



BTERRELL GROUP

SOFTWARE • CONSULTING • TRAINING • DEVELOPMENT

November 30, 2018

Peter Sagan
Chief Financial Officer
BT Medical
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Tyler, TX 75702

Dear Peter,

I am pleased to present this draft Summary of Findings report to you and your company. I enjoyed learning about your company's needs for improved accounting automation and reporting capabilities. I've based this document on our discussions and correspondence. As you find adjustments you'd like to make or additional information you'd like to include, please let me know.

Thank you for participating in the discovery process so far. I look forward to completing the process through the finalization of this Summary of Findings.

Sincerely,

Brian Terrell, CPA CITP

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Executive Summary

BT Medical (“BTM”) desires to upgrade the company’s books and accounting records from QuickBooks to applications better suiting its current and future requirements. Based on information obtained by BTerrell Group (“BTerrell”) through interviews with BTM management, we prepared this Summary of Findings document to

- explore the accounting and finance technology challenges of the company,
- analyze the impact of those challenges,
- describe the company’s vision of an ideal solution,
- recommend a technology option aligning with that vision, and
- calculate the return on investment of that technology option.

This Summary of Findings outlines the business case for the company’s desire to change accounting platforms using information obtained directly from management.

QuickBooks presents these challenges to BTM’s management team and stakeholders:

1. The current finance and accounting technology platform does not provide the financial visibility required to manage the company’s operations [information risk]
2. QuickBooks cannot integrate at the application program interface level with the company’s best-in-class software applications, including *CareCloud* [integration risk]
3. QuickBooks threatens the ability of accounting personnel to keep up with aggressive expansion plans [growth risk]
4. Current systems create doubt in the quality of current and historical operating results [quality risk]
5. Management believes QuickBooks cannot provide the strong, verifiable internal controls required to avoid unnecessary audit and compliance risks [audit risk]

BTerrell recommends BTM deploy Intacct and Workforce Go! to replace QuickBooks. These best-in-class applications meet management’s definition of the ideal solution, including auditable internal controls, multi-entity management, multi-dimension end-user configurable reporting tools and dashboards, web service integration interfaces, and configurable data quality enforcement rules. Intacct solves each of the issues described in this document.

We analyzed the benefits and costs of replacing QuickBooks with Intacct under three scenarios that vary based on implementation scope. Based on information obtained directly from management, the scenarios deliver from \$3.70 to \$5.00 in benefits over the next 3 years for every \$1 invested.

Finally, the Summary of Findings document schedules next steps that allow BTM to go-live with Intacct on April 2, 2019 if a decision to implement is reached on or before December 14, 2018.

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Company Overview

BT Medical (“BTM”) operates a rapidly expanding primary care medicine practice dedicated to high quality patient care. The company focuses on improving access to medical services through twenty general primary care clinics in East Texas and Louisiana. Practice areas include family medicine and pediatrics. The American Medical Association states that one in ten individuals do not receive the primary care they need. Given this high incidence rate, coupled with positive outcomes, BTM’s clinics place special emphasis on wellness, diet, exercise, prevention, screenings and treatment.

Founded in 2016, BTM sold a majority interest in the firm to Health Care Ventures, a New York based private equity firm, in February 2018. Although terms were not disclosed, management retained a significant equity stake. Management plans to expand aggressively throughout Louisiana and Mississippi to grow the number of clinic units from 20 to 40 by end of 2018.

BTM headquarters in Tyler, Texas, but most of the firm’s 90 EEs work in the clinics. The company uses QuickBooks for basic bookkeeping and payroll, and management decided to implement *CareCloud* for practice management in early 2018. The company prefers cloud-based technology, such as *CareCloud*, over maintaining their own on-premises applications and accompanying infrastructure.

The current corporate structure includes 4 legal entities, including BTM Holdings, the parent company, BT Medical of Texas, and BT Medical of Louisiana. BTM Shared Services, the consolidated operating company, provides services to the operating companies. For tax purposes, the enterprise may add pass through entities between the parent company and BTM Shared Services. Management expects to add entities when opening clinics in new states. However, the company manages groups of clinics by geography instead of by legal ownership, so operating regions do not now, and will not necessarily in the future, correspond to corporate structure.

Revenue recognition occurs at the point of sale. The company augments capacity with local physicians engaged on an as-needed, contract basis. Each clinic keeps a small inventory of consumer products on hand for resale. Clinic managers purchase supplies as needed either locally or through a supplier with which BTM negotiated contract pricing. No plans have been made to centralize purchasing.

To ensure management can continue to meet future accounting, compliance and expansion requirements, BTM recently began reviewing accounting, finance and human resource

technology with BTerrell as well as with two other resources. That evaluation continues with an informal goal of completion on or before December 14, 2018.

