

**MONTGOMERY COUNTY**  
**MH/MR EMERGENCY SERVICE, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Montgomery County MH/MR Emergency Service, Inc.

We have audited the accompanying statements of financial position of Montgomery County MH/MR Emergency Service, Inc. (a nonprofit organization) as of June 30, 2020 and 2019, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

### 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 of 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 position of Montgomery County MH/MR Emergency Service, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December XX, 2020 , on our consideration of Montgomery County MH/MR Emergency Service Inc.'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 the 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 Montgomery County MH/MR Emergency Service Inc.'s internal control over the financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "Jeffrey R. Smith, CPA".

December 2, 2020

**MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

<b>ASSETS</b>	<u>2020</u>	<u>2019</u>
<b>Current Assets</b>		
Cash	\$ 2,236,866	\$ -
Patient Accounts Receivable, Net of Estimated Uncollectible Accounts of \$820,415 for 2020 and \$712,969 for 2019	1,277,533	2,201,671
Due from Third-Party Payors	6,538	99,085
Other Grants Receivable	89,372	37,083
Patient Service Grants Receivable	1,082,496	595,205
Tobacco Settlement Receivable	303,384	276,654
Prepaid Expenses	255,090	264,628
	<u>5,251,279</u>	<u>3,474,326</u>
<b>Total Current Assets</b>		
<b>Assets Whose Use is Limited</b>		
Board Designated Funds - Cash and Cash Equivalents	174,261	440,825
Board Designated Funds - Investments	1,770,486	1,406,879
	<u>1,944,747</u>	<u>1,847,704</u>
<b>Total Assets Whose Use is Limited</b>		
<b>Property, Plant and Equipment</b>		
Property, Plant and Equipment	7,306,511	7,188,874
Less: Accumulated Depreciation and Amortization	(6,556,139)	(6,501,292)
	<u>750,372</u>	<u>687,582</u>
<b>Net Property, Plant and Equipment</b>		
<b>Other Assets</b>		
Lease Deposits	450	450
	<u>450</u>	<u>450</u>
<b>TOTAL ASSETS</b>	<u>\$ 7,946,848</u>	<u>\$ 6,010,062</u>

The accompanying notes are an integral part of these financial statements.

**MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 541,789	\$ 1,031,482
Due to Other Third Party Payors	44,422	\$ -
Accrued Salaries	480,811	429,756
Accrued Vacation and Benefits	472,930	410,476
Note Payable	59,948	72,730
Current Portion of Capital Lease Obligations	10,731	15,503
Lines of Credit	-	51,739
Other Accrued Expenses	461,340	379,365
	2,071,971	2,391,051
<b>Total Current Liabilities</b>		
<b>Long-Term Debt</b>		
Refundable Advance	2,331,800	-
Capital Lease Obligations, Net of Current Portion	-	10,973
	4,403,771	2,402,024
<b>Total Liabilities</b>		
<b>Net Assets</b>		
Net Assets Without Donor Restrictions	3,543,077	3,608,038
	3,543,077	3,608,038
<b>TOTAL LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
	\$ 7,946,848	\$ 6,010,062

The accompanying notes are an integral part of these financial statements.

**MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>			<u>2019</u>		
	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND GAINS</b>						
Net Patient Service Revenue (net of Bad Debt Expense of \$1,115,114 for 2020 and \$713,986 for 2019, respectively)	\$ 12,312,267	\$ -	\$ 12,312,267	\$ 13,137,892	\$ -	\$ 13,137,892
County Reinvestment Revenue	60,206	-	60,206	58,704	-	58,704
Tobacco Settlement	303,384	-	303,384	276,654	-	276,654
Patient Service Grants	-	1,840,810	1,840,810	-	1,755,106	1,755,106
Other Grant Income	-	868,820	868,820	-	499,865	499,865
Contributions	45,419	-	45,419	44,418	-	44,418
Investment Income	55,485	-	55,485	54,532	-	54,532
Net Realized and Unrealized Gain on Investments	50,927	-	50,927	61,922	-	61,922
Gain on Disposal of Vehicle	20,550	-	20,550	-	-	-
Miscellaneous	65,556	-	65,556	78,723	-	78,723
Net Assets Released from Restrictions	2,709,630	(2,709,630)	-	2,254,971	(2,254,971)	-
	<u>15,623,424</u>	<u>-</u>	<u>15,623,424</u>	<u>15,967,816</u>	<u>-</u>	<u>15,967,816</u>
Total Revenues and Gains						
<b>OPERATING EXPENSES</b>						
Salaries and Benefits	12,555,209	-	12,555,209	12,767,849	-	12,767,849
Administrative and Supplies	2,158,534	-	2,158,534	1,964,811	-	1,964,811
Medical Supplies and Medical Expenses	758,556	-	758,556	742,356	-	742,356
Interest	25,769	-	25,769	38,274	-	38,274
Depreciation and Amortization	190,317	-	190,317	225,018	-	225,018
	<u>15,688,385</u>	<u>-</u>	<u>15,688,385</u>	<u>15,738,308</u>	<u>-</u>	<u>15,738,308</u>
Total Operating Expenses						
<b>Change in Net Assets Without Donor Restrictions</b>	<u>(64,961)</u>	<u>-</u>	<u>(64,961)</u>	<u>229,508</u>	<u>-</u>	<u>229,508</u>
<b>Net Assets Without Donor Restrictions, Beginning of Year</b>	<u>3,608,038</u>	<u>-</u>	<u>3,608,038</u>	<u>3,378,530</u>	<u>-</u>	<u>\$ 3,378,530</u>
<b>Net Assets Without Donor Restrictions, End of Year</b>	<u>\$ 3,543,077</u>	<u>\$ -</u>	<u>\$ 3,543,077</u>	<u>\$ 3,608,038</u>	<u>\$ -</u>	<u>\$ 3,608,038</u>

