

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2021 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2021 or fiscal plan year beginning <u>07/01/2021</u> and ending <u>06/30/2022</u>	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)
E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here.	☐

Part II	Basic Plan Information—enter all requested information				
1a Name of plan <u>CPHS PROFIT SHARING PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>002</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/1994</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>002</u>	1c Effective date of plan <u>01/01/1994</u>	
1b Three-digit plan number (PN) ▶	<u>002</u>				
1c Effective date of plan <u>01/01/1994</u>					
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>CHESPENN HEALTH SERVICES, INC.</u> <u>1510 CHESTER PIKE</u> <u>SUITE 200</u> <u>EDDYSTONE, PA 19022</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>23-7354899</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>610-485-3800</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>621498</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>23-7354899</u>	2c Plan Sponsor's telephone number <u>610-485-3800</u>	2d Business code (see instructions) <u>621498</u>	
2b Employer Identification Number (EIN) <u>23-7354899</u>					
2c Plan Sponsor's telephone number <u>610-485-3800</u>					
2d Business code (see instructions) <u>621498</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	01/28/2023	DANIEL CAPLAN
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2021)
v. 210624

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 150
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year..... a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	 6a(1) 80 6a(2) 84 6b 0 6c 65 6d 149 6e 0 6f 149 6g 149 6h 6
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2A 2E 3D 2G 2J 2K 2F 2T b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2021 Form M-1 annual report. If the plan was not required to file the 2021 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2021
		This Form is Open to Public Inspection.
For calendar plan year 2021 or fiscal plan year beginning 07/01/2021 and ending 06/30/2022		
A Name of plan CPHS PROFIT SHARING PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 CHESPENN HEALTH SERVICES, INC.	D Employer Identification Number (EIN) 23-7354899	

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

THE VANGUARD GROUP, INC.

23-1945930

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

COMMONWEALTH FINANCIAL NETWORK

29 SAWYER RD.
ONE UNIVERSITY OFFICE PARK
WALTHAM, MA 02453

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27 50	NONE	18501	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

THE VANGUARD GROUP, INC.

23-1945930

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 99 50 15 52 68	NONE	17808	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	BAKER, TILLY, VIRCHOW, KRAUSE, LLP	b EIN:	39-0859910
c Position:	PLAN AUDITOR		
d Address:	TEN TERRACE COURT MADISON, WI 53707-7398	e Telephone:	608-249-6622

Explanation: MANAGEMENT DECISION

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection.
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For calendar plan year 2021 or fiscal plan year beginning 07/01/2021 and ending 06/30/2022

A Name of plan <u>CPHS PROFIT SHARING PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>CHESPENN HEALTH SERVICES, INC.</u>	D Employer Identification Number (EIN) <u>23-7354899</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: WTRISC CIT III FOR METLIFE GAC 2555

b Name of sponsor of entity listed in (a): METLIFE (WILMINGTON TRUST)

c EIN-PN <u>26-0142858-094</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>110837</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection
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For calendar plan year 2021 or fiscal plan year beginning 07/01/2021 and ending 06/30/2022		
A Name of plan CPHS PROFIT SHARING PLAN	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 CHESPENN HEALTH SERVICES, INC.	D Employer Identification Number (EIN) 23-7354899	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	87093	95480
(2) Participant contributions.....	1b(2)		8635
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	12	
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	0	
(9) Value of interest in common/collective trusts.....	1c(9)	85258	110837
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts.....	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	3978818	3376923
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities.....	1d(1)		
(2) Employer real property.....	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	4151181	3591875

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness.....	1i		
j Other liabilities.....	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	4151181	3591875
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	242822	
(B) Participants	2a(1)(B)	281238	
(C) Others (including rollovers).....	2a(1)(C)	620	
(2) Noncash contributions.....	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		524680
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans.....	2b(1)(E)	0	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock.....	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)	72352	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		72352
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions).....	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		1365
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-693181
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		-94784
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	428213	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		428213
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)	17808	
(3) Investment advisory and management fees.....	2i(3)	18501	
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		36309
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		464522
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d.....	2k		-559306
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: WITHUMSMITH+BROWN, PC

(2) EIN: 22-2027092

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

	Yes	No	Amount
4a		X	

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)		X	
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
4k		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection.
---	--	---

For calendar plan year 2021 or fiscal plan year beginning 07/01/2021 and ending 06/30/2022

A Name of plan CPHS PROFIT SHARING PLAN	B Three-digit plan number (PN) ► 002
C Plan sponsor's name as shown on line 2a of Form 5500 CHESPENN HEALTH SERVICES, INC.	D Employer Identification Number (EIN) 23-7354899

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 45-0404698		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2021
v. 201209

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

14a

b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14b

c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14c

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year.....

15a

b The corresponding number for the second preceding plan year.....

15b

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year.....

16a

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....

16b

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

- 20 PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

CHESPENN HEALTH SERVICES, INC.
Financial Statements
June 30, 2022 and 2021
With Independent Auditor's Reports

ChesPenn Health Services, Inc.
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June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
ChesPenn Health Services, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ChesPenn Health Services, Inc., which comprise the balance sheet as of June 30, 2022, and the related statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ChesPenn Health Services, Inc. as of June 30, 2022, and the results of their operations, changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ChesPenn Health Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of ChesPenn Health Services, Inc. for the year ended June 30, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on March 31, 2022.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ChesPenn Health Services, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ChesPenn Health Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ChesPenn Health Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2022, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. In addition, the accompanying supplemental City of Philadelphia Department of Public Health AIDS Activities Coordination Office statement of expenditures and revenues – contract number 21-20533 and statement of expenditures and revenues – contract number 21-20533-01 for the year ended June 30, 2022, as required by the *City of Philadelphia Subrecipient Audit Guide*, 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2022 on our consideration of ChesPenn Health Services, 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 solely 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 effectiveness of 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 ChesPenn Health Services, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "WithumSmith+Brown, PC".