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Current challenges, impacts and ideal solution

QuickBooks may not provide the financial visibility required to manage the company

Current challenge

Management cannot report, budget and forecast income and expenses by business dimensions, including location, provider, and type of service

Impact of issue

Because QuickBooks does not support the allocation of operating results by the necessary dimensions, management must table plans to track provider profitability

Ideal solution

Allows the assignment of any operating dimension to any accounting entry so management can produce actual, budget and forecast reports on unlimited dimension combinations as of any point in time

QuickBooks may not integrate with the company's best-in-class software applications, including *CareCloud*

Current challenge

QuickBooks does not integrate with *CareCloud*, the company's practice management system

Impact of issue

Postings to QuickBooks from *CareCloud* require manual effort, are subject to human error, and cannot occur daily without significant effort

Ideal solution

Provides a securely accessible, best-in-class web service or application programming interface for two-way synchronization of the accounting records with *CareCloud* and future best-in-class software solutions

QuickBooks threatens the ability of accounting personnel to keep up with growth plans

Current challenge

The company plans to double the current number of locations within the next year, and additional locations in new states may increase the number of operating entities

Impact of issue

If company growth plans are realized, staff levels do not increase, and current systems are not upgraded, the accounting staff, including the CFO, will be engaged full time in basic bookkeeping tasks and cannot participate in strategic planning or other value adding activities

Ideal solution

Allows management to easily add locations and even entities through a multi-entity architecture that shares accounts, dimensions, vendors, users, and report formats. Inter-entity transactions automatically balance and consolidated statements continuously and automatically update. The CFO and other accounting professionals have time to contribute to strategic decision-making

QuickBooks creates data quality questions and reduces confidence in historical data

Current challenge

The company must classify operational accounting transactions by the correct location, provider and type of service to produce actionable reports

Impact of issue

Because QuickBooks does not enforce data entry business rules, reports do not reliably include accurate detail required to manage the business

Ideal solution

Applies business rules during transaction entry to ensure the correct dimensions post with each transaction

QuickBooks may not satisfy external auditor internal control measures

Current challenge

QuickBooks keeps no audit trail and provides only entry-level, single ledger, "checkbook style" accounting functionality and reporting

Impact of issue

QuickBooks entry-level architecture creates unnecessary data integrity concerns and creditability issues among auditors and external stakeholders

Ideal solution

Helps management install strong, auditable internal controls, including change audit logs, transaction audit trails, transaction approval thresholds, rules for ensuring revenue and expense post to proper accounts, role or user-based security, enforced transaction workflow, and more

Vision for Ideal Solution

Discovery reveals significant value would result by replacing QuickBooks with a best-in-class, cloud based, mid-market finance and accounting application providing dimension based, multi-entity end user configurable reporting and dash-boarding tools as well as a support for API integration to other best-in-class applications. The new system would create immediate, significant value by providing management with financial visibility into operating results. In addition, the application programming interface of each system would allow for a seamless and accurate flow of transaction data from *CareCloud*. Improved reporting and dash-boarding tools would enable providers and stakeholders to self-serve financial information and free up accounting department personnel for strategic tasks. A multi-entity system would make it possible for the back office to keep up with the planned growth of the company without sacrificing higher level, strategic functions. A mid-market solution would provide stakeholders, auditors and other interested parties with assurance that the company's accounting system provides adequate tools on which to enforce accounting internal control and historical data integrity. The functional requirements of the ideal solution include:

1. Connected, end user configurable, Excel-free financial statement, dash-boarding and ad-hoc reporting tools that immediately reflect changes in posted transactions
2. An application programming interface allowing the secure transfer of data with other secure systems
3. Architecture built to manage multiple entities by automated inter-entity transaction balancing, flexible reporting tools spanning entities, shared account and dimension databases, and role or user based security managing access by function.
4. Robust internal controls demonstrating the effectiveness of accounting and reporting processes, including:
 - a. approval workflow for journal entries, purchase orders, employee expenses and more
 - b. enforced segregation of duties
 - c. documented audit trail
 - d. system settings, data, and access change management reporting
 - e. centralized management of internal control functions
5. Integrated, cloud based, best-in-class, fully supported HRMS and Payroll that fully supports ACA reporting and regulatory requirements

BTerrell Recommendation

BTM initiated discussions with BTerrell in an active search for a QuickBooks replacement. We've focused our efforts on a solution eliminating the impact of transaction processing and reporting challenges and meets the requirements of the ideal solution. Accordingly, we recommend:

- Intacct core modules to deliver Financial Reporting, General Ledger, Accounts Payable, Accounts Receivable, Purchasing, and Employee Expense Management
- Intacct Inventory Control module to manage inventory balances for retail sales requirements
- Joseph Eve Fixed Assets for Intacct module to provide integrated fixed assets management and depreciation accounting
- Platform Services and Web Services modules that leverage integrate capabilities of other best-in class solutions, such as *CareCloud*.
- Workforce Go! fully integrated HRMS and Payroll built for Intacct
- An implementation plan that achieves go-live goals
- A post go-live support plan providing service level options fitting the company's needs and budget.