The accompanying notes are an integral part of these financial statements.

**MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets Without Donor Restrictions	\$ (64,961)	\$ 229,508
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:</b>		
Bad Debt Expense	1,115,114	713,986
Depreciation and Amortization	190,317	225,018
Net (Gain) on Investments	(50,927)	(61,922)
(Gain) on Sale of Vehicle	(20,550)	-
Effect of Changes in Operating Assets and Liabilities:		
Patient Accounts Receivable	(190,976)	(979,963)
Due From Third-Party Payors	136,969	183,658
Patient Service Grants Receivable	(487,291)	83,527
Other Grants Receivable	(52,289)	51,408
Tobacco Settlement Receivable	(26,730)	44,131
Prepaid Expenses	9,538	(37,814)
Accounts Payable	(489,693)	286,600
Accrued Salaries	51,055	19,828
Accrued Vacation and Benefits	62,454	15,148
Other Accrued Expenses	81,975	41,960
	<u>264,005</u>	<u>815,073</u>
Net Cash Provided by Operating Activities	<u>264,005</u>	<u>815,073</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions of Property, Plant and Equipment	(232,557)	(193,204)
Change in Board Designated Funds - Cash and Cash Equivalents	266,564	(6,147)
Purchase of Investments	(1,125,951)	(797,952)
Sale of Investments	813,271	762,344
	<u>(278,673)</u>	<u>(234,959)</u>
Net Cash (Used in) Investing Activities	<u>(278,673)</u>	<u>(234,959)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Note Payable Obtained	-	74,585
Refundable Advance	2,331,800	-
Line of Credit, net	(51,739)	(609,382)
Notes Payable Payments	(12,782)	(30,270)
Repayment of Capital Lease Obligations	(15,745)	(15,047)
	<u>2,251,534</u>	<u>(580,114)</u>
Net Cash Provided by/(Used in) Financing Activities	<u>2,251,534</u>	<u>(580,114)</u>
<b>Net Change in Cash</b>	<u>2,236,866</u>	<u>-</u>
<b>Cash, Beginning of Year</b>	<u>-</u>	<u>-</u>
<b>Cash, End of Year</b>	<u><u>\$ 2,236,866</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.



**MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

<b>ADDITIONAL DISCLOSURES</b>	<u><b>2020</b></u>	<u><b>2019</b></u>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Interest Paid	<u><u>\$ 25,769</u></u>	<u><u>\$ 38,274</u></u>

The accompanying notes are an integral part of these financial statements.

**MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**Note 1 - BUSINESS ACTIVITY**

Montgomery County MH/MR Emergency Service, Inc. (the "Hospital") is a not-for-profit entity which operates a 73-bed emergency psychiatric institution in Norristown, Pennsylvania; however, its client base includes the four surrounding counties, in addition to Montgomery County. The Hospital provides round-the-clock intensive and comprehensive behavioral health services to all in need in the community while advocating for their rights, individual dignity and recovery.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash**

Cash includes checking and savings bank accounts, excluding amounts whose use is limited by board designation or other arrangements under trust agreements.

**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 patient accounts receivable. Patient service grants receivable, other grants receivable, due from third party payors and tobacco settlement receivable management believes are fully collectible at June 30, 2020.

**Property, Plant and Equipment**

Property, plant and equipment, along with expenditures that extend the useful lives, are recorded at cost. Property and equipment donated for hospital operations are recorded at fair value at the date of receipt. Depreciation is provided using the straight-line method over the estimated useful lives of the assets for periods ranging from 3 to 25 years. Maintenance and repairs are charged to expense as incurred.

