
Cash flows from investing activity:		
Purchases of property and equipment	(569,578)	(44,844)
Net cash used in investing activity	(569,578)	(44,844)
Cash flows from financing activities:		
Due to Saint Elizabeth Hospital	204,027	166,752
Payments on note payable		(50,000)
Net cash used in financing activities	204,027	116,752
Net decrease in cash	(75,421)	(34,382)
Cash, beginning of year	185,212	219,594
Cash, end of year	\$ 109,791	\$ 185,212

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) and a health center program grantee under Section 330 of the Public Health Service Act and also a deemed Public Health Service employer.

On August 1, 2016, PrimeCare acquired its Wicker Park site from Presence Saints Mary and Elizabeth Medical Center (PSMEMC or the Hospital), an affiliate of Presence Health, a health system of affiliated entities that own and operate hospitals, nursing homes, physician practices, clinics, diagnostic centers, home health, hospice and other healthcare services. Prior to this acquisition, the site operated as PSMEMC's family medicine residency teaching site. In the acquisition, PrimeCare acquired all of the support staff, equipment, and the practice. PrimeCare has operational control over the site, but contracts with PSMEMC as a residency rotation site in which its family medicine faculty and residents practice.

As of December 31, 2016, PrimeCare operated seven 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.

#### **Cash:**

PrimeCare maintains its cash in bank accounts which, at times, may exceed federally-insured limits. PrimeCare had approximately \$27,000 in excess of federally-insured limits at December 31, 2016 and 2015. Management believes that PrimeCare is not exposed to any significant credit risk on cash.

#### **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. There was no allowance for uncollectible accounts as of December 31, 2016 and 2015.

# **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.

#### **Deferred rent:**

PrimeCare records monthly rent expense equal to total minimum payments due over the lease term, divided by the number of months in the lease term. The difference between rent expense recorded and the amount paid is charged (credited) to deferred rent.

#### **Net assets:**

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. As of December 31, 2016 and 2015, there was \$12,861 and \$60,640 of temporarily restricted net assets, respectively.

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, 2016 and 2015.

#### **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 COMMUNITY HEALTH, INC.**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

### **2. Summary of significant accounting policies (continued)**

#### **Charity care:**

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 \$643,000 and \$919,000 for the years ended December 31, 2016 and 2015, respectively.

#### **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.

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. PrimeCare's compliance with the meaningful use criteria is subject to audit by the federal government. The company recognized \$250,750 for each of the years ended December 31, 2016 and 2015.

#### **Tax status:**

PrimeCare is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. In addition, the Internal Revenue Service (IRS) has determined that PrimeCare is not a private foundation within the meaning of Section 509(a) of the Code.

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, 2016 and 2015.

# PRIMECARE COMMUNITY HEALTH, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 2. Summary of significant accounting policies (continued)

#### 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.

#### 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. PrimeCare's estimated allowance for uncollectible patient accounts receivable is particularly sensitive to changes in the near term. Accordingly, actual results could differ from those estimates.

#### Reclassification:

Certain amounts from the prior year have been reclassified in order to conform to the current year's presentation. The reclassifications had no effect on total assets, total liabilities, total revenue or total revenue in excess of expenses previously reported.

### 3. Property and equipment

Property and equipment are as follows:

December 31,	2016	2015
Leasehold improvements	\$ 1,293,065	\$ 1,288,565
Equipment	1,915,998	1,362,325
	<b>3,209,063</b>	2,650,890
Less accumulated depreciation and amortization	1,737,676	1,351,333
Construction in progress	42,000	30,595
Property and equipment, net	\$ 1,513,387	\$ 1,330,152

# **PRIMECARE COMMUNITY HEALTH, INC.**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

### **4. Investments**

Investments consist of investments in 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, 2016 and 2015. The investments can only be liquidated upon 90-day notice.

### **5. Affiliation, management and loan agreements**

PrimeCare entered into an Affiliation Agreement (agreement) with the Hospital. The agreement outlines the commitment of PrimeCare and the Hospital to work collaboratively to foster their shared charitable missions. The agreement expires on December 31, 2017.

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 \$1,000,000 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.

PrimeCare has a Loan and Security Agreement (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 December 31, 2017.

At December 31, 2016 and 2015, PrimeCare owed the Hospital \$636,244 and \$432,217, respectively, including accrued interest.

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 2016 and 2015, the Hospital paid \$416,302 and \$292,260, respectively, on behalf of PrimeCare. PrimeCare reimbursed the Hospital accordingly on a monthly basis. The agreement expires on December 31, 2017.

# PRIMECARE COMMUNITY HEALTH, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 6. Net patient service revenue

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.

