

**CAPITOL CITY FAMILY HEALTH
CENTER, INC.**

AUDITED FINANCIAL STATEMENTS

**DECEMBER 31, 2010
(With Summarized Financial
Information for 2009)**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/14/11

CAPITOL CITY FAMILY HEALTH CENTER, INC.
December 31, 2010
TABLE OF CONTENTS

	EXHIBIT	PAGE(S)
Independent Auditor's Report		1-2
Statement of Financial Position	I	3
Statement of Activities	II	4
Statement of Cash Flows	III	5
Schedule of Functional Expenses	IV	6
Notes to the Financial Statements		7 - 13
SUPPLEMENTARY INFORMATION	SCHEDULE	
Combining Schedule of Support and Revenues	A	15
Schedule of Expenses by Activity	B-D	16 - 19
Schedule of Expenditures of Federal Awards		20
Notes to Schedule of Expenditures of Federal Awards		21
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		22
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133		24 - 25
Summary Schedule of Prior Audit Findings		26
Schedule of Findings and Questioned Costs		27 - 28
Auditee Corrective Action Plan		29-30



**BANKS, FINLEY,
WHITE & CO.**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Capitol City Family Health Center, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of Capitol City Family Health Center, Inc. (a nonprofit organization) as of December 31, 2010, and the related statement of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements and, in our report dated June 15, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capitol City Family Health Center, Inc., as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2011, on our consideration of the Capitol City Family Health Center, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules on pages 15 through 19 are presented for purposes of additional analysis and are not a required part of the financial statements of the Organization. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also 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.

Bar, Fry, White & Co
July 29, 2011

EXHIBIT I

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Statement of Financial Position
December 31, 2010
(With Summarized Financial Information for 2009)

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash	\$ 8,928	\$ 86,461
Investments	100,000	100,000
Patient care receivables, less allowance of \$26,830 for doubtful accounts	134,264	188,098
Grants and contracts receivable (Note 11)	367,405	276,236
Prepaid expenses	<u>10,817</u>	<u>4,429</u>
Total Current Assets	<u>621,412</u>	<u>655,224</u>
Fixed Assets:		
Land	359,951	359,951
Building	3,557,003	3,557,003
Furniture and equipment	1,531,758	1,439,579
Less: Accumulated depreciation	<u>(1,278,734)</u>	<u>(1,024,473)</u>
Net Fixed Assets	<u>4,169,978</u>	<u>4,332,060</u>
TOTAL ASSETS	<u>\$ 4,791,390</u>	<u>\$ 4,987,284</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 240,532	\$ 126,831
Salaries payable	6,168	76,328
Payroll taxes payable	33,051	7,382
Accrued annual leave	55,456	64,775
Deferred revenue (Note 19)	146,643	69,485
Line of credit payable	103,893	-
Notes payable (current portion) (Note 12)	<u>40,853</u>	<u>38,235</u>
Total Current Liabilities:	<u>626,596</u>	<u>383,036</u>
Long-Term Liabilities		
Notes payable (Note 12)	<u>1,292,662</u>	<u>1,332,229</u>
Total Long-Term Liabilities	<u>1,292,662</u>	<u>1,332,229</u>
Total Liabilities	<u>1,919,258</u>	<u>1,715,265</u>
Net Assets:		
Unrestricted		
Undesignated (operating)	172,686	310,423
Fixed assets	<u>2,699,446</u>	<u>2,961,596</u>
Total Net Assets	<u>2,872,132</u>	<u>3,272,019</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,791,390</u>	<u>\$ 4,987,284</u>

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

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Statement of Activities
For the Year Ended December 31, 2010
(With Summarized Financial Information for 2009)