**Investments**

Investments in marketable and debt securities are stated at quoted market value, the basis upon which fair value is determined. Interest and dividend (investment) income is recognized when earned and is reported as revenue in the statement of activities. Realized and unrealized gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless the use of the investment or income is limited by donor-imposed restriction or law.

**Financial Statement Presentation**

The Hospital is required to report information regarding its financial position and operations according to two classes of net assets: net assets without donor restrictions and net assets with donor restriction. As of and for the years ended June 30, 2020 and 2019, there were no net assets with donor restrictions.

**MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions**

Contributions received are reported as contributions without donor restrictions or contributions with donor restrictions depending on the existence or nature of any donor restrictions. Contributions with donor restrictions are required to be reported as contributions with donor restrictions and are then reclassified to net assets without donor restrictions upon expiration of any time or purpose restriction.

**Net Patient Service Revenue**

Net patient service revenue is recorded at established rates with contractual adjustments deducted to arrive at net patient service revenue. Certain revenue received under third-party contracts is subject to audit and retroactive adjustment by the third-party. The retroactive adjustments are accrued on an estimated basis in the period the services are rendered and adjusted in future periods as final settlements are determined. The Hospital reserves for estimated uncollectible amounts based on past history and trends. In accordance with accounting principles generally accepted in the United States, the Hospital presents patient service revenue net of bad debt expense.

**Use of Estimates**

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

**Income Taxes**

The Hospital is a not-for-profit organization and qualifies as a tax exempt organization under section 501 (c)(3) of the Internal Revenue Code, and accordingly, no provision for income taxes has been made in the accompanying financial statements. The information tax filings of the Hospital for 2019, 2018 and 2017 are subject to examination by the Internal Revenue Service and state taxing authorities, generally for three years after they are filed.

**Subsequent Events**

Management has evaluated subsequent events through December 2, 2020, the date the financial statements were available to be issued.

**Note 3 - NET PATIENT SERVICE REVENUE**

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from the established rates. A summary of net revenue for the years ended June 30, 2020 and 2019, and the payment arrangements with major third-party payors are as follows:

**MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**Note 3 - NET PATIENT SERVICE REVENUE (CONTINUED)**

	2020	2019
Gross Revenue	\$31,698,642	\$ 32,770,271
Bad Debt Expense	(1,115,114)	(713,986)
Contractual Allowance	<u>(18,271,261)</u>	<u>(18,918,393)</u>
Net Patient Service Revenue	<u>\$12,312,276</u>	<u>\$ 13,137,892</u>

Medicaid - Inpatient services rendered to Medicaid program beneficiaries are paid at a prospectively determined rate per discharge and are less than the established rates. The differences are classified as contractual allowances. The prospectively determined per diem rates are not subject to retroactive adjustment.

Medicare – MCEs is being reimbursed on a 100% fully prospective reimbursement methodology. This prospective payment system (PPS) replaced the former reasonable cost-based payment system under which Inpatient Psych Facilities (IPFs) have been paid in the past (Prior to 6/30/09). The IPF PPS payments are based on a single Federal per diem rate that includes both inpatient operating and capital related costs (including routine and ancillary services), but excludes certain pass-through costs (e.g., bad debts & direct graduate medical education). Discharges are classified according to a list of diagnosis-related groups (DRGs), which groups patients with similar clinical characteristics that are expected to require similar amounts of hospital resources. The Center for Medicare & Medicaid Services (CMS) assigns a relative weight that represents the average resources required to care for cases in that particular DRG, relative to the average resources used to treat cases in all DRGs. A Medicare Cost Report is submitted by the Hospital annually and is subject to audit by the Medicare fiscal intermediary. The Hospital's Medicare cost report has been settled by the intermediary through June 30, 2019.

Blue Cross - Inpatient services are reimbursed at prospectively determined rates per day of hospitalization. The prospectively determined per-diem was agreed to in the contract between the Hospital and Independence Blue Cross, which expires June 30, 2020 and renews annually at a negotiated rate.

Other Payor Classes - The Hospital has also entered into payment agreements with certain county agencies, commercial insurance carriers and health maintenance organizations. The basis for payment to the Hospital under these agreements includes negotiated prospective rates per day.

**Note 4 - OTHER RECEIVABLES**

**Patient Service Grants Receivable**

Patient service grants receivable consists primarily of a grant from Montgomery County (the County) to provide patient services and programs. For the fiscal year ended June 30, 2020, the Hospital had received cash payments totaling \$1,350,292 and had a \$874,602 receivable due from the County, for the year ended June 30, 2020.