Net patient service revenue, net of contractual allowances and discounts, is reduced by the provision for uncollectible accounts, and net patient accounts receivable are reduced by an allowance for uncollectible accounts. These amounts are based primarily on management's assessment of historical and expected write-offs and net collections, along with the aging status for each major payor source. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. After all reasonable collection efforts have been exhausted, accounts receivable are written off and charged against the allowance for uncollectible accounts.

The percentages of net patient accounts receivable before deducting estimated uncollectible accounts are as follows:

December 31,	2016	2015
Medicare	11%	12%
Medicaid	6%	6%
Medicaid Managed Care	43%	34%
Managed Care	0%	3%
Commercial	12%	15%
Other	28%	30%
Total	100%	100%

# PRIMECARE COMMUNITY HEALTH, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 6. Net patient service revenue (continued)

The percentages of net patient service revenue before deducting provisions for uncollectible accounts are as follows:

Years ended December 31,	2016	2015
Medicare	8%	7%
Medicaid	7%	9%
Medicaid Managed Care	42%	59%
Managed Care	12%	5%
Commercial	17%	10%
Other	14%	10%
Total	100%	100%

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.

### 7. 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 patient service revenue in the statements of operations.

# PRIMECARE COMMUNITY HEALTH, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 8. 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 \$105,680 and \$103,322 for the years ended December 31, 2016 and 2015, respectively.

### 9. Functional expenses

Expenses incurred for providing health care services and patient education during 2016 and 2015 totaled \$8,652,070 and \$7,414,073, respectively. Expenses incurred for management and general expenses during 2016 and 2015 totaled \$2,050,285 and \$1,563,492, respectively. Expenses incurred for fundraising during 2016 and 2015 totaled \$36,479 and \$32,142, respectively.

### 10. Operating leases

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

Site	Lease expiration	Renewal option	Purchase Option
Leased from Presence Health:			
West Town	Month-to-month		
Hamlin	Month-to-month		
Michellini	June 30, 2017	Automatic one year, annually	
Wicker Park	July 31, 2017	Automatic one year, annually	
Fullerton	July 31, 2018		
Dental	August 31, 2018		
Leased from unrelated third parties:			
Portage Park	Month-to-month		
Administration	September 14, 2019	One year term	
Northwest	June 30, 2027	Three 5 year terms	Right of first refusal

The lease for Portage Park is at an annual base rent of \$1 and there is no rent for the lease at Hamlin. Contributed rent income and expense was \$83,833 and \$51,050 for the years ended December 31, 2016 and 2015, respectively.

# PRIMECARE COMMUNITY HEALTH, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 10. Operating leases (continued)

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

Year ending December 31:	Other	Presence	Total
2017	\$ 332,766	\$ 163,994	\$ 496,760
2018	341,734	43,187	384,921
2019	302,644		302,644
2020	214,080		214,080
2021	219,450		219,450
Thereafter	1,308,030		1,308,030
Total	\$ 2,718,704	\$ 207,181	\$ 2,925,885

Total rent expense amounted to \$665,537 and \$515,698 for the years ended December 31, 2016 and 2015, respectively.

In December 2016, PrimeCare entered into a lease agreement with an unrelated third party for a new location for the Portage Park site. The commencement date of the lease is pending completion of renovations to the building. The term of the lease will be 20 years from that date, and includes two 10 year renewal options, as well as an option to purchase the building. Minimum rental payments under the lease will be based on construction costs to renovate the building, as well as a base amount per square foot leased by PrimeCare.

### 11. Electronic Health Records (EHR)

PrimeCare has in place a Physician Practice EHR Agreement with the Hospital for the installation, implementation, licensing and access to the electronic health record software. The agreement was for an initial term of five years, which ended on December 31, 2016 and renews annually for an additional one-year period unless terminated by either party. The agreement was renewed for an additional year through December 31, 2017.

### 12. Subsequent events

Management of PrimeCare has reviewed and evaluated subsequent events from December 31, 2016, the financial statement date, through April 24, 2017, 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.

# PRIMECARE COMMUNITY HEALTH, INC.

## SCHEDULES OF EXPENSE DETAIL

Years ended December 31,	2016	2015
Audit and legal fees	\$ 79,995	\$ 80,638
Billing and payroll services	77,679	216,384
Depreciation and amortization	386,343	395,418
Employee benefits and payroll taxes	1,351,376	1,116,551
General supplies	85,715	60,720
Insurance	36,552	28,733
Interest	22,259	19,437
Medical supplies and services	956,448	460,863
Other expenses	199,510	90,561
Other purchased services	280,426	607,516
Rent	665,537	515,698
Repairs and maintenance	122,282	87,657
Salaries and wages	6,370,929	5,213,527
Utilities and storage	103,783	116,004
Total expenses	\$ 10,738,834	\$ 9,009,707