	<u>CURRENT UNRESTRICTED</u>		<u>2010</u>	<u>2009</u>
	<u>Operations</u>	<u>Fixed Assets</u>		
SUPPORT AND REVENUES (Note 2)				
Support:				
Grants and contracts	\$ <u>2,666,560</u>	<u>-</u>	\$ <u>2,666,560</u>	\$ <u>2,219,751</u>
Total Support	<u>2,666,560</u>	<u>-</u>	<u>2,666,560</u>	<u>2,219,751</u>
Revenue:				
Health care services, net of charity, bad debts and contractual adjustments of \$1,067,661	1,618,893	-	1,618,893	1,526,643
Interest income	-	-	-	(62)
Other income	<u>32,329</u>	<u>-</u>	<u>32,329</u>	<u>9,784</u>
Total Revenue	<u>1,651,222</u>	<u>-</u>	<u>1,651,222</u>	<u>1,536,365</u>
TOTAL SUPPORT AND REVENUES	<u>4,317,782</u>	<u>-</u>	<u>4,317,782</u>	<u>3,756,116</u>
EXPENSES				
Program Services				
Health care services	1,197,343	-	1,197,343	811,019
Community services	<u>928,300</u>	<u>-</u>	<u>928,300</u>	<u>813,761</u>
Total Program Services	<u>2,125,643</u>	<u>-</u>	<u>2,125,643</u>	<u>1,624,780</u>
Supporting Services				
Management and general	<u>2,337,594</u>	<u>254,432</u>	<u>2,592,026</u>	<u>2,087,942</u>
Total Supporting Services	<u>2,337,594</u>	<u>254,432</u>	<u>2,592,026</u>	<u>2,087,942</u>
TOTAL EXPENSES	<u>4,463,237</u>	<u>254,432</u>	<u>4,717,669</u>	<u>3,712,722</u>
Change in Net Assets	(145,455)	(254,432)	(399,887)	43,394
Net Assets, Beginning of Year	410,320	2,861,699	3,272,019	3,228,625
Other changes in Net assets				
Acquisition of fixed assets	<u>(92,179)</u>	<u>92,179</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 172,686</u>	<u>2,699,446</u>	<u>\$ 2,872,132</u>	<u>\$ 3,272,019</u>

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

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Statement of Cash Flows
For the Year Ended December 31, 2010
(With Summarized Financial Information for 2009)

CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:

	<u>2010</u>	<u>2009</u>
Changes in Net Assets	\$ (399,887)	\$ 43,394
Adjustments to reconcile changes in assets to net cash provided by (used in) operating activities:		
Depreciation expense	254,432	239,866
Gain on disposal of asset	(172)	-
Decrease (increase) in:		
Patient care receivables	53,834	(80,515)
Grants and contracts receivable	(91,170)	394,652
Accrued interest receivable	-	410
Accounts receivable, other	-	17,939
Prepaid expenses	(6,389)	4,936
Increase (decrease) in:		
Accounts payable	113,703	(14,986)
Accrued salaries payable	(70,159)	42,175
Payroll taxes payable	25,142	2,422
Deferred revenue	77,158	(166,774)
Retainage payable	-	(3,244)
Other liabilities	526	1,735
Accrued annual leave	(9,319)	28,272
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(52,301)</u>	<u>510,282</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(100,000)
Maturity of investments	-	56,341
Acquisition of fixed assets	(92,179)	(310,826)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(92,179)</u>	<u>(354,485)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal reduction in short and long-term notes payable	(133,055)	(1,642,946)
Proceeds from line of credit	200,000	-
Proceeds from Notes Payable	-	1,400,000
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>66,945</u>	<u>(242,946)</u>
NET DECREASE IN CASH	(77,535)	(87,149)
CASH, BEGINNING OF YEAR	<u>86,461</u>	<u>173,610</u>
CASH, END OF YEAR	<u>\$ 8,926</u>	<u>\$ 86,461</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year for:		
Interest	<u>\$ 100,109</u>	<u>\$ 98,504</u>

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

EXHIBIT IV

CAPITOL CITY FAMILY HEALTH CENTER, INC.
 Schedule of Functional Expenses
 For the Year Ended December 31, 2010

	Health Care Services	Community Services	Total Program Services	Management and General	Total Expenses
Personnel	\$ 444,731	570,190	1,014,921	1,572,776	\$ 2,587,697
Fringe benefits	120,994	42,253	163,247	285,174	448,421
Travel	7,966	7,905	15,871	14,710	30,581
Supplies	99,090	108,145	207,235	8,761	215,996
Equipment rental	4,760	2,735	7,495	2,030	9,525
Contractual	188,667	71,215	259,882	153,345	413,227
Legal and accounting	-	-	-	63,730	63,730
Dues and subscriptions	55	-	55	16,439	16,494
Printing	2,243	1,381	3,624	3,394	7,018
Repairs and maintenance	73,850	27,686	101,536	19,017	120,553
Property taxes	11,981	6,887	18,868	-	18,868
Insurance	6,191	3,556	9,747	9,034	18,781
Staff recruitment	-	-	-	8,072	8,072
Advertisement	1,430	1,853	3,283	1,488	4,771
Security	1,131	650	1,781	65,311	67,092
Continuing education	11,068	-	11,068	3,655	14,723
Communications	50,848	7,076	57,924	13,758	71,682
Licenses and fees	28,014	14,667	43,681	18,618	62,299
Janitorial	37,544	11,183	48,727	20,769	69,496
Space cost	26,947	15,775	42,722	13,145	55,867
Interest	46,705	25,764	72,469	26,782	99,251
Bank charges	1,837	-	1,837	10,347	12,184
Board expenses	-	-	-	5,351	5,351
Disposal services	10,702	-	10,702	-	10,702
Other	19,589	9,379	28,968	1,888	30,856
Total expenses before depreciation	<u>1,197,343</u>	<u>928,300</u>	<u>2,125,643</u>	<u>2,337,594</u>	<u>4,463,237</u>
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,432</u>	<u>254,432</u>
Total Expenses	<u>\$ 1,197,343</u>	<u>928,300</u>	<u>2,125,643</u>	<u>2,592,026</u>	<u>\$ 4,717,669</u>