**Tobacco Settlement Receivable**

For the years ended June 30, 2020 and 2019, the Hospital was awarded \$303,384 and \$276,654, respectively, from the Pennsylvania Department of Human Services (DHS) under the Tobacco Settlement Act of 2001 for uncompensated care. The receivables from DHS related to the Tobacco Settlement Funds at June 30, 2020 and 2019 were \$303,384 and \$276,654, respectively.

**MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**Note 5 - FAIR VALUE OF INVESTMENTS (ASSETS WHOSE USE IS LIMITED)**

Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is reported as an increase or decrease in net assets without donor restrictions in the reporting period recognized, unless the income or loss is restricted by donor or law. Investment fees incurred for the year ended June 30, 2020 totaled \$9,131.

Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement). Secondary priority is given to observable market-based inputs other than quoted prices in active markets for identical assets or liabilities. This includes instruments that are primarily valued using valuation techniques that use observable market-based inputs or unobservable inputs that are corroborated by market data (level 2 measurements). Finally, there are prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. This is comprised of instruments whose fair value is estimated based on a market approach using alternate techniques or internally developed models using significant inputs that are generally less readily observable because of limited market activity or little transparency (level 3 measurement).

Fair Value Measurement at 6/30/20 Using

	Carrying Value	Quoted Prices in Active Markets for Identifiable Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<i>Cash Equivalents</i>					
Money Market Funds	\$ 174,261	\$ 174,261	\$ -	\$ -	\$ 174,261
<i>Fixed Income</i>					
US Treasury Bonds and Notes	1,036,778	1,088,323	-	-	1,088,323
<i>Mutual Funds</i>					
Mutual Funds - Equity	90,464	105,742	-	-	105,742
Mutual Funds - Fixed Income	556,242	576,421	-	-	576,421
	<u>\$ 1,857,745</u>	<u>\$ 1,944,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,944,747</u>

**MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**Note 5 - FAIR VALUE OF INVESTMENTS (ASSETS WHOSE USE IS LIMITED) (CONTINUED)**

Fair Value Measurement at 6/30/19 Using

	<u>Carrying Value</u>	<u>Quoted Prices in Active Markets for Identifiable Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Total</u>
<i>Cash and Cash Equivalents</i>					
Money Market Funds	\$ 440,825	\$ 440,825	\$ -	\$ -	\$ 440,825
<i>Fixed Income</i>					
US Treasury Bonds and Notes	877,420	892,991	-	-	892,991
<i>Mutual Funds</i>					
Mutual Funds - Equity	49,768	64,055	-	-	64,055
Mutual Funds - Fixed Income	425,016	449,833	-	-	449,833
	<u>\$ 1,793,029</u>	<u>\$ 1,847,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,847,704</u>

**Note 6 - LEASED FACILITY**

The Commonwealth of Pennsylvania has leased the facility (Building #50) to the Hospital for the purpose of operating an emergency psychiatric hospital at a cost of \$1.00 to the Hospital. The lease was originally executed on December 11, 1986, amended October 16, 2006, and is for a one year term with the stipulation that the term will be renewed annually. The lease can be terminated by either party with written notice of at least sixty days prior to the expiration.

The Commonwealth of Pennsylvania has leased the facility (Building #45) to the Hospital for the purpose of operating the Hospital's Crisis Residential Program at a cost of \$1.00 to the Hospital. The lease was executed on November 19, 2004, and is for a 5 year term, with a recurring 5 year renewal option. The lease can be terminated by either party with written notice of at least ninety days prior to the expiration.

**MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**Note 7 - PROPERTY, PLANT AND EQUIPMENT**

A summary of property, plant and equipment at June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Leasehold Improvements	\$ 4,432,846	\$ 4,246,798
Equipment	2,345,245	2,305,059
Motor Vehicles	319,755	442,132
Equipment under Capital Lease	194,885	194,885
Construction in Process	13,780	-
	<u>7,306,511</u>	<u>7,188,874</u>
Less: Accumulated Depreciation and Amortization	<u>(6,556,139)</u>	<u>(6,501,292)</u>
Net Property, Plant and Equipment	<u>\$ 750,372</u>	<u>\$ 687,582</u>

Depreciation and amortization expense for the years ended June 30, 2020 and 2019 was \$190,317 and \$225,018, respectively. Construction in Progress consists of furniture, which relate to a construction project which has not been completed nor the related asset put in service at June 30, 2020. For the year ended June 30, 2020, the Hospital removed from their records which were either sold, deemed obsolete and fully depreciated furniture and equipment and the related accumulated depreciation. The assets that were either sold, obsolete or fully depreciated totaled \$135,471. As of June 30, 2020, management does not believe that any property, plant & equipment are impaired.

