

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

AUDITED FINANCIAL STATEMENTS

**DECEMBER 31, 2011
(With Summarized Financial
Information for 2010)**

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 OCT 17 2012

CAPITOL CITY FAMILY HEALTH CENTER, INC.
December 31, 2011
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**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, 2011, 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 2010 financial statements and, in our report dated July 29, 2011, 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, 2011, 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 May 22, 2012, 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 16 through 20 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.

Bene, Fing, White & Co.

May 22, 2012

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Statement of Financial Position
December 31, 2011
(With Summarized Financial Information for 2010)

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current Assets		
Cash	\$ 176,778	\$ 8,926
Investments	100,000	100,000
Patient care receivables, less allowance of \$71,021 for doubtful accounts	90,320	134,264
Grants and contracts receivable (Note 11)	265,972	367,405
Prepaid expenses	<u>7,894</u>	<u>10,817</u>
Total Current Assets	<u>640,964</u>	<u>621,412</u>
Fixed Assets		
Land	359,951	359,951
Building	3,557,003	3,557,003
Construction In Process	808,001	-
Furniture and equipment	1,634,405	1,531,758
Less Accumulated depreciation	<u>(1,537,154)</u>	<u>(1,278,734)</u>
Net Fixed Assets	<u>4,822,206</u>	<u>4,169,978</u>
TOTAL ASSETS	<u>\$ 5,463,170</u>	<u>\$ 4,791,390</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 472,993	\$ 240,532
Salaries payable	117,112	6,168
Payroll taxes payable and accrued	11,280	33,051
Accrued annual leave	57,645	55,456
Deferred revenue (Note 19)	124,765	146,643
Line of credit payable	244,577	103,893
Notes payable (current portion) (Note 12)	<u>43,587</u>	<u>38,235</u>
Total Current Liabilities:	<u>1,071,959</u>	<u>623,978</u>
Long-Term Liabilities		
Notes payable (Note 12)	<u>1,250,470</u>	<u>1,295,280</u>
Total Long-Term Liabilities	<u>1,250,470</u>	<u>1,295,280</u>
Total Liabilities	<u>2,322,429</u>	<u>1,919,258</u>
Net Assets		
Unrestricted		
Undesignated (operating)	(387,408)	35,669
Fixed assets	<u>3,528,149</u>	<u>2,836,463</u>
Total Net Assets	<u>3,140,741</u>	<u>2,872,132</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,463,170</u>	<u>\$ 4,791,390</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, 2011
(With Summarized Financial Information for 2010)

	<u>CURRENT UNRESTRICTED</u>			
	<u>Operations</u>	<u>Fixed Assets</u>	<u>2011</u>	<u>2010</u>
SUPPORT AND REVENUES (Note 2)				
Support:				
Grants and contracts	\$ <u>3,191,339</u>	-	\$ <u>3,191,339</u>	\$ <u>2,666,560</u>
Total Support	<u>3,191,339</u>	-	<u>3,191,339</u>	<u>2,666,560</u>
Revenue:				
Health care services, net of charity, bad debts and contractual adjustments of \$1,442,424	1,823,851	-	1,823,851	1,618,893
Other income	<u>96,561</u>	-	<u>96,561</u>	<u>32,329</u>
Total Revenue	<u>1,920,412</u>	-	<u>1,920,412</u>	<u>1,651,222</u>
TOTAL SUPPORT AND REVENUES	<u>5,111,751</u>	-	<u>5,111,751</u>	<u>4,317,782</u>
EXPENSES				
Program Services				
Health care services	2,220,757	-	2,220,757	1,197,343
Community services	<u>824,410</u>	-	<u>824,410</u>	<u>928,300</u>
Total Program Services	<u>3,045,167</u>	-	<u>3,045,167</u>	<u>2,125,643</u>
Supporting Services				
Management and general	<u>1,539,555</u>	<u>258,420</u>	<u>1,797,975</u>	<u>2,592,026</u>
Total Supporting Services	<u>1,539,555</u>	<u>258,420</u>	<u>1,797,975</u>	<u>2,592,026</u>
TOTAL EXPENSES	<u>4,584,722</u>	<u>258,420</u>	<u>4,843,142</u>	<u>4,717,669</u>
Change in Net Assets	527,029	(258,420)	268,609	(399,887)
Net Assets, Beginning of Year	35,669	2,836,463	2,872,132	3,272,019
Other changes in Net assets				
Principal reduction in note payable	(39,458)	39,458	-	-
Acquisition of fixed assets	<u>(910,648)</u>	<u>910,648</u>	-	-
	<u>(950,106)</u>	<u>950,106</u>	-	-
NET ASSETS, END OF YEAR	<u>\$ (387,408)</u>	<u>3,528,149</u>	<u>\$ 3,140,741</u>	<u>\$ 2,872,132</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, 2011
(With Summarized Financial Information for 2010)

CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:

	<u>2011</u>	<u>2010</u>
Changes in Net Assets	\$ 268,609	\$ (399,887)
Adjustments to reconcile changes in assets to net cash provided by(used in) operating activities.		
Depreciation expense	258,420	254,432
Gain on disposal of asset	-	(172)
Decrease (increase) in:		
Patient care receivables	43,944	53,834
Grants and contracts receivable	101,433	(91,170)
Prepaid expenses	2,824	(6,389)
Increase (decrease) in:		
Accounts payable	232,460	113,703
Accrued salaries payable	110,944	(70,159)
Payroll taxes payable	(20,339)	25,142
Deferred revenue	(21,878)	77,158
Other liabilities	(1,432)	526
Accrued annual leave	2,189	(9,319)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>977,274</u>	<u>(52,301)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	<u>(910,648)</u>	<u>(92,179)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(910,648)</u>	<u>(92,179)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal reduction in short and long-term notes payable	(98,774)	(133,055)
Proceeds from line of credit	<u>200,000</u>	<u>200,000</u>
NET CASH PROVIDED BY(USED IN) FINANCING ACTIVITIES	<u>101,226</u>	<u>66,945</u>
NET INCREASE (DECREASE) IN CASH	167,852	(77,535)
CASH, BEGINNING OF YEAR	<u>8,926</u>	<u>86,481</u>
CASH, END OF YEAR	<u>\$ 176,778</u>	<u>\$ 8,926</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year for:		
Interest	<u>\$ 109,855</u>	<u>\$ 100,109</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, 2011

	<u>Health Care Services</u>	<u>Community Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Personnel	\$ 1,502,578	408,130	1,910,708	754,587	\$ 2,665,275
Fringe benefits	207,341	69,035	276,376	148,932	425,308
Travel	4,028	20,463	24,491	10,277	34,768
Supplies	100,984	83,098	184,082	15,301	199,383
Equipment rental	6,448	3,463	9,911	4,239	14,150
Contractual	143,007	123,420	266,427	293,120	559,547
Legal and accounting	-	-	-	62,374	62,374
Dues and subscriptions	105	-	105	17,308	17,413
Utilities	25,390	14,891	40,281	14,872	55,153
Printing	299	311	610	31	641
Repairs and maintenance	80,082	26,334	106,416	29,595	136,011
Property taxes	11,998	6,895	18,893	-	18,893
Insurance	6,102	3,508	9,608	9,184	18,792
Staff recruitment	-	-	-	3,820	3,820
Advertisement	1,321	966	2,287	3,789	6,076
Security	7,341	1,470	8,811	63,256	72,067
Continuing education	3,247	620	3,867	14,580	18,447
Communications	17,527	7,384	24,911	12,794	37,705
Licenses and fees	18,079	3,772	21,851	14,830	36,681
Janitorial	13,134	7,545	20,679	7,338	28,017
Space cost	2,191	1,259	3,450	3,862	7,312
Interest	49,186	30,257	79,443	30,412	109,855
Bank charges	2,866	21	2,887	12,168	15,055
Board expenses	-	-	-	9,150	9,150
Disposal services	11,099	-	11,099	709	11,808
Other	6,404	11,570	17,974	3,047	21,021
Total expenses before depreciation	<u>2,220,757</u>	<u>824,410</u>	<u>3,045,167</u>	<u>1,539,555</u>	<u>4,584,722</u>
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>258,420</u>	<u>258,420</u>
Total Expenses	<u>\$ 2,220,757</u>	<u>824,410</u>	<u>3,045,167</u>	<u>1,797,975</u>	<u>\$ 4,843,142</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, 2011