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

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2010

NOTE 1 - ABOUT THE ORGANIZATION

Capitol City Family Health Center, Inc. (CCFHC), a non-profit corporation, was incorporated in the State of Louisiana as of December 8, 1997. The primary purpose of the Corporation is to deliver primary health services to individuals and families.

The fiscal year of CCFHC is January 1 to December 31.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Accounting - The financial statements of Capitol City Family Health Center, Inc., are presented on the accrual basis of accounting.
- B. Basis of Presentation - The organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There are no temporarily restricted or permanently restricted net assets.
- C. Cash and Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less that are not restricted for specific purposes.
- D. Donated Property and Equipment - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. There is no donated property or equipment.
- E. Donated Services - Donated services are recognized as contributions in accordance with FASB Accounting Standards Codification 958 (formerly SFAS No. 116), Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. The Organization has not recognized donated services as there is no means to objectively value such services.
- F. Expense Allocation - The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- G. Fund Accounting - The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.
- H. Property and Equipment - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Acquisitions in excess of \$500 are capitalized. Property, furniture, equipment and buildings are depreciated over their useful lives ranging from 5 to 40 years.
- The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition, as well as any disposition proceeds is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding source.*
- I. Restricted and Unrestricted Revenue and Support - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.
- J. Employees' Annual Leave - CCFHC charges annual leave earned by employees which has not been used by them at the end of a period to the period that the leave is earned.
- K. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- L. Patient Service Fees - Revenue for services rendered to patients are recorded at standard rates established by the Organization. The difference between standard rates and the amounts collected from third-party payors and patients qualifying as Poverty Patients is charged as an adjustment to gross revenues.
- M. Reclassifications - Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2010

NOTE 3 - FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Center in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: the carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

The estimated fair values of the Center's financial instruments, none of which are held for trading purposes, are as follows:

Financial assets:	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 8,926	\$ 8,926
Financial liabilities:	<u>Carrying Amount</u>	<u>Fair Value</u>
Notes payable	\$1,333,515	\$1,333,515
Line of credit payable	103,893	103,893

NOTE 4 - CONCENTRATIONS OF CREDIT RISK ARISING FROM DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains its cash balances in two (2) financial institutions located in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2010, the Organization did not have any uninsured cash balances.

NOTE 5 - PATIENT RECEIVABLES

The amount of net patient care receivable at December 31, 2010 was \$134,264. Management opinion is that the collectability of the accounts receivable from patients will be realized in the amount as shown in the statement of financial position.

NOTE 6 - FIXED ASSETS

The following is a summary schedule of fixed assets and related accumulated depreciation carried in the general property fund.

<u>Assets</u>	
Land	\$ 359,951
Building	3,557,003
Furniture and Equipment	<u>1,531,758</u>
Total Property and Equipment	5,448,712
Less: Accumulated Depreciation	<u>(1,278,734)</u>
Net Property and Equipment	<u>\$ 4,169,978</u>

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2010

NOTE 7 - CORPORATE INCOME TAXES

The Organization is exempt from corporate Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from Louisiana income taxes. Therefore, no provision has been made for Federal or Louisiana corporate income taxes in the accompanying financial statements.

NOTE 8 - RETIREMENT PLAN

The Center has a Section 403(b) plan for all eligible employees. To be eligible, an employee must be employed with the Corporation for at least one year and must be at least eighteen years of age. For the year ended December 31, 2010, the plan was properly funded. Retirement expense recognized was \$22,427 for the year ended December 31, 2010.

NOTE 9 - ANNUAL LEAVE

The cost of employee's unused annual leave at December 31, 2010 in the amount of \$55,456 is included in the financial statements. See Note 2.J. above.