December 16, 2022

ChesPenn Health Services, Inc.
Balance Sheets
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,763,899	\$ 4,113,546
Cash and cash equivalents - Board restricted	1,613,776	1,531,053
Patients receivable	489,286	423,521
Grants receivable	146,545	67,992
Prepaid expenses and other current assets	<u>88,892</u>	<u>62,579</u>
Total current assets	5,102,398	6,198,691
Property and equipment, net	1,107,307	1,207,027
Investments	<u>561,642</u>	<u>895,705</u>
Total assets	<u>\$ 6,771,347</u>	<u>\$ 8,301,423</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 832,268	\$ 1,314,602
Deferred revenue	430,168	359,910
Estimated third-party payor settlements	116,685	172,659
Construction payable	-	177,487
Current portion of long-term debt	<u>16,535</u>	<u>15,593</u>
Total current liabilities	1,395,656	2,040,251
Long-term liabilities		
Long-term debt, net of current portion	<u>433,757</u>	<u>450,292</u>
Total liabilities	<u>1,829,413</u>	<u>2,490,543</u>
Net assets without donor restrictions		
Board designated	2,175,418	2,426,758
Unrestricted	<u>2,766,516</u>	<u>3,384,122</u>
Total net assets without donor restrictions	<u>4,941,934</u>	<u>5,810,880</u>
Total liabilities and net assets	<u>\$ 6,771,347</u>	<u>\$ 8,301,423</u>

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

ChesPenn Health Services, Inc.
Statements of Operations
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue and other support		
Net patient service revenue	\$ 6,237,366	\$ 7,017,939
Grant revenue	4,670,666	4,091,159
Paycheck Protection Program loan forgiveness revenue	-	811,800
Premium revenue	622,162	739,063
Other revenue	79,760	367,263
Net assets released from restriction	422,950	494,575
Total revenue and other support	<u>12,032,904</u>	<u>13,521,799</u>
Expenses		
Salaries and wages	5,699,136	5,699,043
Employee benefits	1,017,900	1,011,281
Supplies and other	5,255,041	5,209,440
Depreciation	99,720	94,345
Leases	694,645	680,636
Insurance	62,159	50,666
Total expenses	<u>12,828,601</u>	<u>12,745,411</u>
Operating income (loss)	(795,697)	776,388
Nonoperating gains (losses)		
Investment income (loss)	<u>(73,249)</u>	<u>81,934</u>
Revenues in excess of (less than) expenses and increase (decrease) in net assets without donor restrictions.	<u>\$ (868,946)</u>	<u>\$ 858,322</u>

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

ChesPenn Health Services, Inc.
Statements of Changes in Net Assets
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions		
Revenues in excess of (less than) expenses and increase (decrease) in net assets without donor restrictions.	<u>\$ (868,946)</u>	<u>\$ 858,322</u>
Net assets with donor restrictions		
Contributions	422,950	494,575
Net assets released from restrictions	<u>(422,950)</u>	<u>(494,575)</u>
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>
Change in net assets	(868,946)	858,322
Net assets		
Beginning of year	<u>5,810,880</u>	<u>4,952,558</u>
End of year	<u>\$ 4,941,934</u>	<u>\$ 5,810,880</u>

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

ChesPenn Health Services, Inc.
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating activities		
Changes in net assets	\$ (868,946)	\$ 858,322
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	99,720	94,345
Net unrealized losses and (gains) on investments	87,748	(70,367)
Paycheck Protection Program loan forgiveness	-	(811,800)
Changes in operating assets and liabilities		
Patients receivable	(65,765)	34,883
Grants receivable	(78,553)	130,438
Prepaid expenses and other current assets	(26,313)	34,398
Accounts payable and accrued expenses	(482,334)	(60,275)
Deferred revenue	70,258	276,577
Estimated third-party payor settlements	(55,974)	(36,882)
Construction payable	<u>(177,487)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>(1,497,646)</u>	<u>449,639</u>
Investing activities		
Sales of investments	266,287	163,236
Purchases of investments	<u>(19,972)</u>	<u>(9,901)</u>
Net cash provided by investing activities	<u>246,315</u>	<u>153,335</u>
Financing activity		
Repayment of long-term debt	<u>(15,593)</u>	<u>(14,706)</u>
Net cash used in financing activity	<u>(15,593)</u>	<u>(14,706)</u>
Net change in cash and cash equivalents	(1,266,924)	588,268
Cash, cash equivalents and restricted cash		
Beginning of year	<u>5,644,599</u>	<u>5,056,331</u>
End of year	<u>\$ 4,377,675</u>	<u>\$ 5,644,599</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 26,978</u>	<u>\$ 27,867</u>
Financing obligations incurred for equipment	<u>\$ -</u>	<u>\$ 177,487</u>
Paycheck Protection Program loan forgiveness	<u>\$ -</u>	<u>\$ 811,800</u>

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

ChesPenn Health Services, Inc.
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the balance sheets to the total cash, cash equivalents and restricted cash shown in the statements of cash flows:

	<u>2022</u>	<u>2021</u>
Beginning of year		
Cash and cash equivalents	\$ 4,113,546	\$ 3,688,514
Cash and cash equivalents - Board restricted	<u>1,531,053</u>	<u>1,378,796</u>
	<u><u>\$ 5,644,599</u></u>	<u><u>\$ 5,067,310</u></u>
End of year		
Cash and cash equivalents	\$ 2,763,899	\$ 4,113,546
Cash and cash equivalents - Board restricted	<u>1,613,776</u>	<u>1,531,053</u>
	<u><u>\$ 4,377,675</u></u>	<u><u>\$ 5,644,599</u></u>

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

ChesPenn Health Services, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

1. NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ChesPenn Health Services, Inc. (the "Corporation") is a not-for-profit organization which operates a comprehensive health service program. The Corporation is principally funded by grants from the United States Department of Health and Human Services ("HHS"). The Corporation operates one location offering medical, dental, pharmaceutical and behavioral health services in Chester, Pennsylvania, one location offering medical, dental, pharmaceutical and behavioral health services in Coatesville, Pennsylvania and one location offering medical and behavioral health services in Upper Darby, Pennsylvania.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the generally accepted accounting principles promulgated in the United States of America ("U.S. GAAP"). The significant accounting and reporting policies used by the Corporation are described subsequently to enhance the usefulness and understandability of the financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets

The Corporation reports information regarding its financial position and operations according to two classes of net assets which are defined as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when a stipulated time has elapsed, when the stipulated purpose for which the resources were restricted has been fulfilled, or both. There were no net assets with donor restrictions at June 30, 2022 and 2021 as donor restrictions were met in the same period as the contributions were received.

