



Forensic Accounting

Overview

PCC was retained by Hale and Dorr, LLP to perform a financial statement review of a major healthcare services provider and all of its entities. The purpose of the review was to determine whether the healthcare provider was performing as a for-profit entity and whether they had funneled profits to for-profit subsidiaries.

Approach & Methodology

- Reviewed financial statements to determine corporate structure
 - Reviewed notes to financial statements to determine intercompany loans and payments
 - Determined charitable collections vs. uncompensated care
 - Reviewed tax statements for officer, trustee, and highly paid employee compensation
 - Performed ratio analysis
 - Reviewed historical financial statements for changes in uncompensated care amounts
 - Performed benchmarking to peer group of healthcare industry conglomerates for comparisons of compensation and charity care
 - Researched industry standards for-profit margins, compensation and charity care
 - Performed asset searches of key employees for excessive compensation review
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Benefits

PCC was able to demonstrate that the level of charity care had decreased over the previous few years and that the executive officers were paid in excess of their peers. PCC was also able to shed doubt on the purpose of large sums of money being transferred to the for-profit physician group as payment for services rendered. PCC assisted with Discovery document to obtain more information regarding the for-profit subsidiaries and intercompany transfers of cash.