NOTE 10 - SUMMARY OF FUNDING AND SUPPORT

Capitol City Family Health Center, Inc.'s operations are funded primarily through restricted grants from the U. S. Department of Health and Human Services. Other grants and contracts are received from state and local government agencies. The grants and contracts for the current period are shown below.

Source	Grant Number	Period	Amount
U.S. Dept. of HHS (Health Center Cluster)	6H8DCS00504-08-01	6/1/09 - 5/31/10	\$ 446,188
U.S. Dept. of HHS (Health Center Cluster)	6H8DCS00504-09-01	6/1/10 - 5/31/11	326,355
U.S. Dept. of HHS (Ryan White Title III Early Intervention)	6H76HA00817-08-01	4/1/10 - 3/31/11	379,777
U.S. Dept. of HHS (Ryan White Title III Early Intervention)	6H76HA00817-07-01	4/1/09-3/31/10	58,986
U.S. Dept. of HHS (ARRA Capital Improvement Program-CIP)	6C81CS13675-01-01	6/29/09 - 6/28/11	162,963
U.S. Dept. of HHS (AARA Increase Services to Health Centers-IDS)	6H8BCS12204-01-01	3/27/09 - 3/26/11	79,714
Louisiana Department of Health and Hospital Social Service Block Grant	N/A	10/19/09 - 10/31/10	75,000
Louisiana Department of Health and Hospital Louisiana Health Disparities Collaborative	N/A	10/19/09 - 1/31/11	6,000
Louisiana Public Health Institute		3/1/10 - 2/28/11	18,000
City of Baton Rouge (Minority Aids Initiative)	N/A	8/1/09 - 7/31/10	32,368
Johnson & Johnson	N/A	N/A	5,106
Ryan White Part D	N/A	N/A	104,062
Ryan White Part A HIV Emergency Relief Grant	N/A	3/1/10 - 2/28/11	707,639
BRAF Farrenbacher	N/A	N/A	998
BRAF Smash Hits	N/A	N/A	859
LPCA - Outreach	N/A		7,500
Louisiana State Department of Health (WIC Grant)	654775	10/1/07 - 9/30/2010	255,045
TOTALS			<u>\$ 2,666,560</u>

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2010

NOTE 11 - ACCOUNTS RECEIVABLE, GRANTS AND CONTRACTS

Grants and contracts receivable at December 31, 2010 are due from the following:

State of Louisiana Department of Health (WIC Program)	\$ 22,066
U. S. Dept. of HHS (AARP-CIP)	1,425
City of Baton Rouge (Ryan White Part D))	37,554
City of Baton Rouge (Ryan White Part A)	282,643
City of Baton Rouge (Minority Aids Initiative)	7,376
Bank of Maringouin	8,841
Louisiana Primary Care Association	<u>7,500</u>
Totals	<u>\$ 367,405</u>

NOTE 12 - NOTES PAYABLE

Mortgage notes payable consist of the following at December 31, 2010:

Note payable to Hancock Bank of Louisiana; interest stated at 6.5%; due in monthly installments of \$10,513 which includes principal and interest; matures February 12, 2014; secured by real estate.	<u>\$ 1,333,515</u>
---	---------------------

Maturities of long-term debt are as follows:

2011	\$ 40,853
2012	43,587
2013	46,508
2014	49,623
2015	<u>1,152,944</u>
Totals	<u>\$1,333,515</u>

NOTE 13 - LINES OF CREDIT

Capitol City Family Health Center, Inc. has in place a line of credit agreement with Hancock Bank of Louisiana for \$500,000. The line of credit has variable interest rates based on an independent index as published by the Wall Street Journal as its prime interest rate, with a minimum rate of 4%. As of December 31, 2010, \$396,107 is unused and available on this line of credit.

NOTE 14 - LITIGATION

Capitol City Family Health Center, Inc. maintains general liability, property, managed care professional liability, directors and officers and other insurance coverage in amounts management considers to be adequate. The Company requires contracting health care providers to maintain malpractice insurance coverage in amounts customary in the industry.

In the ordinary course of its business, Capitol City Family Health Center, Inc. is a party to claims and legal actions by enrollees, providers and others. After consulting with legal counsel, the Company is of the opinion that any liability that may ultimately be incurred as a result of these claims, legal actions, audits or investigations will not have a material adverse effect on the financial position or results of operations of Capitol City Family Health Center, Inc.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2010

NOTE 15 - ADVERTISING

Capitol City Family Health Center, Inc. uses advertising to promote its programs among the communities it serves. The production costs of advertising are expensed as incurred. During the year ending December 31, 2010, advertising cost totaled \$3,913.

NOTE 16 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 55% of the Organization's funding is provided by direct grants from the U. S. Department of Health and Human Services.