Investments

Investments include designated assets set aside by the Corporation's Board of Directors to cover the replacement cost of specified capital assets and other program services.

Investment income, including unrealized gains and losses on investments, is included in the determination of revenues in excess of (less than) expenses and increase (decrease) in net assets without donor restrictions unless the income is restricted by donor or law and is reported net of investment expenses. Investment income is recognized as earned on the accrual basis.

ChesPenn Health Services, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Performance Indicator

The statements of operations include a determination of revenues in excess of (less than) expenses and increase (decrease) in net assets without donor restrictions. Changes in net assets without donor restrictions which are excluded from revenues in excess of (less than) expenses, consistent with industry practice, include contributions of long-lived assets (included assets acquired using contributions, which by donor restriction, were to be used for the purposes of acquiring such assets).

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid financial instruments purchased with original maturities of three months or less.

Property and Equipment

Property and equipment are recorded at cost, except for donated assets which are recorded at fair value at the date of donation. Depreciation is computed on a straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the estimated useful life or the term of the lease, inclusive of expected renewals. Amortization of leasehold improvements is recognized within depreciation expense.

Gifts of long-lived assets such as land, buildings or equipment are recorded at fair value at the date of the gift and reported as changes in net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Where applicable, gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service.

The estimated useful lives for depreciation are:

<u>Description</u>	<u>Estimated Life (Years)</u>
Building and building improvements	10-25
Leasehold improvements	Lease Term
Equipment	3-7
Vehicles	5

Net Patient Service Revenue, Patients Receivable and Contract Liabilities

Net patient service revenue is recognized at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors and others and include variable consideration for retroactive revenues adjustments due to settlements of audits, reviews and investigations. Generally, the Corporation bills the patients and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied at a point in time are recognized when services are provided, and the Corporation does not believe it is required to provide additional services to the patient.

ChesPenn Health Services, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

The Corporation determines the transaction price based on standard charges for services provided, reduced by contractual adjustments to third-party payors. A sliding fee scale is offered to uninsured patients if they are eligible in accordance with the Corporation's policy. The Corporation determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Corporation determines its estimate of implicit price concessions based on its historical collections experience with this class of patients.

Patients receivable is reported at net realizable value based on the transaction price, which is determined based on the standard charged for services provided, reduced by contractual adjustments provided to third-party payors and implicit price concessions provided to patients, and do not bear interest. Subsequent changes to the estimate of transaction price are generally recorded as adjustments to net patient service revenue in the period of the change. Patients receivable at July 1, 2020 was \$458,404.

Amounts received from patients or third-party payors related to services that have not yet been provided to patients are contract liabilities. There were no contract liabilities at June 30, 2022 and 2021 or July 1, 2020.

Charity Care

The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenues. The Corporation provided charity care, based on the amount of costs incurred, of approximately \$1,223,000 and \$1,238,000 for the years ended June 30, 2022 and 2021, respectively.

Grant Revenue, Grants Receivable and Deferred Revenue

A portion of the Corporation's revenue is derived from cost-reimbursable Federal, state and local grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Corporation has incurred the expenditure in compliance with specific grant provisions. Funds received in advance of their use are accounted for as deferred revenue in the balance sheets.

The contracts under which the Corporation conducts its programs contain provisions defining costs which are allowable and reimbursable within the program. Program billings are subject to audit by various governmental funding sources. Audits of these billings may result in adjustments for disallowances. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined to date.

Grants receivable are reported net of any applicable allowance for doubtful accounts. The Corporation provides an allowance for bad debts using the allowance method, which is based on management's judgment considering historical information. Grants receivable are unsecured. Amounts past due are individually analyzed for collectability. In addition, an allowance is provided for other accounts when a significant pattern of collectability has occurred. When all collection efforts have been exhausted, the accounts are written off. There was no allowance for doubtful accounts relating to grants receivable at June 30, 2022 and 2021.

Premium Revenues

The Corporation has agreements with various Health Maintenance Organizations ("HMOs") to provide medical services to subscribing participants. Under these arrangements, the Corporation receives monthly capitation payments based on the number of each HMO's participants, regardless of performance obligations incurred by the Corporation. In addition, certain HMOs make fee-for-service payments to the Corporation for certain covered performance obligations based upon discounted fee schedules.

ChesPenn Health Services, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Estimated Third-Party Payor Settlements

Estimated third party payor settlements primarily represent overpayments received from third-party payors or retroactive adjustments under reimbursement agreements with third-party payors, which are subject to audit by administering agencies. These adjustments are accrued based on an estimated basis and are adjusted in future periods as final settlements are determined. The Corporation provides care under certain Medicaid and Medicare payment arrangements. Laws and regulations governing Medicaid and Medicare are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulator action.

Donor Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restriction are reclassified as net assets without donor restrictions and reported in the statements of operations as net assets released from restrictions.

Donated Services

The Corporation receives donated services from unpaid volunteers, officers, and trustees which support fundraising, administration, and program efforts. The value of all donated services is not reflected in the accompanying financial statements since the services do not qualify for recognition in the financial statements.

Functional Allocation of Expenses

The costs of providing the Corporation's programs and supporting services have been summarized on a functional basis in the notes to financial statements. Costs that can be identified with a specific program or support service are charged directly to that program or support service. Staff costs are allocated based on time and effort. Unless specifically identified, costs are allocated in accordance with the allocation method used for staff costs. Management and general expenses include costs not identifiable with any specific program, but which provide overall support and direction of the Corporation.

Income Taxes

The Corporation is a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code ("IRC") and is exempt from federal income taxes on its exempt income under Section 501(a) of the IRC. The Corporation is also exempt from state and local income taxes under similar statutes. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Corporation accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold at June 30, 2022 and 2021.

Reclassification

Certain amounts in the prior year financial statements have been reclassified to conform with the current year presentation. The reclassifications had no effect on changes in net assets.