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, 2011

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, 2011

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:

	<u>Carrying</u>	<u>Fair Value</u>
Financial assets	<u>Amount</u>	<u></u>
Cash and cash equivalents	\$ 176,778	\$ 176,778
	<u>Carrying</u>	<u>Fair Value</u>
Financial liabilities	<u>Amount</u>	<u></u>
Notes payable	\$1,294,057	\$1,294,057
Line of credit payable	244,577	244,577

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, 2011, the Organization did not have any uninsured cash balances.

NOTE 5 - PATIENT RECEIVABLES

The amount of net patient care receivable at December 31, 2011 was \$90,320. 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.

CAPITOL CITY FAMILY HEALTH CENTER, INC
Notes to the Financial Statements
December 31, 2011

NOTE 6 - FIXED ASSETS

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

Assets

Land	\$ 359,951
Building	3,557,003
Construction In Progress	808,001
Furniture and Equipment	<u>1,634,405</u>
Total Property and Equipment	6,359,360
Less: Accumulated Depreciation	<u>(1,537,154)</u>
Net Property and Equipment	<u>\$ 4,822,206</u>

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 Texas corporate income taxes in the accompanying financial statements.

The Organization has adopted recently issued accounting principles related to uncertain tax positions for the year ended December 31, 2011 and has evaluated its tax positions taken for all open tax years. Currently, 2008, 2009 and 2010 tax years are open and subject to examination by the Internal Revenue Service, however, the Foundation is not currently under audit nor has the Organization been contacted by any of these jurisdictions.

Based on the evaluation of the Organization's tax positions, management believes all positions taken would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended December 31, 2011.

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, 2011, the plan was properly funded. Retirement expense recognized was \$20,780 for the year ended December 31, 2011.

NOTE 9 - ANNUAL LEAVE

The cost of employee's unused annual leave at December 31, 2011 in the amount of \$57,645 is included in the financial statements. See Note 2 J. above.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2011

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)	6H80CS00504-09-01	6/1/10- 5/31/11	\$ 462,076
U S Dept. of HHS (Health Center Cluster)	6H80CS00504-10-01	6/1/11 - 5/31/12	401,045
U.S. Dept. of HHS Affordable Care Act	6H80CS00504-10-01	6/1/11 - 5/31/12	15,876
U S Dept. of HHS (Ryan White Title III Early Intervention)	6H76HA00817-09-01	4/1/11 - 3/31/12	340,598
U S Dept. of HHS (Ryan White Title III Early Intervention)	6H76HA00817-08-01	4/1/10-3/31/11	58,973
U S Dept. of HHS (ARRA Capital Improvement Program-CIP)	6C81CS13675-01-01	6/29/09 - 6/28/11	130,181
Louisiana Department of Health and Hospital Social Service Block Grant	N/A	10/19/09 - 10/31/10	447,994
Louisiana Department of Health and Hospital Louisiana Health Disparities Collaborative	N/A	10/19/09 - 1/31/11	1,500
Louisiana Public Health Institute		3/1/10 - 2/28/11	24,500
City of Baton Rouge (Minority Aids Initiative)	N/A	8/1/09 - 7/31/10	225,810
East Baton Rouge Council on Aging	N/A	N/A	5,829
Johnson & Johnson	N/A	N/A	-
Ryan White Part D	N/A	N/A	-
Ryan White Part A HIV Emergency Relief Grant	N/A	3/1/10 - 2/28/11	521,753
BRAF Farrenbacher	N/A	N/A	2,320
BRAF Smash Hits	N/A	N/A	3,992
LPCA - FEI	N/A		240,581
Louisiana State Department of Health (WIC Grant)	654775	10/1/07 - 9/30/2010	<u>308,331</u>
TOTALS			\$ <u>3,191,338</u>