NOTE 17 - GRANT BALANCES AND GRANT CONDITIONS

The Organization has responsibility for expending grant funds in accordance with specified instructions from its funding sources. Any deficits resulting from over expenditures and/or questioned costs are the responsibility of the Organization.

Any unexpended grant funds at the end of the grant period may be refundable or carried over to the following period at the discretion of the funding sources.

Notwithstanding the audits by independent certified public accountants, all costs included in this report remain subject to audit by the agencies providing financial support within the limits of the Single Audit Act of 1996, as amended. The determination as to whether costs will be allowable or unallowable under the grants will be made by representatives of the funding sources having authority to make and enforce contracts.

NOTE 18 - COMPARATIVE FINANCIAL STATEMENT INFORMATION

The financial statements include certain prior-year summarized information in total but not by net asset class. Prior-year information is not provided for the notes to the financial statements. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2010

NOTE 19 - DEFERRED REVENUES

The Center records grant awards accounted for as exchange transactions as refundable advances until related services are performed, at which time they are recognized as revenue. The activity in the refundable advance account at December 31, 2010 is reported as follows:

	HHS Health Center Cluster Grant	HHS IDS Grant	Johnson & Johnson Co. Grant	HHS Ryan White Grant	BRAFF Farrenbacher	BRAFF Smash Hits	TOTALS
Refundable advances, 1/1/2010	\$ 64,383	\$ -	\$ 5,102	\$ -	\$ -	-	\$ 69,485
Grant Awards Received	772,538	79,714	-	511,869	5,000	6,000	1,375,141
Grant Expenditures	<u>(772,542)</u>	<u>(79,714)</u>	<u>(5,106)</u>	<u>(438,763)</u>	<u>(999)</u>	<u>(859)</u>	<u>(1,297,983)</u>
Refundable advances, 12/31/2010	<u>\$ 64,379</u>	<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ 73,126</u>	<u>\$ 4,001</u>	<u>5,141</u>	<u>\$ 146,643</u>

NOTE 20 - INVESTMENTS

On August 28, 2009, the Organization acquired an investment in Louisiana Partnership for Choice and Access, LLC (LPCA, LLC) by purchasing 100 Company Units for \$100,000. LPCA, LLC is a for profit entity that owns 49% of Louisiana Healthcare Connection (a joint venture with Centene Corporation). Louisiana Healthcare Connection was established as a provider services network to assist the State of Louisiana in capping the cost of service delivery, maintain patient base and create a pool of revenue from which to cover the cost of uncompensated care patients receiving healthcare at Federally Qualified Health Centers.

NOTE 21 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 29, 2011, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

SCHEDULE A

CAPITOL CITY FAMILY HEALTH CENTER, INC.
 Combining Schedule of Support and Revenues
 For the Year Ended December 31, 2010

	Grants & Contracts	Health Care Services, net of charity, bad debts and adjustments of \$1,067,661	Other Income	Total
<u>GRANT:</u>				
Section 330 Grant	\$ 772,543	1,618,893	32,329	\$ 2,423,765
Ryan White Title III Early Intervention	438,763	-	-	438,763
AARA- Increased Demand for Service	79,714	-	-	79,714
AARA - CIP Grant	162,963	-	-	162,963
WIC Program	255,045	-	-	255,045
Ryan White Part D	104,062	-	-	104,062
Ryan White Part A HIV Emergency Relief Grant	707,639	-	-	707,639
Minority Aids Initiative (City of Baton Rouge)	32,368	-	-	32,368
LPCA - Outreach	7,500	-	-	7,500
Louisiana Department of Health and Hospital Social Service Block Grant	75,000	-	-	75,000
Louisiana Department of Health and Hospital Louisiana Health Disparities Collaborative	6,000	-	-	6,000
LA Public Health Institute	18,000	-	-	18,000
BRAF Farrenbacher	998	-	-	998
BRAF Smash Hits	859	-	-	859
Johnson & Johnson Grant	5,106	-	-	5,106
TOTAL SUPPORT AND REVENUES	\$ 2,666,560	1,618,893	32,329	\$ 4,317,782

SCHEDULE B

CAPITOL CITY FAMILY HEALTH CENTER, INC.
 Schedule of Health Care Services Expenses
 For the Year Ended December 31, 2010