ChesPenn Health Services, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

3. NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842). ASU 2016-02 improves transparency and comparability among companies by requiring recognition of lease assets and lease liabilities on the balance sheet, except for leases with lease terms of 12 months or less. Lease assets represent the right to use the underlying asset for the lease term, and lease liabilities represent the liability to make lease payments. Companies are also required to disclose key information about lease agreements. ASU 2016-02 is effective for the Corporation's fiscal year beginning July 1, 2022.

The Corporation is currently evaluating the guidance to determine the potential impact on its financial statements.

4. NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN THE CURRENT YEAR

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). The standard is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Corporation adopted the requirements of the new guidance on a full retrospective method of transition. The Corporation concluded the effects of applying ASU 2020-07 to the current year and prior year financial statements were immaterial, and as such, no further disclosures or adjustments to the financial statements were deemed necessary.

5. CONCENTRATIONS OF CREDIT RISK

The Corporation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements primarily with Medicare, Medical Assistance, Blue Shield and various commercial insurance companies. The significant concentrations of accounts receivable for services to patients as of June 30 are comprised of the following:

	<u>2022</u>	<u>2021</u>
Medicaid managed care	52%	61%
Commercial	28%	25%
Medicare	12%	9%
Medicaid	8%	5%
Total	<u>100%</u>	<u>100%</u>

The Corporation maintains operating cash and cash equivalents with local financial institutions. Accounts in each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

ChesPenn Health Services, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

6. Net Patient Service Revenue

The Corporation recognizes patient service revenue associated with services provided to patients who have Medicaid, Medicare, third-party payor and managed care plan coverage on the basis of contractual rates for services rendered. For uninsured self-pay patients that do not qualify for charity care, the Corporation recognizes revenue on the basis of its standard rates for services provided or on the basis of discounted rates if negotiated or provided by the Corporation's policy. Charity care services are computed using a sliding fee scale based on patient income and family size. On the basis of historical experience, a significant portion of the Corporation's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Corporation records implicit price concessions adjusting the transaction price to the realizable value related to uninsured patients in the period the services are provided.

Patient service revenue for the years ended June 30, 2022 and 2021, net of contractual adjustments and discounts are comprised of the following:

	<u>2022</u>	<u>2021</u>
Managed Medicaid	\$ 4,624,436	\$ 5,651,968
Medicare	666,703	521,778
Commercial	570,520	364,347
Medicaid	77,539	207,415
Self-Pay	298,168	272,431
Total patient service revenues	<u>\$ 6,237,366</u>	<u>\$ 7,017,939</u>

7. GRANT REVENUE

The Corporation is principally funded by grants either directly from HHS or passed-through other entities with the original funding provided by HHS. HHS and other grant revenue for the years ended June 30, 2022 and 2021 are comprised of the following:

	<u>2022</u>	<u>2021</u>
Community Health Centers, Section 330	\$ 3,443,218	\$ 3,189,630
COVID-19 Programs	767,062	520,657
Family Planning Services	97,639	106,727
HIV Care Formula Grants	52,594	53,502
Total HHS-funded grant revenue	4,360,513	3,870,516
Other	310,153	220,643
Total grant revenue	<u>\$ 4,670,666</u>	<u>\$ 4,091,159</u>

Grants receivable at June 30, 2022 and 2021 are comprised of the following:

	<u>2022</u>	<u>2021</u>
PA Department of Health - COVID-19 Programs	\$ 73,359	\$ -
Access Matters - Family Planning Services	37,910	32,456
AIDS Activities Coordination Office - HIV Care Formula Grants	16,480	15,408
Other	18,796	20,128
Total grants receivable	<u>\$ 146,545</u>	<u>\$ 67,992</u>

ChesPenn Health Services, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

In March 2020, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was signed into law to combat the financial effects of COVID-19. The CARES Act created the Provider Relief Fund to provide financial support for hospitals and other healthcare providers. During the years ended June 30, 2022 and 2021, the Corporation received \$218,300 and \$307,573, respectively, from the Provider Relief Fund.

The Corporation incurred lost revenues and eligible expenses in accordance with the terms and conditions of the Provider Relief Fund, and therefore has recognized, and included in grant revenue, \$218,300 and \$307,573, for the years ended June 30, 2022 and 2021, respectively.

The CARES Act also provided for supplemental funding to FQHCs for one-time support for the detection, prevention, diagnosis and treatment of COVID-19, including maintaining or increasing health center capacity and staffing levels during a COVID-19 related public health emergency. This supplemental funding was awarded through the Pennsylvania Department of Health under various grants with different periods to expend funds. During the years ended June 30, 2022 and 2021, the Corporation incurred eligible expenses of \$548,762 and \$213,084, respectively in accordance with the terms and conditions of these funding sources, which is included within grant revenue in the accompanying statements of operations.

8. PREMIUM REVENUE

The Corporation recognizes premium revenues associated with services provided to patients who have Medicaid, Medicare, third-party payor and managed care plans coverage on the basis of contractual rates for services rendered. For uninsured self-pay patients that do not qualify for charity care, the Corporation recognizes revenue on the basis of its standard rates for services provided or on the basis of discounted rates if negotiated or provided by the Corporation's policy. Charity care services are computed using a sliding fee scale based on patient income and family size. On the basis of historical experience, a significant portion of the Corporation's uninsured patients will be unable or unwilling to pay for the services provided, and price concessions are recorded to recognize premium revenues at their net realizable value.

Premium revenue, net of charitable and contractual allowances and discounts, for the years ended June 30, 2022 and 2021 are comprised of the following:

	<u>2022</u>	<u>2021</u>
Managed Medicaid	\$ 484,578	\$ 629,184
Commercial	<u>137,584</u>	<u>109,879</u>
Total premium revenue	<u>\$ 622,162</u>	<u>\$ 739,063</u>

9. INVESTMENTS

Investments at June 30, 2022 and 2021 are comprised of the following:

	<u>2022</u>	<u>2021</u>
Certificates of deposit	\$ -	\$ 266,287
Equity mutual funds	202,652	236,469
Fixed income mutual funds	<u>358,990</u>	<u>392,949</u>
	<u>\$ 561,642</u>	<u>\$ 895,705</u>

ChesPenn Health Services, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Investment income (loss) for the years ended June 30, 2022 and 2021 is comprised of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 14,499	\$ 11,567
Realized gain on sale of investment	-	3,721
Net unrealized (losses) and gains investments	<u>(87,748)</u>	<u>66,646</u>
Total investment income (loss)	<u>\$ (73,249)</u>	<u>\$ 81,934</u>

10. FAIR VALUE MEASUREMENTS

The Corporation follows the provisions of authoritative guidance relating to fair value measurements. This guidance defines fair value, establishes a framework for measuring fair value under U.S. GAAP and enhances disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that this guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Corporation for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets and other observable inputs.