**Note 8 - ASSETS WHOSE USE IS LIMITED**

Assets whose use is limited is restricted in use by the Board of Directors and are invested in equity and fixed income mutual funds, U.S. Treasury bonds and notes and money market funds. The Board retains control and may, at its discretion, use the funds as they determine is necessary.

The assets whose use is limited consists of the following investments at June 30:

	<u>2020</u>	<u>2019</u>
Equity Mutual Funds	\$ 576,421	\$ 64,055
Fixed Income Mutual Funds	105,742	449,833
US Treasury Bonds and Notes	<u>1,088,323</u>	<u>892,991</u>
Total Investments	1,770,48	1,406,879
Cash Equivalents	<u>174,261</u>	<u>440,825</u>
Total Assets Whose Use is Limited	<u>\$ 1,944,747</u>	<u>\$ 1,847,704</u>

**MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**Note 9 - LINE OF CREDIT**

The Hospital has a line of credit with PNC Bank with an availability of \$1,100,000. Interest on any advances on the PNC Bank line is calculated at a rate of LIBOR (2.37% at June 30, 2020) plus 225 basis points. The PNC Bank line of credit maintains the investment accounts as collateral. The line of credit agreement with PNC expires on March 31, 2021. The total amount outstanding on the line of credit for the year ended June 30, 2019 was \$51,739. There was no amount outstanding on the line of credit for the year ended June 30, 2020.

**Note 10 - NOTE PAYABLE**

During the 2018 fiscal year, the Hospital entered into a note payable agreement with an insurance provider totaling \$88,836 for payment of the Hospital's insurance premium. Under the terms of the agreement, the Hospital made monthly payments for 10 months, which included interest of 6.32% per annum. The note is collateralized by unearned premiums. The following is a schedule of future minimum payments required under the note at June 30, 2020:

Years Ending June 30:	<u>Amount</u>
2021	<u>59,948</u>
Total future minimum payments	<u>59,948</u>
Current Portion	<u>\$ 59,948</u>

**Note 11 - LEASES**

**Capital Leases**

The Hospital has several lease agreements which meet the criteria for, and are accounted as capital leases. The following is a schedule by years of future minimum payments required under the capital lease agreements together with their present value at June 30, 2020:

Years Ending June 30:	<u>Amount</u>
2021	<u>13,887</u>
Total future minimum lease payments	13,887
Less: Amount representing interest	<u>(3,156)</u>
Present value of minimum lease payments current portion	<u>10,731</u>
Current Portion	<u>\$ 10,731</u>



**MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**Note 12 - REFUNDABLE ADVANCE**

The Hospital received a loan through the U.S. Small Business Administration Paycheck Protection Program (PPP Loan) on April 16, 2020 in the amount of \$2,331,800. The PPP Loan program was authorized as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), which was signed into law on March 27, 2020. Small business and eligible not-for-profit organizations were encouraged to apply for the PPP loan to help retain their current employees and their salary levels during the COVID-19 pandemic. The PPP loan and accrued interest are eligible to be forgiven if the Hospital maintains its employee count and salary level; and uses the funds for payroll and payroll related costs, interest on mortgages, rent, and utilities; and if 60% of the loan proceeds are used for payroll and payroll related costs.

The terms of the PPP loan indicate the Hospital must utilize the proceeds for previously mentioned qualifying expenses during a period not to exceed twenty-four weeks from the time the funds were received (April 16, 2020). The PPP loan agreement also states that the Hospital must repay any unforgiven portion of the PPP loan principal, plus interest accruing at the rate of 1% per annum, over the course of two years from the date of receipt. In accordance with the CARES Act, all principal and interest payments were deferred for six months.

The Hospital has elected to account for the PPP loan as financial liability in accordance with FASB ASC 470. Management believes the Hospital fulfilled the forgiveness requirements under the PPP loan terms subsequent to June 30, 2020 but prior to the date of this report. FASB ASC 470 prohibits the Hospital from recognizing forgiveness of the loan and gain on extinguishment until they are released as the primary obligator. Management estimates the entire loan and accrued interest to be forgiven and extinguished during the year ended June 30, 2021.

**Note 13 - PENSION PLAN**

The Hospital has a qualified defined contribution pension plan under Section 403(b) of the Internal Revenue Code. The plan covers all employees with two years of full time employment. The plan is funded by payments to a trustee. The Hospital contributes up to a maximum of 1% of the employee's annual salary. The Hospital may make additional contributions at the discretion of the Board of Directors. For the years ended June 30, 2020 and 2019, the pension expense for the Hospital was \$119,794 and \$29,855, respectively.