<u>EXPENSES</u>	<u>HHS Section 330</u>
Personnel	\$ 444,731
Fringe benefits	120,894
Travel	7,966
Supplies	99,090
Equipment rental	4,760
Contractual	188,667
Dues and subscriptions	55
Printing	2,243
Repairs and maintenance	73,850
Property taxes	11,981
Insurance	6,191
Advertisement	1,430
Security	1,131
Continuing education	11,068
Communications	50,848
License and fees	29,014
Janitorial	37,544
Space cost	26,947
Interest	46,705
Bank and finance charges	1,837
Disposal services	10,702
Other	<u>19,589</u>
Total	<u>1,197,343</u>
Equipment Acquisitions	<u>-</u>
Total Expenses	<u>\$ 1,197,343</u>

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Schedule of Community Services Expenses
For the Year Ended December 31, 2010

<u>EXPENSES</u>	<u>WIC</u>	<u>HHS- Title III Early Intervention</u>	<u>LA Bureau of Primary Care and Rural Health - SSBG</u>	<u>LA Public Health Institute</u>
Personnel	\$ 176,185	312,012	75,000	2,860
Fringe benefits	7,025	34,728	-	500
Travel	-	7,806	-	47
Supplies	6,838	95,342	-	-
Equipment rental	1,418	1,317	-	-
Contractual	792	54,898	-	14,527
Printing	667	693	-	21
Repairs and maint.	3,975	23,711	-	-
Property taxes	3,571	3,316	-	-
Insurance	1,844	1,712	-	-
Advertisement	426	569	-	858
Security	337	313	-	-
Communications	2,614	4,264	-	198
License and fees	-	14,667	-	-
Janitorial	11,183	-	-	-
Space cost	8,180	7,208	-	387
Interest	13,644	12,120	-	-
Other	<u>492</u>	<u>5,571</u>	<u>-</u>	<u>-</u>
Total	<u>239,191</u>	<u>580,247</u>	<u>75,000</u>	<u>19,398</u>
Equipment Acquisitions	-	-	-	-
Total Expenses	<u>\$ 239,191</u>	<u>580,247</u>	<u>75,000</u>	<u>19,398</u>

SCHEDULE C

<u>Johnson & Johnson</u>	<u>TOTALS</u>
4,133	\$ 570,190
-	42,253
52	7,905
5,965	108,145
-	2,735
998	71,215
-	1,381
-	27,686
-	6,887
-	3,556
-	1,853
-	650
-	7,076
-	14,667
-	11,183
-	15,775
-	25,764
<u>3,316</u>	<u>9,379</u>
<u>14,464</u>	<u>928,300</u>
<u>14,464</u>	<u>\$ 928,300</u>

SCHEDULE D

CAPITOL CITY FAMILY HEALTH CENTER, INC.
 Schedule of Management and General Expenses
 For the Year Ended December 31, 2010

<u>EXPENSES</u>	<u>HHS Section 330</u>
Personnel	\$ 1,572,776
Fringe benefits	285,174
Travel	14,710
Supplies	8,761
Equipment rental	2,030
Contractual	153,345
Legal and accounting	63,730
Dues and subscriptions	16,439
Printing	3,394
Repairs and maintenance	19,017
Insurance	9,034
Staff recruitment	8,072
Advertisement	1,488
Security	65,311
Continuing education	3,655
Communications	13,758
License, taxes and fees	18,618
Janitorial	20,769
Space cost	13,145
Interest	26,782
Bank and finance charges	10,347
Board expenses	5,351
Other	<u>1,888</u>
Total	<u>2,337,594</u>
Equipment	
Acquisitions	-
Total Expenses	<u>\$ 2,337,594</u>

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

Federal Grant/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grant Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
<u>Health Resource & Service Administration Bureau of Primary Health Care</u>			
Direct Grants:			
Health Center Cluster	93.224	6H80CS00504-08-01	\$ 446,188
Health Center Cluster	93.224	6H80CS00504-07-01	<u>326,355</u>
			<u>772,543</u>
Ryan White Title III Early Intervention	93.918	6H76HA00817-07-01	379,777
Ryan White Title III Early Intervention	93.918	5H76HA00817-06-00	<u>58,986</u>
			<u>438,763</u>
ARRA-Capital Improvement Program	93.703	6C81CS13675-01-01	162,963
ARRA-Increase Services to Health Centers	93.703	6H8BCS12204-01-01	<u>79,714</u>
			<u>242,677</u>
<u>Pass Through Louisiana Dept. of Health and Hospitals</u>			
Louisiana Health Disparities Collaborative	93.283	N/A	<u>6,000</u>
<u>Pass Through City of Baton Rouge, Louisiana</u>			
Ryan White Part A HIV Emergency Relief Grant	93.914	N/A	<u>707,639</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,167,622</u>
<u>U. S. Department of Agriculture</u>			
<u>Pass Through Louisiana State Dept. of Health and Hospitals</u>			
Special Supplement Food Program for Women, Infants and Children	10.577	654775	<u>255,045</u>
TOTAL FEDERAL AWARDS			<u>\$ 2,422,667</u>