Level 3 - Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2022 and 2021.

Certificates of deposit: Investments in certificates of deposit including savings certificates with fixed maturity dates and interest rates with the carrying amounts approximating fair value due to the short-term nature of the investments.

Equity and Fixed Income Mutual Funds: Investments in mutual funds consist of shares of mutual funds that are valued at quoted market prices, which represent the net asset values of the shares held by the Corporation at year-end.

ChesPenn Health Services, Inc.
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The fair value of the Corporation's assets at June 30, 2022 and 2021 are comprised of the following:

2022				
	Level 1	Level 2	Level 3	Total
Investments				
Equity mutual funds	\$ 202,652	\$ -	\$ -	\$ 202,652
Fixed income mutual funds	358,990	-	-	358,990
	<u>\$ 561,642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 561,642</u>
2021				
	Level 1	Level 2	Level 3	Total
Investments				
Certificates of deposit	\$ -	\$ 266,287	\$ -	\$ 266,287
Equity mutual funds	236,469	-	-	236,469
Fixed income mutual funds	392,949	-	-	392,949
	<u>\$ 629,418</u>	<u>\$ 266,287</u>	<u>\$ -</u>	<u>\$ 895,705</u>

11. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2022 and 2021 are comprised of the following:

	2022	2021
Land	\$ 100,838	\$ 100,838
Building and building improvements	3,330,554	3,153,067
Leasehold improvements	349,794	349,794
Equipment	1,341,554	1,341,554
Vehicles	48,472	48,472
Construction in process	-	177,487
	<u>5,171,212</u>	<u>5,171,212</u>
Less: Accumulated depreciation	<u>(4,063,905)</u>	<u>(3,964,185)</u>
Property and equipment, net	<u>\$ 1,107,307</u>	<u>\$ 1,207,027</u>

12. LONG-TERM DEBT

On December 15, 2017, the Corporation entered into a loan agreement to finance the cost of renovations at one of its locations. The note payable is secured by a first lien on, and security interest in, substantially all real estate, improvements, fixtures and equipment at the property.

ChesPenn Health Services, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Long-term debt at June 30, 2022 and 2021 are comprised of the following:

	<u>2022</u>	<u>2021</u>
Mortgage note payable to Reinvestment Fund, Inc., payable monthly in 47 equal installments of \$3,548 beginning February 2019 through December 2022 consisting of principal and interest bearing interest at a rate of 5.88%, with a final payment due in July 2023.	\$ 450,292	\$ 465,885
Less: Current portion	<u>(16,535)</u>	<u>(15,593)</u>
Long-term debt, net of current portion	<u>\$ 433,757</u>	<u>\$ 450,292</u>

Future maturities of long-term debt are as follows as of June 30, 2022:

2023	\$ 16,535
2024	<u>433,757</u>
	<u>\$ 450,292</u>

13. PAYCHECK PROTECTION PROGRAM

In May 2020, the Corporation received a loan pursuant to the Paycheck Protection Program ("PPP"), administered by the U.S. Small Business Administration ("SBA"). The PPP was authorized in the CARES Act. The Corporation received the loan proceeds on May 5, 2020. The principal amount of the loan was \$811,800 and there was no collateral or guarantee requirements.

The Corporation received the loan forgiveness from the SBA on February 19, 2021, and recorded \$811,800 as Paycheck Protection Program loan forgiveness revenue in the statements of operations for the year ended June 30, 2021.

The SBA reserves the right to audit any PPP loan, regardless of size. The audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

14. DEMAND NOTE PAYABLE, BANK

The Corporation has a line of credit agreement with Truist Bank for \$300,000. Amounts advanced under this line of credit are due on demand and interest is charged at the *Wall Street Journal* prime rate plus 0.5%, with a minimum rate of 5%. There were no borrowings at June 30, 2022 and 2021, and this line of credit expires on February 27, 2023. The line of credit is secured by the assets of the Corporation.

15. PENSION PLAN

The Corporation has a 401(k) defined contribution profit sharing plan (the "Plan") in which employees contribute to the Plan and an employer match is provided. The Plan covers substantially all employees. Pension expense was \$226,662 and \$237,016 for the years ended June 30, 2022 and 2021, respectively.

ChesPenn Health Services, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

16. TRANSACTIONS WITH CROZER-KEYSTONE HEALTH SYSTEM

The Corporation entered into a professional service agreement with Prospect Health Access Network during 2016. Prospect Health Access Network is Crozer-Keystone Health System's physician network group. Under the terms of this agreement, Prospect Health Access Network provides professional family medical services, women' at the Corporation's Upper Darby and Eastside facilities. Expenses related to this agreement totaled \$1,308,268 and \$1,465,606 for the years ended June 30, 2022 and 2021, respectively.

17. LEASING ARRANGEMENTS

The Corporation leases facilities and equipment under the terms of noncancelable leases.

Future minimum lease payments under operating leases are as follows as of June 30, 2022:

2023	\$ 527,044
2024	508,641
2025	232,380
2026	86,774
	<u>\$ 1,354,839</u>

Lease expense was \$694,645 and \$680,636 for the years ended June 30, 2022 and 2021, respectively.

18. COMMITMENTS AND CONTINGENCIES

Medical and Dental Malpractice Claims Coverage

Effective June 23, 1996, the Corporation was deemed to be an employee of the federal government under Section 224(h) of the Public Health Service ("PHS") Act, 42, U.S.C. 233(h) as amended by the Federally Supported Health Centers Assistance Act of 1995. Section 224 of the PHS Act provides malpractice insurance coverage for all activities within the scope of its PHS grant under the Federal Tort Claims Act. This coverage is provided at no charge to the Corporation and there are no per occurrence or aggregate limits.