NOTE 11 - ACCOUNTS RECEIVABLE, GRANTS AND CONTRACTS

Grants and contracts receivable at December 31, 2011 are due from the following:

State of Louisiana Department of Health (WIC Program)	\$ 33,835
East Baton Rouge Council on Aging	3,886
City of Baton Rouge (Ryan White Part D))	14,211
City of Baton Rouge (Ryan White Part A)	94,639
City of Baton Rouge (Minority Aids Initiative)	117,403
Bank of Marrngouin	1,998
Louisiana Primary Care Association	-
Totals	\$ <u>265,972</u>

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2011

NOTE 12 - NOTES PAYABLE

Mortgage notes payable consist of the following at December 31, 2011:

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 \$ 1,294,057

Maturities of long-term debt are as follows:

2012	\$ 43,587
2013	46,508
2014	49,623
2015	52,946
2016	56,492
Thereafter	<u>1,044,901</u>
Totals	<u>\$1,294,057</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, 2011, \$255,423 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, 2011

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, 2011, advertising cost totaled \$6,077.

NOTE 16 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 44% 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, 2010, from which the summarized information was derived.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2011

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, 2011 is reported as follows

	<u>HHS Health Center Cluster Grant</u>	<u>Johnson & Johnson Co Grant</u>	<u>HHS Ryan White Grant</u>	<u>BRAF Farrenbacher</u>	<u>BRAF Smash Hits</u>	<u>TOTALS</u>
Refundable advances, 1/1/2010	\$ 64,379	\$ (4)	\$ 73,126	\$ 4,001	5,141	\$ 146,643
Grant Awards Received	871,060	-	376,066	-	-	1,247,126
Grant Expenditures	<u>(863,121)</u>	<u>-</u>	<u>(399,571)</u>	<u>(2,319)</u>	<u>(3,993)</u>	<u>(1,269,004)</u>
Refundable advances, 12/31/2010	<u>\$ 72,318</u>	<u>\$ (4)</u>	<u>\$ 49,621</u>	<u>\$ 1,682</u>	<u>1,148</u>	<u>\$ 124,765</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 - NEW ACCOUNTING PRONOUNCEMENTS

In July 2011, the FASB issued ASU 2001-01, Health Care Entities: Presentation and Disclosure of Patient Service Revenue, Provisions for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities. This ASU will change the Organization's presentation of the provision for uncollectible accounts in the consolidated statements of operations from an operating expense to a deduction from net patient service revenue. It also expands disclosures regarding policies for recognizing revenue, assessing contra revenue line items, and activity in the allowance for uncollectible accounts. The Organization expects to adopt this ASU in calendar year 2012.

NOTE 22 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 22, 2012, 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, 2011

	<u>Grants & Contracts</u>	<u>Health Care Services, net of charity, bad debts and adjustments of \$1,442,424</u>	<u>Other Income</u>	<u>Total</u>
<u>GRANT.</u>				
Section 330 Grant	\$ 863,121	1,719,450	96,561	\$ 2,679,132
Affordable Care Act Grant	15,876	-	-	15,876
Ryan White Title III Early Intervention	399,571	-	-	399,571
AARA - CIP Grant	130,181	-	-	130,181
WIC Program	308,331	-	-	308,331
Ryan White Part A HIV Emergency Relief Grant	521,753	-	-	521,753
Minority Aids Initiative (City of Baton Rouge)	225,810	104,401	-	330,211
LPCA - FEI	240,561	-	-	240,561
Louisiana Department of Health and Hospital Louisiana Health Disparities Collaborative	1,500	-	-	1,500
Louisiana Department of Health and Hospital Social Service Block Grant	447,994	-	-	447,994
LA Public Health Institute	24,500	-	-	24,500
BRAF Farrenbacher	2,320	-	-	2,320
BRAF Smash Hits	3,992	-	-	3,992
East Baton Rouge Council on Aging	5,829	-	-	5,829
TOTAL SUPPORT AND REVENUES	<u>\$ 3,191,339</u>	<u>1,823,851</u>	<u>96,561</u>	<u>\$ 5,111,751</u>