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the schedule) has been *generally prepared on the accrual basis of accounting*. The purpose of the schedule is to present a summary of those activities represented by Capitol City Family Health Center, Inc., for the year ended December 31, 2010, which have been financed by the U.S. Government (federal awards). For the purpose of the schedule, federal awards include all federal assistance and procurement relationships entered into directly between Capitol City Family Health Center, Inc., it is not intended to and does not present either the financial position or the changes in net assets of Capitol City Family Health Center, Inc.

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

To the Board of Directors of
Capitol City Family Health Center, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of Capitol City Family Health Center, Inc. (a nonprofit organization) as of and for the year ended December 31, 2010, and have issued our report thereon dated July 29, 2011. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Capitol City Family Health Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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 Capitol City Family Health Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 2010-1 to be a material weakness.

Compliance and Other Matters

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

Capitol City Family Health Center, Inc.'s responses to the findings identified in our audit are described in the accompany schedule of findings and questioned costs. We did not audit Capitol City Family Health Center, Inc.'s response and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the finance committee, management, Board of Directors, and others within the organization and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bart, Finley, White & Co.

July 29, 2011

"(Except for Finding 2010-1,
dated September 1, 2011)"



**BANKS, FINLEY,
WHITE & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
Capitol City Family Health Center, Inc.
Baton Rouge, Louisiana

Compliance

We have audited Capitol City Family Health Center, Inc.'s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Capitol City Family Health Center, Inc.'s major federal programs for the year ended December 31, 2010. Capitol City Family Health Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Capitol City Family Health Center, Inc.'s management. Our responsibility is to express an opinion on Capitol City Family Health Center, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Capitol City Family Health Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Capitol City Family Health Center, Inc.'s compliance with those requirements.

As described in item 2010-1 in the accompanying schedule of findings and questioned costs, Capitol City Family Health Center, Inc. did not comply with requirements regarding reporting that are applicable to its ARRA- IDS and ARRA- CIP grants . Compliance with such requirements is necessary, in our opinion, for Capitol City Family Health Center, Inc. to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Capitol City Family Health Center, Inc. complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of Capitol City Family Health Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Capitol City Family Health Center, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Capitol City Family Health Center, Inc.'s internal control over compliance.

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

Our consideration of the internal control over compliance was for the *limited purpose* described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above.

Capitol City Family Health Center, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Capitol City Family Health Center, Inc.'s responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the finance committee, management, Board of Directors, and others within the organization and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bane, Fily, White & Co.
July 29, 2011

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2010

There were no prior year audit findings.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2010

Section 1: Summary of Auditor's Results

- | | | |
|----|---|-------------|
| 1. | Type of auditor's report issued on the basic financial statements. | Unqualified |
| 2. | Material noncompliance relating to the basic financial statements. | None |
| 3. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiency identified that are not considered to be material weaknesses? | None |

Federal Awards:

- | | | |
|----|---|-----------|
| 4. | Type of auditor's report issued on compliance for major federal programs | Qualified |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | None |
| | b. Significant efficiency identified that are not considered to be material weaknesses? | None |
| 6. | Any audit findings reported as required by Section .510(a) of Circular A-133? | Yes |
| 7. | Federal programs identified as major programs: | |
| | a. CFDA #93.224, Health Center Cluster | |
| | b. CDFA #93.914 Ryan White Part A HIV Emergency Relief | |
| | c. CFDA #93.703, ARRA - Increase Services to Health Centers | |
| | d. CFDA #93.703, ARRA - Capital Improvement Program | |
| 8. | The dollar threshold used to distinguish between type A and Type B programs: \$300,000 | |
| 9. | Auditee did qualify as a low-risk auditee. | |

Section 2 - Findings - Financial Statements Audit

Finding 2010-1

TIMELY SUBMISSION OF AUDIT REPORT

Condition

The Organization did not submit its audited financial statements to the Louisiana Legislative Auditor within six (6) months of the close of its fiscal year in accordance with Louisiana Revised Statute 24:513.

Cause

The Organization failed to provide for a timely audit.

Effect

The Organization's audit report was filed late.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2010

Criteria

Louisiana Governmental Audit Guide; Louisiana Revised Statute 24:513(5)(a)(i) - The audited financial statements shall be completed within six months of the close of the entity's fiscal year.