**Note 14 - PROFESSIONAL LIABILITY INSURANCE**

The Hospital has malpractice insurance coverage on a claims-made basis under a retrospective rated policy. Premiums are accrued based on the ultimate cost of the Hospital's claims expense to date. It is management's intention to continue existing coverage. During the year ended June 30, 2020, the amount of malpractice coverage was \$1,000,000 per claim, with a \$3,000,000 annual aggregate. The Hospital also maintains an umbrella policy with claims covered up to \$1,000,000 each, with an annual aggregate of \$3,000,000.

**MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**Note 15 - CONTINGENCIES**

Certain claims, suits, and complaints arising in the ordinary course of business have been filed or are pending against the Hospital. In the opinion of management, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, that would not have a significant effect on the financial position or results of operations of the Hospital, if resolved unfavorably.

The COVID-19 outbreak in the United States has caused business disruption through mandated closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings, especially in the Commonwealth of Pennsylvania. The related financial impact and duration cannot be reasonably estimated at this time.

**Note 16 - CONCENTRATIONS OF CREDIT RISK**

**Patient Service Grants Receivable**

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, was as follows:

	<u>2020</u>	<u>2019</u>
Medicare	17%	17%
Medicaid	49	48
Blue Cross	5	6
Private Insurance Carriers	8	8
Private Pay	<u>21</u>	<u>21</u>
Total	<u>100%</u>	<u>100%</u>

**Note 17 - CHARITY CARE**

The Hospital provides care to patients who meet certain criteria under its charity care policy at its established rates. The Hospital's policy is not to pursue collections of amounts determined to be charity care. These amounts are therefore not reported as revenue by the Hospital.

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy. During the years ended June 30, 2020 and 2019, the Hospital furnished \$1,015,070 and \$824,533, respectively, under its charity care policy, which represents charges forgone at established rates. The cost of this charity care to the Hospital totaled \$447,451 for the year ended June 30, 2020.

**MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**Note 18 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Hospital regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Hospital's sources of liquidity at its disposal are investment (assets whose use is limited) and total accounts receivable.

For the purposes of analyzing resources available to meet general expenditures over a 12-month period, the Hospital considers all expenditures related to its ongoing activities of its programs as well as the conduct of services undertaken to support those activities to be general expenditures.

The following reflects the Hospital's financial assets at June 30, 2020:

Cash	\$ 2,236,866
Investments	1,944,747
Total Accounts Receivable	<u>2,759,323</u>
Total Financial Assets	<u>\$ 6,940,936</u>

Financial assets available to meet cash needs for general expenditures within one year are \$6,940,936. Refer to the statement of activities, which identifies the sources of the Hospital's cash and increase in net assets without donor restrictions for the year ended June 30, 2020.

**MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**Note 19 - FUNCTIONAL EXPENSES**

In accordance with ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, the Hospital has elected to report its natural expenses on its statement of activities and its functional expenses in the table below. The allocation of expenses is based upon the estimate of time and effort. Accordingly, the Hospital functional expenses, for the years ended June 30, 2020 and 2019 are as follows:

	Program Services Expenses		Operating Expenses	
	2020	2019	2020	2019
Program Related Salaries	\$ 10,667,409	\$ 10,609,993	-	-
Depreciation	190,317	225,018	-	-
CEO/Med Dir Benefits and Other Expenses	14,952	17,048	-	-
Crisis Intervention - Benefits and Other Expenses	84,174	87,089	-	-
Maint and Rep - Benefits and Other Expense	53,369	62,231	-	-
Operation of Plant Expenses	160,634	188,203	-	-
Laundry and Linen	56,670	46,818	-	-
Enviornmental Services - Benefits and Other Expenses	104,899	96,533	-	-
Dietary - Benefits and Other Expenses	477,087	409,044	-	-
Nursing Administrative	86,009	33,244	-	-
Medical Records	11,325	13,400	-	-
Social Services	60,313	48,135	-	-
Professional Medical	608,786	679,775	-	-
Lab Expense	39,168	31,621	-	-
Allied Therapy Expense	19,942	25,228	-	-
Pharmacy Expense	633,449	631,513	-	-
Medical Supplies Charged to Patients	80,665	73,731	-	-
Ambulance Expense	117,026	99,861	-	-
Nursing Salary and Expenses	339,779	329,476	-	-
Montgomery County Salary and Expense	23,244	24,035	-	-
Crisis Residential Expenses	172,654	171,491	-	-
Management and General Salaries	-	-	875,540	887,947
Human Resources Benefits and Other Expenses	-	-	107,270	116,169
Admin and Other Expenses	-	-	554,383	665,481
Accounting Expenses	-	-	12,130	11,548
Patient Resources Expense	-	-	12,225	12,425
Information Systems Expenses	-	-	124,966	141,251
Total Expenses	<u>\$ 14,001,871</u>	<u>\$ 13,903,487</u>	<u>\$ 1,686,514</u>	<u>1,834,821</u>

**SUPPLEMENTARY INFORMATION**

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of  
Montgomery County MH/MR  
Emergency Service, Inc.