SCHEDULE B

CAPITOL CITY FAMILY HEALTH CENTER, INC
 Schedule of Health Care Services Expenses
 For the Year Ended December 31, 2011

<u>EXPENSES</u>	<u>HHS Section 330</u>
Personnel	\$ 1,502,578
Fringe benefits	207,341
Travel	4,028
Supplies	100,984
Equipment rental	6,448
Contractual	143,007
Dues and subscriptions	105
utilities	25,390
Printing	299
Repairs and maintenance	80,082
Property taxes	11,998
Insurance	6,102
Advertisement	1,321
Security	7,341
Continuing education	3,247
Communications	17,527
License and fees	18,079
Janitorial	13,134
Space cost	2,191
Interest	49,186
Bank and finance charges	2,866
Disposal services	11,099
Other	<u>6,404</u>
Total	<u>2,220,757</u>
Total Expenses	<u>\$ 2,220,757</u>

CAPITOL CITY FAMILY HEALTH CENTER, INC
Schedule of Community Services Expenses
For the Year Ended December 31, 2011

<u>EXPENSES</u>	<u>WIC</u>	<u>Ryan White Part A, HIV Emergency Relief</u>	<u>HHS- Title III Early Intervention</u>	<u>Council on Aging</u>	<u>Minority Aids Initiative</u>	<u>LA Public Health Institute</u>
Personnel	\$ 188,232	-	218,020	-	-	1,878
Fringe benefits	22,978	-	45,682	-	-	375
Travel	-	6,194	10,286	-	3,668	315
Supplies	7,135	-	71,935	-	-	36
Equipment rental	1,759	-	1,704	-	-	-
Contractual	672	-	98,512	1,891	-	20,025
Utilities	7,721	-	7,000	-	-	170
Printing	89	-	222	-	-	-
Repairs and maint.	4,093	-	22,241	-	-	-
Property taxes	3,575	-	3,320	-	-	-
Insurance	1,818	-	1,688	-	-	-
Advertisement	360	-	606	-	-	-
Security	762	-	708	-	-	-
Continuing education	-	-	620	-	-	-
Communications	2,842	-	4,145	-	-	397
License and fees	264	-	3,508	-	-	-
Janitorial	3,912	-	3,633	-	-	-
Space cost	653	-	606	-	-	-
Interest	14,487	-	15,119	-	84	567
Bank and finance charges	11	-	10	-	-	-
Other	944	-	5,951	-	2,142	2,533
Total	<u>262,307</u>	<u>6,194</u>	<u>515,516</u>	<u>1,891</u>	<u>5,894</u>	<u>26,296</u>
Equipment Acquisitions	-	-	-	-	-	-
Total Expenses	<u>\$ 262,307</u>	<u>6,194</u>	<u>515,516</u>	<u>1,891</u>	<u>5,894</u>	<u>26,296</u>

SCHEDULE C

<u>Other Programs</u>	<u>TOTALS</u>
-	\$ 408,130
-	69,035
-	20,463
3,992	83,098
-	3,463
2,320	123,420
-	14,891
-	311
-	26,334
-	6,895
-	3,506
-	966
-	1,470
-	620
-	7,384
-	3,772
-	7,545
-	1,259
-	30,257
-	21
-	<u>11,570</u>
<u>6,312</u>	<u>824,410</u>
<u>6,312</u>	<u>\$ 824,410</u>

SCHEDULE D

CAPITOL CITY FAMILY HEALTH CENTER, INC
 Schedule of Management and General Expenses
 For the Year Ended December 31, 2011