With nearly 27 years of experience implementing accounting and finance solutions for fast-growing businesses, we recommend BTM management carefully review the Intacct software quote and BTerrell Statement of Work to implement Intacct and Workforce Go!. BTerrell will drive a process resulting in a fully integrated solution that meets your needs and contributes to your vision and goals for continued growth and expansion.

Key Benefits of the Ideal Solution

- **Functionality**
 - Only accounting solution endorsed by the AICPA, will provide full GAAP accounting
 - Multi-dimensional architecture will allow for 'tagging' transactions - multi-dimensional data points (provider, location, service type, customer, vendor, et. al.), that can be easily reported
 - Provider profitability review and management
 - Continuous, consolidated reporting
 - Drilldowns and dashboards for internal and external stakeholders
 - Boardroom style reporting
 - Customized analysis of KPIs, budget variances, and other metrics
 - Remote access from browser, nothing to install or maintain
- **Fit**
 - Open APIs that enable easy and affordable interface with other solutions *that Intacct guarantees will not break with upgrades*
 - Rapid implementation of the solution with virtual classroom training
 - If you should choose to implement a more centralized purchasing function, configurable purchasing transactions can provide vendor invoice approval workflows as well as automatic accrual of unapproved vendor invoices
- **Financial**
 - 209% to 345% annual ROI
 - ROI payback period of < 4 months after go live
- **Future**
 - Intacct is the fastest-growing financial solution in the mid-market and the only solution with a **BUY WITH CONFIDENCE** guarantee
 - BTerrell Group was one of the first two VAR partners named as an Intacct Premier Partner and has been a trusted advisor to over 500 clients since 1991

Budget -> Estimated ROI

Compelling solutions offer features and functionality to realize real value for the organization to fuel its growth. One way to calculate the value anticipated from a new system is to conduct return on investment analyses (“ROI”).

BTerrell helps many clients prepare and review these analyses. Please see the Appendix to this report where you will find more detail for both a TCO and an ROI for the Intacct solution set options.

Service	Bronze	Silver	Gold
Core Financials for 4 entities	x	x	x
GL summary transaction upload (# months)	12	12	12
GL detail transaction upload (# months)	3	3	3
Intacct Web Services setup and configuration	x	x	x
Employee Expenses	x	x	x
Purchasing			x
Inventory			x
Tailored Financial Reports (# basic reports)	3	3	13
Web and Platform Services Configuration	x	x	x
Fixed Assets for Intacct Configuration		x	x
Conference Room Pilot (CRP) - Web-based - Support Days	3	3	3
Post Go-Live Support Days	2	2	2
CareCloud Discovery Project		x	x
Intacct Online Training Class Enrollees	1	1	1

Proposed Discovery Timeline

BTM management, led by its software selection team, has requested information on Intacct and Workforce Go!, the fully integrated HRMS solution built for Intacct. The initial solution introduction meeting occurred in Addison on November 1, 2018, a follow up solution presentation in Tyler on November 9, 2018, an HRMS discovery meeting on November 15, 2018, a Workforce Go! HRMS solution presentation on November 19, 2018, and an *CareCloud* Integration discovery meeting on November 22, 2018. BTerrell proposes the next steps of the due diligence process in the following Proposed Discovery Timeline:

Proposed Discovery Timeline	
Summary of Findings initial draft review	November 30, 2018
Engagement and pricing initial document review	November 30, 2018
Document legal review	December 3 – 13, 2018
Project authorization	December 14, 2018
Implementation project kick-off	January 2, 2019

Proposed Implementation Timeline

After project authorization on December 14, 2018, BTerrell proposes the following Proposed Implementation Timeline:

Proposed Implementation Timeline	
Implementation project kick-off	January 2, 2019
Implementation <ul style="list-style-type: none">✓ Design✓ Configuration✓ Pilot conversion✓ Conference Room Pilot✓ Production conversion✓ Training✓ Project acceptance	January 2, 2019 – March 29, 2019
Go live	April 2, 2019 – April 26, 2019
Transition to support	April 29, 2019 – May 24, 2019

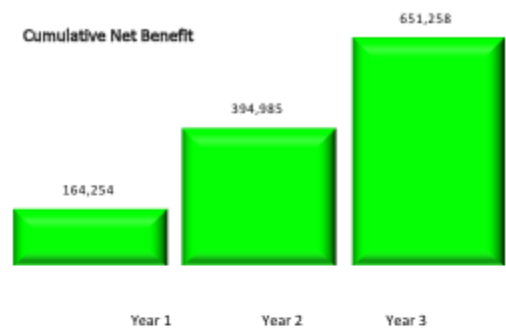
Appendix – Return on Investment

This ROI analysis was calculated based upon improvements in processes, increased data visibility, and productivity of your finance team to be able to perform the jobs more effectively and efficiently to not only handle the day-to-day job function but empowering them to provide more strategic value to the business.