We have audited the financial statements of Montgomery County MH/MR Emergency Service, Inc. as of and for the years ended June 30, 2020 and 2019, and have issued our report thereon, dated December 2, 2020, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedule of supplemental schedule of revenue and expenditures are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as whole.



December 2, 2020

MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.  
MONTGOMERY COUNTY, PENNSYLVANIA  
DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITY AND EARLY INTERVENTION  
SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2020

	TYPE OF SERVICE										
	Inpatient	CRP	Evaluations 201/302	Ambulance	MH Outpatient	Crisis Intervention	Delegate	Peer Support	MA App Field Rep	Non-Program	Total
<b>Revenue By Funding Sources</b>											
Montgomery County MH	\$ 789,872	\$ 65,035	\$ 44,666	\$ 43,656	\$ -	\$ 386,469	\$ 505,850	\$ -	\$ 60,206		\$ 1,895,754
Montgomery County Health Choices	4,800,690	633,214	68,941	-	-	450,258	-	-	-	-	5,953,103
Medical Assistance	974,541	46,002	-	7,490	-	-	-	-	-	-	1,028,033
Medicare	3,624,236	-	8,843	94,037	-	-	-	-	-	-	3,727,117
Other Third Party Revenue	2,463,614	21,522	26,413	196,327	16,515	-	-	-	-	-	2,724,390
Tobacco Settlement	-	-	-	-	-	-	-	-	-	303,384	303,384
Other Miscellaneous Revenue	-	-	-	-	-	-	-	-	-	1,106,758	1,106,758
<b>Total Revenue</b>	<b>12,697,375</b>	<b>765,773</b>	<b>148,863</b>	<b>341,511</b>	<b>16,515</b>	<b>836,727</b>	<b>505,850</b>	<b>-</b>	<b>60,206</b>	<b>1,410,143</b>	<b>16,738,540</b>
<b>Expenses</b>											
Salaries and Wages	6,343,933	636,500	38,480	139,333	1,110	520,979	330,219	-	37,011	-	8,047,566
Payroll Tax and Employee Benefits	1,255,465	84,598	8,730	58,007	537	142,999	83,503	-	13,213	-	1,647,051
Contract Services	333,269	8,762	-	7,640	-	-	-	-	-	-	349,671
Rent, Utilities and Housekeeping	675,525	9,482	5,691	21,438	350	36,900	26,110	-	1,215	-	776,711
Communications	30,154	8,345	274	5,679	17	3,947	6,349	-	583	-	55,348
Insurance	336,134	19,744	2,711	33,574	167	-	-	-	-	-	392,330
Program Supplies	1,299,180	62,433	-	23,038	-	16,037	2,315	-	700	-	1,403,702
Travel and Related Costs	5,519	1,447	-	10,802	-	11,566	4,224	-	237	-	33,795
Equipment/Depreciation	175,041	8,460	1,412	5,318	87	-	-	-	-	-	190,317
Repairs and Maintenance	132,807	9,385	1,071	22,012	66	-	-	-	-	-	165,342
Allocated Administrative Expenses	3,166,696	280,719	26,821	101,026	1,649	88,145	53,131	-	7,247	-	3,725,436
Other Miscellaneous Expenses	-	-	-	-	-	-	-	-	-	16,231	16,231
<b>Total Expenses</b>	<b>13,753,725</b>	<b>1,129,876</b>	<b>85,190</b>	<b>427,867</b>	<b>3,983</b>	<b>820,574</b>	<b>505,850</b>	<b>-</b>	<b>60,206</b>	<b>16,231</b>	<b>16,803,501</b>
	<b>\$ (1,056,350)</b>	<b>\$ (364,103)</b>	<b>\$ 63,673</b>	<b>\$ (86,357)</b>	<b>\$ 12,532</b>	<b>\$ 16,154</b>	<b>\$ 0</b>	<b>\$ -</b>	<b>\$ 0</b>	<b>\$ 1,393,913</b>	<b>\$ (64,961)</b>

See Independent Auditors' Report on Supplementary Information.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
Montgomery County MH/MR  
Emergency Service, Inc.

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 Montgomery County MH/MR Emergency Service, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2020.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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



### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink, appearing to read "Jeffrey Radtich". The signature is written in a cursive style and is positioned above the date.

December 2, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE  
TO THE PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH THE PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES**

To the Board of Directors of  
Montgomery County MH/MR Emergency Service, Inc.