<u>EXPENSES</u>	<u>HHS Section 330</u>
Personnel	\$ 754,567
Fringe benefits	148,932
Travel	10,277
Supplies	15,301
Equipment rental	4,239
Contractual	293,120
Legal and accounting	62,374
Dues and subscriptions	17,308
Utilities	14,872
Printing	31
Repairs and maintenance	29,595
Insurance	9,184
Staff recruitment	3,820
Advertisement	3,789
Security	63,256
Continuing education	14,580
Communications	12,794
License, taxes and fees	14,830
Janitorial	7,338
Space cost	3,862
Interest	30,412
Bank and finance charges	12,168
Board expenses	9,150
Disposal services	709
Other	<u>3,047</u>
Total	<u>1,539,555</u>
Total Expenses	<u>\$ 1,539,555</u>

CAPITOL CITY FAMILY HEALTH CENTER, INC
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011

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</u>			
<u>Bureau of Primary Health Care</u>			
Direct Grants:			
Health Center Cluster	93.224	6H80CS00504-09-00	\$ 462,076
Health Center Cluster	93.224	6H80CS00504-10-00	401,045
Health Center Cluster	93.527	6H80CS00504-07-01	15,876
			<u>878,997</u>
Ryan White Title III Early Intervention	93.918	6H76HA00817-07-01	340,598
Ryan White Title III Early Intervention	93.918	5H76HA00817-06-00	58,973
			<u>399,571</u>
ARRA-Capital Improvement Program	93.703	6C81CS13675-01-01	130,181
			<u>130,181</u>
<u>Pass Through Louisiana Dept of Health and Hospitals</u>			
Louisiana Health Disparities Collaborative	93.283	N/A	1,500
<u>Pass Through City of Baton Rouge, Louisiana</u>			
Ryan White Part A HIV Emergency Relief Grant	93.914	N/A	521,753
TOTAL U S DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,932,002</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	308,331
TOTAL FEDERAL AWARDS			<u>\$ 2,240,333</u>

**CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011**

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, 2011, 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, 2011, and have issued our report thereon dated May 22, 2012. 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 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 not 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. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. [Finding 2011-1]

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 response to the findings identified in our audit is described in the accompanying 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 it.

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.

Bass, King, White & CC.
May 22, 2012
"(Except for Finding 2011-1,
dated July 25, 2012)"



**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, 2011. 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 Finding 2011-2 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 Ryan White, Part C Title III Early Intervention and Health Center Cluster 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, 2011.

Internal Control Over Compliance

Management of Capitol City Family Health Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program 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 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 response to the findings identified in our audit is described in the accompanying 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 it.

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.

Barr, King, White & Co.

May 22, 2012

CAPITOL CITY FAMILY HEALTH CENTER, INC
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2011

<u>Finding</u>	<u>Status</u>
2010-1	Corrective action was not taken
2010-2	Corrective action partially taken

CAPITOL CITY FAMILY HEALTH CENTER, INC
Schedule of Findings and Questioned Costs
Year Ended December 31, 2011

Section 1: Summary of Auditor's Results

- | | | |
|----|---|-------------|
| 1. | Type of auditor's report issued on the financial statements. | Unqualified |
| 2. | Material noncompliance relating to the 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. Matenal weaknesses identified? | No |
| | 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 #93.918, Ryan White, Part C Title III Early Intervention | |
| | d. CFDA #10.577, Special Supplement Food Program for Women, Infants and Children | |
| 8. | The dollar threshold used to distinguish between type A and Type B programs: \$300,000 | |
| 9. | Auditee did qualify as a low-risk audtee | |

Section 2 - Findings - Financial Statements Audit

Finding 2011-1

Timely Submission of Audit Report

Condition

The Organization did not submit its audited financial statemetns to the Lousiana Legislative Auditor wrthin six (6) months of the close of its fiscal year in accordance with Lousiana Revised Statue 24:513.