Bronze Financial Analysis

Intacct Financial Results

Payback Period	0.3 years
Annual ROI	360%
Net Present Value	307,936
Internal Rate of Return (IRR)	345%
Average Annual Net Benefit	217,086

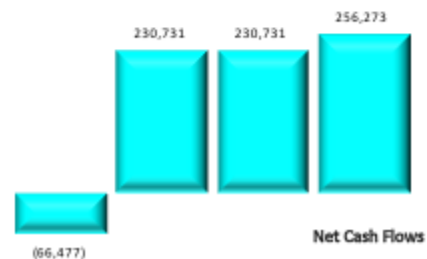


Types of Benefits

Direct 100% 0% Indirect

Cost : Benefit Ratio | 1 : 5.0

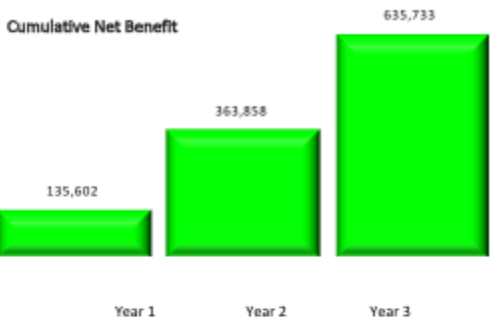
Total Benefits		Up Front	Year 1	Year 2	Year 3
Direct		0	271,875	271,875	271,875
Indirect		0	0	0	0
Total Costs					
CAPEX		0	0	0	0
OPEX		66,477	41,144	41,144	15,602
Net Cash Flows		(66,477)	230,731	230,731	256,273



Silver Financial Analysis

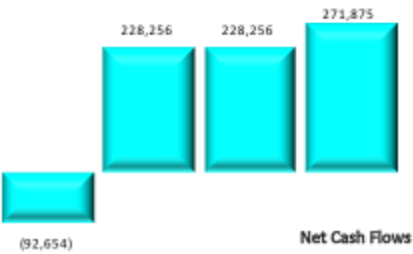
Intacct Financial Results

Payback Period	0.4 years
Annual ROI	262%
Net Present Value	298,082
Internal Rate of Return (IRR)	243%
Average Annual Net Benefit	211,911



Cost : Benefit Ratio | 1 : 4.5

Total Benefits		Up Front	Year 1	Year 2	Year 3
Direct		0	271,875	271,875	271,875
Indirect		0	0	0	0
Total Costs					
CAPEX		0	0	0	0
OPEX		92,654	43,619	43,619	0
Net Cash Flows		(92,654)	228,256	228,256	271,875

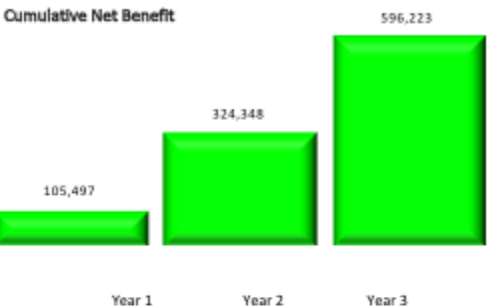


SAN

Gold Financial Analysis

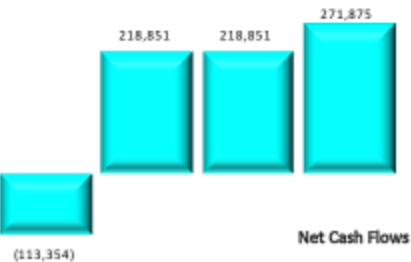
Intacct Financial Results

Payback Period	0.5 years
Annual ROI	209%
Net Present Value	277,345
Internal Rate of Return (IRR)	189%
Average Annual Net Benefit	198,741



Cost : Benefit Ratio | 1 : 3.7

Total Benefits		Up Front	Year 1	Year 2	Year 3
Direct		0	271,875	271,875	271,875
Indirect		0	0	0	0
Total Costs					
CAPEX		0	0	0	0
OPEX		113,354	53,024	53,024	0
Net Cash Flows		(113,354)	218,851	218,851	271,875



SAN