Recommendation

The Organization should adopt internal administrative controls to ensure that its audited financial statements are submitted to the Louisiana Legislative Auditor within six months of the close of its fiscal year.

Section 3 - Findings and Questioned Costs - Major Federal Award Program Audit

Finding 2010-2

**U. S. Department of Health and Human Services
CFDA #93.703, ARRA - Increase Services to Health Centers
CFDA #93.703, ARRA - Capital Improvement Program**

REPORTING

Condition

During our review of the Centers's reporting requirements under the grants, we noted the following:

- A. Three (3) of the four (4) Quarterly ARRA Section 1512 Reports were not submitted within ten (10) days after the end of the quarter.
- B. Two (2) of the four (4) Quarterly Performance Reports were not submitted within ten (10) days after the end of the quarter.
- C. One (1) of the (4) quarterly Federal Financial Report (FFR) was not submitted within thirty (30) days after the end of the quarter.

Cause

Failure to comply with federal ARRA regulations regarding the timely submission of financial reports.

Effect

Section reports were not filed in a timely manner.

Criteria

ARRA Title XV, section 1512(c) and the U.S. Office of Management and Budget memo 09-15 states that Prime recipients that received ARRA funds from a Federal agency will be required to submit quarterly reports within 10 calendar days of the end of the calendar quarter.

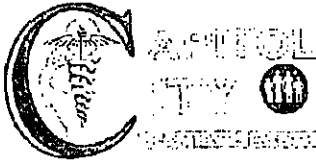
OMB Common Rule, Section 41: Financial Reporting states " Recipients are required to submit a Federal Financial Report (FFR) SF-425 no later than 30 days after the end of each reporting period and a Final FFR report no later than 90 days after the project period end date".

Effect of Condition

The Federal Financial Reports (FFR) were not submitted timely.

Recommendation

The Center should adopt procedures to ensure that all financial and performance reports are submitted timely.



Clinic:
3140 Florida Street
Baton Rouge, Louisiana 70806
Phone (225) 650-2000
Fax (225) 650-2099

Mailing Address:
P.O. Box 66156
Baton Rouge, Louisiana 70896-6156

September 6, 2011

Banks, Finley, White & Company
308 Highland Park Cove
Ridgeland, Mississippi 39157

**RE: Capitol City Family Health Center, Inc.
Response to 2010 Major Federal Award Program Audit Findings**

Finding 2010-1
Condition

The Organization did not submit its audited financial statements to the Louisiana Legislative Auditor within six (6) months of the close of its fiscal year in accordance with Louisiana Revised Statute 24:513.

Response

The Organization's fiscal year ends on December 31st. The Organization hired a new CEO, Rhonda Litt, on February 1, 2011, and a new CFO, Lyndon D. Darensbourg, CPA, on March 1, 2011. With new employees in both of these positions, there was an unusual delay in reviewing the financial information from the 2010 fiscal year and providing all of the necessary information to the auditors. This was purely due to the timing of the hiring of these positions and it will not be an issue going forward to future years.

Finding 2010-2
Condition

During our review of the Center's reporting requirements under the grants, we noted the following:

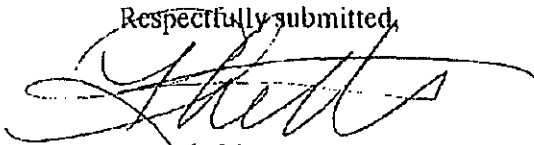
- A. Three (3) of the four (4) Quarterly ARRA Section 1512 Reports were not submitted within ten (10) days after the end of the quarter.
- B. Two (2) of the four (4) Quarterly Performance Reports were not submitted within ten (10) days after the end of the quarter.
- C. One (1) of the four (4) quarterly Federal Financial Reports (FFRs) was not submitted within thirty (30) days after the end of the quarter.

Response

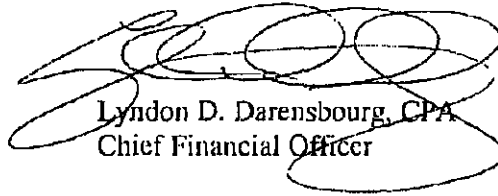
The Center recognizes the importance of ensuring that all Federal reporting should be completed within the required deadlines established by the various agencies. The current procedures that the Center follows in preparing the various filings have been reviewed and changes have been made to ensure that future reports will be filed within the applicable timeframes.

Should you have any questions or need additional information, please do not hesitate to contact us.

Respectfully submitted,



Rhonda Litt
Chief Executive Officer



Lyndon D. Darenbourg, CPA
Chief Financial Officer