CAPITOL CITY FAMILY HEALTH CENTER, INC
Schedule of Findings and Questioned Costs
Year Ended December 31, 2011

Section 2 - Findings - Financial Statements Audit (Continued)

Cause

The Organization failed to provide for a timely audit

Effect

The Organization's audit report was filed late with the Louisiana Legislative Auditor

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 2011-2

**U. S. Department of Health and Human Services
CFDA #93.918, Ryan White, Part C Title III Early Intervention
CFDA #93.224, Health Center Cluster**

REPORTING

Condition

During our review of the Centers' reporting requirements under the grants, we noted that one (1) of the quarterly Federal Financial Report (FFR) for the Health Center Cluster grant and two (2) for the Ryan White, Part C, Title III Early Intervention were not filed within thirty (30) days after the end of the quarter.

Cause

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

Effect

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

Criteria

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".

Recommendation

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



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

Mailing Address:
P.O. Box 66156
Baton Rouge, Louisiana 70898-6156

July 31, 2012

Banks, Finley, White & Co.
Certified Public Accountants
308 Highland Park Cove
Ridgeland, MS 39157

RE: Response to Audit Findings

This letter outlines our response to the findings noted in the 2011 financial audit of Capitol City Family Health Center, Inc. (CCFHC):

Finding 2011-1: 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.

A meeting of the Finance Committee of Capitol City Family Health Center was held on Friday, June 29, 2012. During this meeting, the Finance Committee discussed the 2011 audit with Mr. Kaiser Brown, Lead Auditor with Banks, Finley, White & Co. CPAs. At the end of this discussion, the Finance Committee approved the audit as it had been presented to the Committee and advised Mr. Brown that it was approved to be filed with all necessary agencies. Since there were no changes to be made to the audit, we were under the impression that the certification and submission process would have begun on the next business day, Monday, July 2, 2012.

We did not receive the information to begin the certification process of the audit from Banks, Finley & White until July 12, 2012. When we did receive the July 12, 2012 communication, it did not include the internet link to the Audit Clearinghouse. The audit firm was informed of this problem that same day. The issue regarding the appropriate link was not corrected until July 17, 2012. The audit was certified by us on the morning of July 17, 2012, and based on information from the audit firm, the audit report and certification was submitted to the Louisiana Legislative Auditor on July 18, 2012.

Finding 2011-2: Reporting

Condition


During our review of the Center's reporting requirements under the grants, we noted that one (1) of the quarterly Federal Financial Report (FFR) for the Health Center Cluster grant and two (2) for the Ryan White, Part C, Title III Early Intervention were not filed within thirty (30) days after the end of the quarter.

All three of the reports in question were for the reporting period ending March 31, 2011. Rhonda R. Litt was appointed Chief Executive Officer on February 1, 2011 and Lyndon D. Darensbourg was hired on March 1, 2011 as Chief Financial Officer. When hired, Ms. Litt and Mr. Darensbourg were not immediately "linked" to the various federal grants received by CCFHC in the HRSA Electronic Handbook. Therefore, reminder notifications were not received. It was not until other CCFHC personnel mentioned the required reporting that we became aware that the required reporting was late. Once notified, two of the required FFRs were immediately filed through the HHS Payment Management System on May 17, 2011.

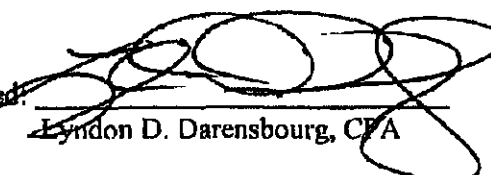
Unfortunately, since this was the end of the grant period for our Ryan White, Part C, Title III Early Intervention grant, an additional FFR should have been filed through the HRSA Electronic Handbook. We were not aware of this additional reporting requirement until we received notices from HRSA. Once the notices were received and the proper reporting procedures were identified, the final required report was submitted on August 3, 2011.

In order to eliminate this issue from occurring in the future, the attached Finance Policy and Procedure – "Required Grant Reporting" - was developed and adopted by the Capitol City Family Health Center Board of Directors on October 31, 2011.

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

Signed: 
Rhonda R. Litt

Title: Chief Executive Officer

Signed: 
Lyndon D. Darensbourg, CFA

Title: Chief Financial Officer