The Corporation believes it has adequate insurance coverage. To the best of the Corporation's knowledge, there are no asserted or unasserted claims which would exceed its insurance coverage.

Healthcare Industry

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on the Corporation, if any, are not presently determinable.

ChesPenn Health Services, Inc.
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June 30, 2022 and 2021

Federal, State and Local Grant Awards

The Corporation participates in Federal, state and local assisted grant programs. These programs are subject to program compliance by the grants or their representatives. The Corporation is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

19. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the balance sheet date at June 30, 2022 and 2021 are comprised of the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,763,899	\$ 4,113,546
Cash and cash equivalents - Board restricted	1,613,776	1,531,053
Patients receivable	489,286	423,521
Grants receivable	146,545	67,992
Investments	<u>561,642</u>	<u>895,705</u>
Total liquid resources available for general expenditures	<u>\$ 5,575,148</u>	<u>\$ 7,031,817</u>

The Corporation has certain assets that have been restricted as to use by the Board of Directors. However, these assets could be used for general expenditure if necessary, and therefore, have been included in the table above.

As part of the Corporation's liquidity management, the Corporation has a policy to structure financial assets to be available as its general expenditures, liabilities and other obligations come due. Additionally, the Corporation maintains a \$300,000 line of credit, as discussed in more detail in Note 14. At June 30, 2022 and 2021, \$300,000 was available on the Corporation's line of credit. The Corporation invests excess cash in cash equivalents and investments.

ChesPenn Health Services, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

20. FUNCTIONAL EXPENSES

The Corporation provides healthcare and related services to individuals within its geographic location. Expenses related to providing these services for the years ended June 30, 2022 and 2021 are comprised of the following:

	2022		
	Program Expenses	General and Administrative	Total
Salaries and wages	\$ 3,843,789	\$ 1,855,347	\$ 5,699,136
Supplies and expenses	921,036	392,130	1,313,166
Contractors	2,129,607	447,468	2,577,075
Data processing	-	563,439	563,439
Pharmacy	801,361	-	801,361
Employee benefits	705,471	312,429	1,017,900
Depreciation	99,720	-	99,720
Leases	536,686	157,959	694,645
Insurance	30,443	31,716	62,159
	<u>\$ 9,068,113</u>	<u>\$ 3,760,488</u>	<u>\$ 12,828,601</u>

	2021		
	Program Expenses	General and Administrative	Total
Salaries and wages	\$ 3,943,676	\$ 1,755,367	\$ 5,699,043
Supplies and expenses	1,001,310	472,267	1,473,577
Contractors	2,247,046	242,980	2,490,026
Data processing	7,326	572,928	580,254
Pharmacy	665,583	-	665,583
Employee benefits	714,994	296,287	1,011,281
Depreciation	94,345	-	94,345
Leases	548,252	132,384	680,636
Insurance	25,498	25,168	50,666
	<u>\$ 9,248,030</u>	<u>\$ 3,497,381</u>	<u>\$ 12,745,411</u>

21. SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events occurring after balance date of June 30, 2022 through December 16, 2022, which is the date the financial statements were available to be issued. Based on this evaluation, the Corporation has determined that the following subsequent event has occurred that requires disclosure in the financial statements.

Subsequent to year-end, the Corporation has reached a modification agreement to extend the mortgage loan to July 1st, 2023. The modified mortgage loan extends the previous monthly payments for the period of January 2023 to June 2023 with the final balloon payment due July 2023.

SUPPLEMENTARY INFORMATION

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
ChesPenn Health Services, Inc.:

We have audited, 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, the financial statements of ChesPenn Health Services, Inc. (the "Corporation"), which comprise the balance sheet as of June 30, 2022, and the related statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation'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 and significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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 financial statements. 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WithumSmith+Brown, PC

December 16, 2022

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
ChesPenn Health Services, Inc.:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited ChesPenn Health Services, Inc.'s (the "Corporation") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget ("OMB") *Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended June 30, 2022. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Corporation's compliance with compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Corporation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each of the Corporation's major federal programs is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the Corporation's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Corporation's response was not subjected to other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we considered to be a significant deficiency.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Corporation's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Corporation's response was not subjected to other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC".

December 16, 2022

ChesPenn Health Services, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS:

Type of auditor’s report issued on whether the financial statements

Audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiencies identified?

_____ yes X none reported

Noncompliance material to financial statements noted.

_____ yes X no

FEDERAL AWARDS:

Internal control over major federal programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiencies identified?

 X yes _____ none reported

Type of auditor’s report issued on compliance
for major federal programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with Section 516(a) of
Title 2 U.S. CFR Part 200?

 X yes _____ no

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?.

_____ yes X no

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
Health Center Program Cluster	93.224/93.527

ChesPenn Health Services, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no current year financial statement findings.

SECTION III – FEDERAL FINDINGS AND QUESTIONED COSTS

Finding Number:	2022-001
Assistance Listing Numbers:	93.224, 93.527
Cluster/Program Name:	Health Center Program Cluster [including COVID-19 funds]
Federal Agency:	U.S. Department of Health and Human Services
Federal Award Identification Numbers:	Various
Federal Award Years in Cluster:	Various grant periods: February 1, 2019-January 31, 2020; February 1, 2021-January 31, 2022; February 1, 2022 to January 31, 2023; April 1, 2020 to March 31, 2021; April 1, 2021 to March 31, 2023
Finding Type:	Significant Deficiency
Compliance Requirement:	Special Tests and Provisions
Pass-Through Entity:	None
Questioned Costs:	\$0

ChesPenn Health Services, Inc. did not maintain complete patient files for all patients who received healthcare under the sliding fee arrangement.

Condition and Context

4 out of 40 selected patients receiving healthcare under the sliding fee arrangement application had incomplete documentation of supervisory review.

The sample was not a statistically valid sample.

Criteria

Under the compliance requirements listed in the Office of Management and Budget (“OMB”) *Compliance Supplement* for the Health Center Program Cluster, health centers must prepare and apply a sliding fee discount schedule so that the amounts owed for health center services by eligible patients are adjusted based on the patient’s ability to pay.