We have audited the compliance of Montgomery County MH/MR Emergency Service, Inc.'s (the Organization) Mental Health/Mental Retardation Program with Pennsylvania Department of Human Services requirements governing: types of services allowed or unallowed; eligibility; indirect costs; salary/benefit costs; retained revenue and related party costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each Pennsylvania Department of Human Services is the responsibility of Montgomery County MH/MR Emergency Service, Inc.'s Mental Health/Mental Retardation Program management for the year ended June 30, 2020.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Pennsylvania Department of Human Services.

***Auditor's Responsibility***

Our responsibility is to express an opinion on Montgomery County MH/MR Emergency Service, Inc.'s Mental Health/Mental Retardation Program 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Pennsylvania Department of Human Services 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 the Organization's Pennsylvania Department of Human Services. However, our audit does not provide a legal determination of the Organization's compliance.

***Opinion***

In our opinion, Montgomery County MH/MR Emergency Service, Inc.'s Mental Health/Mental Retardation Program complied, in all material respects, with the requirements referred to above that are applicable to the Pennsylvania Department of Human Services for the year ended June 30, 2020. It is also in our opinion that Montgomery County MH/MR Emergency Service, Inc.'s invoicing was based upon the agreed terms and conditions of the contract and that Montgomery County MH/MR Emergency Service, Inc.'s methodology used to apportion indirect costs among services resulted in a fair and equitable distribution of costs and that the apportionment is in direct relation to actual benefits accruing to the services to which costs are charged.

### ***Report on Internal Control Over Compliance***

Management of Montgomery County MH/MR Emergency Service, Inc.'s Mental Health/Mental Retardation Program 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 Montgomery County MH/MR Emergency Service, Inc.'s Mental Health/Mental Retardation Program's internal control over compliance with the types of requirements that could have a direct and material effect on its Pennsylvania Department of Human Services program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Pennsylvania Department of Human Services, 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 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 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 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 Pennsylvania Department of Human Services. Accordingly, this report is not suitable for any other purpose.



December 2, 2020

**MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES  
FOR THE YEAR ENDED JUNE 30, 2020**

**Findings and Questioned Costs Related to the Program:**

None

**INDEPENDENT AUDITORS' REPORT ON UNITS  
OF SERVICE PROVIDED**

To the Board of Directors  
Montgomery County MH/MR Emergency Service, Inc.

We have audited the financial statements and supplementary information of Montgomery County MH/MR Emergency Service, Inc. (the "Organization") as of and for the year ended June 30, 2020, and have issued our report thereon dated December 2, 2020 .

We conducted our audit in accordance with U.S. generally accepted auditing standards, *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 schedules are free of material misstatement.

Reporting of units of service provided, as well as developing a unit cost is the responsibility of management. As part of obtaining reasonable assurance about whether the schedules are free of material misstatement, we performed tests of the Organization's compliance with documenting units of service provided, as well as, the propriety of billing.

The results of our tests indicate that, with respect to the items tested, Montgomery County MH/MR Emergency Service, Inc.'s Mental Health/Mental Retardation Program complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Organization has not complied, in all material respects, with those provisions.

This report is intended for the use of the Board of Directors, management, and the Pennsylvania Department of Human Services, and is not intended to be and should not be used by anyone other than these specified parties.



December 2, 2020

MONTGOMERY COUNTY MH/MR EMERGENCY SERVICE, INC.  
MONTGOMERY COUNTY, PENNSYLVANIA  
DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITY AND EARLY INTERVENTION  
SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2020

**Agency Name:** Montgomery County MH/MR  
Emergency Service, Inc.

**Facility Number:** 465-155

**Schedule of Units:**

<b>Program</b>	<b>Total Costs</b>	<b>Type of Unit Hours</b>	<b>Total Service Units</b>	<b>Actual Costs</b>	<b>Contract Rate</b>	<b>Variance</b>
Inpatient	\$ 13,753,725	Day	17,718			
County				\$ 776	\$ 601	\$ (175)
Healthchoices				\$ 776	\$ 657	\$ (119)
			<u>17,718</u>	\$ 776	\$ 601	\$ (175)
Evaluations	\$ 85,190	Individual	453			
County - 302				\$ 188	\$ 40	\$ (148)
County - 201				\$ 188	\$ 75	\$ (113)
Healthchoices				\$ 188	\$ 250	\$ 62
			<u>453</u>	\$ 188	\$ 75	\$ (113)
Ambulance	\$ 427,867	Trip	1,092			
County				392	120	(272)
			<u>1,092</u>	392	120	(272)
MH Outpatient	\$ 3,983	Individual	24			
County				\$ 166	\$24 to \$48	(\$12) to \$12
Healthchoices				\$ 166	\$50 or \$70	\$6 or \$26
			<u>24</u>	\$ 166	\$ 36	\$ (130)

See Independent Auditors' Report on Units of Service Provided.