Cause

As a result of the COVID-19 pandemic, controls that have historically been in place over maintaining patient files in the office were not followed in all instances. Historical controls were not followed based on COVID-19 epidemic staffing shortages and constraints and provision of virtual services. As a result, there were some incomplete applications due to human error.

Effect or Potential Effect

For 4 out of 40 patients selected for testing, the internal control procedure to perform additional supervisory check of the sliding fee discount application was not formally documented. This was considered a deficiency in internal controls.

ChesPenn Health Services, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Recommendation

We recommend that ChesPenn Health Services, Inc. continue to work towards implementing procedures established in the prior year as part of the corrective action plan for prior year finding. ChesPenn Health Services, Inc. should ensure new procedures cause all patient files to be maintained and to be completed fully.

Views of Responsible Officials

ChesPenn Health Services, Inc. will continue to monitor the process of maintaining paper copies of all sliding fee scale patient files in each office as a back-up to potential electronic system failures for scanning patient's records. In addition, ChesPenn Health Services, Inc.'s Compliance Officer and Chief Operating Officer will conduct random monthly audits of sliding fee applications at all three locations. Results from the audits will be presented to the site Office Manager who will then conduct staff training sessions with the Patient Service Representatives.

The audit and subsequent training will include a review of the following parameters for proper documentation and sliding fee scale determination:

Identification:

- o State issued driver's license
- o State issued or state recognized identification card
- o School identification
- o Government issued passport
- o If married, a copy of spouse's identification as well

Social Security Cards:

- o For the applicant
- o For the spouse, if married
- o For all dependents 18 years of age or younger
- o For a college student, up to 23 years of age with college documentation
- o If a social security card is not available for a child, a birth certificate will be accepted

Paystubs:

- o One recent pay stub, if married a copy from spouse as well
- o Benefits statement from social security, if married from husband and wife
- o Awards letter for unemployment, if married from husband and wife
- o Self-employed - Last year's income tax statement
- o If paid in cash, a letter from the employer, on company letter head that states the hourly rate and hours worked
- o If the letter is handwritten, the letter must be notarized
- o When an individual has no source of income and has no insurance, they are required to fill out the information on the front and the back of the sliding fee scale form. Photo identification and social security cards are required

ChesPenn Health Services, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

SECTION IV – PRIOR YEAR AUDIT FINDINGS

2021-01: Missing or Incomplete Patient Files and Incorrect Sliding Fee Scale Billed

Federal Assistance Listing Number: 93.224 – Health Center Program Cluster [Including COVID-19 Funds]
Federal Agency: U.S. Department of Health and Human Services

Condition and Context: There were 2 instances of incomplete (missing signature) or missing patient files and 2 instances of incorrect sliding fee billings of population tested.

Current Status: Corrective action in progress

The discussion for Finding 2022-001 also applies to the finding.

ChesPenn Health Services, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title		Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipient	Total Expenditures
U.S. Department of Health and Human Services					
Direct programs:					
Health Center Program Cluster:					
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care Centers)					
Total AL number 93.224 (non-COVID)		93.224	H80CS00738	\$ -	\$ 2,584,685
				-	2,584,685
COVID-19 Community Health Centers - Coronavirus Aid, Relief, and Economic Security ("CARES") Act					
COVID-19 Community Health Centers - American Rescue Plan ("ARP") Act					
Total AL number 93.224 (COVID)		93.224	H8DCS36635	-	134,088
		93.224	H8FCS40893	-	721,127
				-	855,215
COVID-19 Affordable Care Act Grants for New and Expanded Services under the Health Center Program - CARES Act					
Total AL number 93.527 (COVID)		93.527	H8E38873	-	3,318
				-	3,318
Total Health Center Program Cluster				-	3,443,218
COVID-19 Provider Relief Fund and ARP Rural Distribution					
Total AL number 93.498		93.498	HHS-69176949222	-	307,573
				-	307,573
Passed-Through Pennsylvania Department of Health					
COVID-19 Diagnostic Testing and Preventative Services					
Total AL number 93.323		93.323	NU50CK000527	-	7,117
				-	7,117
COVID-19 Vaccine Funding					
Total AL number 93.217		93.217	NH23IP922634	-	435,499
				-	435,499
Passed-Through City of Philadelphia Department of Public Health AIDS Activities Coordination Office					
HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)					
HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)					
Total AL number 93.914		93.914	RW1414	-	31,326
		93.914	RW2414	-	16,480
				-	47,806
Passed-Through Access Matters					
Family Planning					
Family Planning					
Total AL number 93.217		93.217	212305-1	-	83,911
		93.217	232305	-	19,910
				-	103,821
Total U.S. Department of Health and Human Services					
				-	4,345,034
Total Expenditures of Federal Awards				\$ -	\$ 4,345,034

See Independent Auditor's Report.
See accompanying Notes to Schedule of Expenditures of Federal Awards.

ChesPenn Health Services, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") presents the activity of all financial assistance programs of ChesPenn Health Services, Inc. (the "Corporation"). The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included in the schedule of expenditures of federal awards. Because this Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Corporation.

Provider Relief Fund and American Rescue Plan ("ARP") Rural Distribution – Assistance Listing Number 93.498

For the U.S. Department of Health and Human Services ("HHS") awards related to the Provider Relief Fund and American Rescue Plan Rural Distribution ("PRF") program, HHS has indicated the amounts on the schedule of expenditures of federal awards be reported corresponding to reporting requirements of the HRSA PRF Reporting Portal. Payments from HHS for PRF are assigned to "Payment Received Periods" (each, a "Period") based upon the date each payment from the PRF was received. Each Period has a specified Period of Availability and timing of reporting requirements. Entities report into the HRSA PRF Reporting Portal after each Period's deadline to use the funds (i.e., after the end of the Period of Availability).

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Expenditures reported on the Schedule are prepared in conformity with accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Direct award and pass-through entity identifying numbers are presented where available.

3. INDIRECT COSTS

The Corporation does not have a federally negotiated indirect cost rate nor has it elected to use the 10% de minimis cost rate as covered in section 200.414 in the Uniform Guidance.

ChesPenn Health Services, Inc.
City of Philadelphia Department of Public Health AIDS Activities Coordination Office
Statement of Expenditures and Revenues – Contract Number 21-20533
Year Ended June 30, 2022

Provider Name: ChesPenn Health Services, Inc.
Funding Source: Part A Formula Ryan White/AIDS Treatment Modernization Act
Award Number: RW1414
Award Amount: \$46,734
Contract Number: 21-20533
Activity Description: Outpatient/Ambulatory Medical Care
Effective Dates (Contract Term): March 1, 2021 to February 28, 2022

Personnel expenditures		
Salaries	\$ 25,678	
Fringe benefits	<u>5,135</u>	
Total personnel expenditures		\$ 30,813
Operating expenditures		
Travel	-	
Equipment	-	
Supplies	-	
Sub-contract expenditures	-	
Rent	-	
Utilities	-	
Communications	-	
Leased equipment	-	
Insurance	-	
Printing	-	
Repairs/maintenance	-	
Other	<u>513</u>	
Total operating expenditures		<u>513</u>
Total direct expenditures		31,326
Indirect expenditures		<u>-</u>
Total expenditures		31,326
Program revenue		-
Net AACO funded expenditures		<u>\$ 31,326</u>

See Independent Auditor's Report

ChesPenn Health Services, Inc.
City of Philadelphia Department of Public Health AIDS Activities Coordination Office
State of Expenditures and Revenues – Contract Number 21-20533-01
Year Ended June 30, 2022

Provider Name: ChesPenn Health Services, Inc.
Funding Source: Part A Formula Ryan White/AIDS Treatment Modernization Act
Award Number: RW2414
Award Amount: \$51,121
Contract Number: 21-20533-01
Activity Description: Outpatient/Ambulatory Medical Care
Effective Dates (Contract Term): March 1, 2022 to February 28, 2023

Personnel expenditures		
Salaries	\$ 13,733	
Fringe benefits	<u>2,747</u>	
Total personnel expenditures		\$ 16,480
Operating expenditures		
Travel	-	
Equipment	-	
Supplies	-	
Sub-contract expenditures	-	
Rent	-	
Utilities	-	
Communications	-	
Leased equipment	-	
Insurance	-	
Printing	-	
Repairs/maintenance	-	
Other	<u>-</u>	
Total operating expenditures		<u>-</u>
Total direct expenditures		16,480
Indirect expenditures		<u>-</u>
Total expenditures		16,480
Program revenue		<u>-</u>
Net AACO funded expenditures		<u>\$ 16,480</u>

See Independent Auditor's Report

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection
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For calendar plan year 2021 or fiscal plan year beginning		and ending
A Name of plan	B Three-digit plan number (PN)	
C Plan sponsor's name as shown on line 2a of Form 5500	D Employer Identification Number (EIN)	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions.....	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities.....	1d(1)		
(2) Employer real property.....	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f		

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness.....	1i		
j Other liabilities.....	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k		

Net Assets

l Net assets (subtract line 1k from line 1f)	1l		
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers).....	2a(1)(C)		
(2) Noncash contributions.....	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans.....	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		
(2) Dividends: (A) Preferred stock.....	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions).....	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)		
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☐ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name:

(2) EIN:

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)

	Yes	No	Amount
4a			

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b			
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c			
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d			
e Was this plan covered by a fidelity bond?			
4e			
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?			
4f			
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g			
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h			
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)			
4i			
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)			
4j			
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k			
l Has the plan failed to provide any benefit when due under the plan?			
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			
5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☐ No If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.			
5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)			
5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)	
5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.			

Attachment to 2021 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name CPHS PROFIT SHARING PLAN

EIN: 23-7354899

Plan Sponsor's Name CHESPENN HEALTH SERVICES, INC.

PN: 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	Vanguard	Vanguard Target Retirement 2065 Fund	0	1,535
	Vanguard	Vanguard Target Retirement 2060 Fund	0	28,765
	Vanguard	Vanguard Target Retirement 2055 Fund	0	148,032
	Vanguard	Vanguard Target Retirement 2050 Fund	0	177,331
	Vanguard	Vanguard Target Retirement 2045 Fund	0	138,805
	Vanguard	Vanguard Target Retirement 2040 Fund	0	162,597
	Vanguard	Vanguard Target Retirement 2035 Fund	0	317,330

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Schedule H, line 4i - Schedule of Assets (Held at End of Year)

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PN: 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	Vanguard	Vanguard Target Retirement 2030 Fund	0	295,044
	Vanguard	Vanguard Target Retirement 2025 Fund	0	986,727
	Vanguard	Vanguard Target Retirement 2020 Fund	0	63,218
	Vanguard	Vanguard Target Retirement 2015 Fund	0	145,212
	Vanguard	Vanguard Target Retirement Income Fund	0	26,918
	T. Rowe Price	T. Rowe Price Blue Chip Growth Inv	0	156,303
	Vanguard	Vanguard Large Cap Index Adm	0	261,352

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PN: 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	Vanguard	Vanguard Strategic Equity Inv	0	51,405
	Legg Mason	ClearBridge Small Cap Growth I	0	29,396
	Vanguard	Vanguard Strategic Small-Cap Equity Inv	0	48,550
	Victory	Victory Sycamore Small Comp Opport I	0	32,123
	American Funds	American Funds New Perspective R6	0	1,408
	American Funds	American Funds New World R6	0	25,323
	PIMCO	PIMCO Income Instl	0	37,869

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PN: 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	Vanguard	Vanguard GNMA Adm	0	6,787
	PIMCO	PIMCO Intl Bond (USDHedged) I	0	2,781
	BlackRock	BlackRock High Yield Bond Instl	0	40,761
	WTRISC CIT	WTRISC CIT III for Metlife GAC 25554 J	0	110,837
	MFS	MFS International Growth R6	0	10,472
	DFA	DFA Global Real Estate Securities	0	6,208
	Vanguard	Vanguard Mid-Cap Value Index Inv	0	10,966

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Schedule H, line 4i - Schedule of Assets (Held at End of Year)

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EIN: 23-7354899

Plan Sponsor's Name CHESPENN HEALTH SERVICES, INC.

PN: 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	American Funds	American Funds Intl Gr & Inc R6	0	1,624
	Vanguard	Vanguard 500 Index Adm	0	25,439
	JPMorgan	JPMorgan Mid Cap Growth R6	0	136,642