

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

AUDITED FINANCIAL STATEMENTS

**DECEMBER 31, 2009
(With Summarized Financial
Information for 2008)**

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 8/25/10

CAPITOL CITY FAMILY HEALTH CENTER, INC.
December 31, 2009
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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, 2009, 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 2008 financial statements and, in our report dated June 6, 2008, 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, 2009, 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 June 15, 2010, on our consideration of the organization'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 basic financial statements of Capitol City Family Health Center, Inc., taken as a whole. The schedules on pages 14 through 17 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Banks, Finley, White & Co.
June 15, 2010

EXHIBIT I

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Statement of Financial Position
December 31, 2009
(With Summarized Financial Information for 2008)

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Current Assets:		
Cash	\$ 86,461	\$ 173,610
Certificate of deposit	-	56,341
Investments	100,000	-
Patient care receivables, less allowance of \$127,538 for doubtful accounts	188,098	107,583
Grants and contracts receivable (Note 11)	276,236	670,888
Accounts receivable, other	-	17,939
Accrued interest receivable	-	410
Prepaid expenses	<u>4,429</u>	<u>9,365</u>
Total Current Assets	<u>655,224</u>	<u>1,036,136</u>
Fixed Assets:		
Land	359,951	359,951
Building	3,557,003	3,505,745
Furniture and equipment	1,439,579	1,180,011
Less: Accumulated depreciation	<u>(1,024,473)</u>	<u>(784,608)</u>
Net Fixed Assets	<u>4,332,060</u>	<u>4,261,099</u>
TOTAL ASSETS	<u>\$ 4,987,284</u>	<u>\$ 5,297,235</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 126,831	\$ 141,819
Salaries payable	76,328	34,153
Payroll taxes payable	7,382	3,230
Accrued annual leave	64,775	36,503
Refundable advance (Note 18)	69,485	236,259
Retainage payable	-	3,244
Line of credit payable	-	213,402
Notes payable (current portion) (Note 12)	<u>38,235</u>	<u>1,400,000</u>
Total Current Liabilities:	<u>383,036</u>	<u>2,088,610</u>
Long-Term Liabilities		
Notes payable (Note 12)	1,332,229	-
Total Long-Term Liabilities	<u>1,332,229</u>	<u>-</u>
Total Liabilities	<u>1,715,265</u>	<u>2,088,610</u>
Net Assets:		
Unrestricted		
Undesignated (operating)	339,360	366,926
Fixed assets	<u>2,932,659</u>	<u>2,861,699</u>
Total Net Assets	<u>3,272,019</u>	<u>3,228,625</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,987,284</u>	<u>\$ 5,297,235</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, 2009
(With Summarized Financial Information for 2008)

	<u>CURRENT UNRESTRICTED</u>		<u>2009</u>	<u>2008</u>
	<u>Operations</u>	<u>Fixed Assets</u>		
SUPPORT AND REVENUES (Note 2)				
Support:				
Grants and contracts	\$ <u>2,219,751</u>	-	\$ <u>2,219,751</u>	\$ <u>2,640,889</u>
Total Support	<u>2,219,751</u>	-	<u>2,219,751</u>	<u>2,640,889</u>
Revenue:				
Health care services, net of charity, bad debts and contractual adjustments of \$738,431	1,526,643	-	1,526,643	1,216,218
Interest income	(62)	-	(62)	1,301
Other income	9,784	-	9,784	21,025
Total Revenue	<u>1,536,365</u>	-	<u>1,536,365</u>	<u>1,238,544</u>
TOTAL SUPPORT AND REVENUES	<u>3,756,116</u>	-	<u>3,756,116</u>	<u>3,879,433</u>
EXPENSES				
Program Services				
Health care services	811,019	-	811,019	1,182,832
Community services	813,761	-	813,761	820,811
Total Program Services	<u>1,624,780</u>	-	<u>1,624,780</u>	<u>2,003,643</u>
Supporting Services				
Management and general	1,848,076	239,866	2,087,942	1,716,649
Total Supporting Services	<u>1,848,076</u>	<u>239,866</u>	<u>2,087,942</u>	<u>1,716,649</u>
TOTAL EXPENSES	<u>3,472,856</u>	<u>239,866</u>	<u>3,712,722</u>	<u>3,720,292</u>
Change in Net Assets	283,260	(239,866)	43,394	159,141
Net Assets, Beginning of Year	366,926	2,861,699	3,228,625	3,069,484
Other changes in Net assets				
Acquisition of fixed assets	<u>(310,826)</u>	<u>310,826</u>	-	-
NET ASSETS, END OF YEAR	<u>\$ 339,360</u>	<u>2,932,659</u>	<u>\$ 3,272,019</u>	<u>\$ 3,228,625</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, 2009
(With Summarized Financial Information for 2008)

CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:

	<u>2009</u>	<u>2008</u>
Changes in Net Assets	\$ 43,394	\$ 159,141
Adjustments to reconcile changes in assets to net cash provided by(used in) operating activities:		
Depreciation expense	239,866	204,260
Decrease (increase) in:		
Patient care receivables	(80,515)	104,073
Grants and contracts receivable	394,652	(197,366)
Accrued interest receivable	410	(37)
Accounts receivable, other	17,939	(17,939)
Prepaid expenses	4,936	(2,550)
Increase (decrease) in:		
Accounts payable	(14,986)	(473,501)
Accrued salaries payable	42,175	7,733
Payroll taxes payable	2,422	(10,484)
Refundable advances	(166,774)	92,202
Retainage payable	(3,244)	(144,763)
Other liabilities	1,735	183
Accrued annual leave	28,272	5,462
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>510,282</u>	<u>(273,586)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(100,000)	-
Maturity of investments	56,341	(1,264)
Acquisition of fixed assets	<u>(310,826)</u>	<u>(550,873)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(354,485)</u>	<u>(552,137)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal reduction in notes payable	(1,642,946)	-
Proceeds from line of credit	-	213,402
Proceeds from Notes Payable	<u>1,400,000</u>	<u>-</u>
NET CASH PROVIDED BY(USED IN) FINANCING ACTIVITIES	<u>(242,946)</u>	<u>213,402</u>
NET INCREASE (DECREASE) IN CASH	(87,149)	(612,321)
CASH, BEGINNING OF YEAR	<u>173,610</u>	<u>785,931</u>
CASH, END OF YEAR	<u>\$ 86,461</u>	<u>\$ 173,610</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year for:		
Interest	<u>\$ 98,504</u>	<u>\$ 63,153</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, 2009

	Health Care Services	Community Services	Total Program Services	Management and General	Total Expenses
Personnel	\$ 269,168	474,908	744,076	1,040,753	\$ 1,784,829
Fringe benefits	70,207	48,568	118,775	225,315	344,090
Travel	4,023	12,323	16,346	16,594	32,940
Supplies	89,669	84,532	174,201	18,371	192,572
Equipment rental	2,579	1,486	4,065	9,116	13,181
Contractual	151,922	96,877	248,799	177,601	426,400
Legal and accounting	10,913	3,000	13,913	85,024	98,937
Dues and subscriptions	158	829	987	13,664	14,651
Printing	1,895	1,653	3,548	1,216	4,764
Repairs and maintenance	49,225	21,651	70,876	31,670	102,546
Property taxes	12,000	6,894	18,894	-	18,894
Insurance	1,965	1,132	3,097	15,188	18,285
Staff recruitment	220	121	341	8,797	9,138
Advertisement	2,653	1,105	3,758	2,799	6,557
Security	1,103	611	1,714	58,932	60,646
Continuing education	4,289	1,112	5,401	6,948	12,349
Communications	23,282	5,518	28,800	14,834	43,634
Licenses and fees	9,205	5,654	14,859	11,106	25,965
Janitorial	35,433	10,469	45,902	26,749	72,651
Space cost	22,855	12,257	35,112	15,858	50,970
Interest	37,991	20,996	58,987	39,517	98,504
Bank charges	-	-	-	18,308	18,308
Moving expenses	-	-	-	75	75
Board expenses	-	-	-	7,657	7,657
Disposal services	8,964	-	8,964	-	8,964
Other	1,300	2,065	3,365	1,984	5,349
Total expenses before depreciation	<u>811,019</u>	<u>813,761</u>	<u>1,624,780</u>	<u>1,848,076</u>	<u>3,472,856</u>
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,866</u>	<u>239,866</u>
Total Expenses	<u>\$ 811,019</u>	<u>813,761</u>	<u>1,624,780</u>	<u>2,087,942</u>	<u>\$ 3,712,722</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, 2009

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.
- 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.
- 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.
- 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, 2009

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.
- 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.

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.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2009

NOTE 3 - FINANCIAL INSTRUMENTS (Continued)

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

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$ 86,461	\$ 86,461
	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial liabilities:		
Notes payable	\$1,370,464	\$1,370,464

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, 2009, the Organization did not have any uninsured cash balances.

NOTE 5 - PATIENT RECEIVABLES

The amount of net patient care receivable at December 31, 2009 was \$188,098. Management feels that the actual 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>1,439,579</u>
Total Property and Equipment	5,356,533
Less: Accumulated Depreciation	<u>(1,024,473)</u>
Net Property and Equipment	<u>\$ 4,332,060</u>

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2009

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, 2009, the plan was properly funded. Retirement expense recognized was \$3,739 for the year ended December 31, 2009.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Annual Leave

The cost of employee's unused annual leave at December 31, 2009 in the amount of \$64,775 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)	6H80CS00504-08-01	6/1/09- 5/31/10	\$ 326,367
U.S. Dept. of HHS (Health Center Cluster)	6H80CS00504-07-01	6/1/06-5/31/09	432,407
U.S. Dept. of HHS (Ryan White Title III Early Intervention)	6H76HA00817-07-01	4/1/07-3/31/08	15,889
U.S. Dept. of HHS (Ryan White Title III Early Intervention)	5H76HA00817-06-00	4/1/08-3/31/09	379,764
U.S. Dept. of HHS (ARRA Capital Improvement Program-CIP)	6C81CS13675-01-01	6/29/09 - 6/28/11	174,416
U.S. Dept. of HHS (AARA Increase Services to Health Centers-IDS)	6H8BCS12204-01-01	3/27/09-3/26/11	110,794
Louisiana Department of Health and Hospital Health Disparities Collaborative	N/A	10/19/09-1/31/11	7,054
Louisiana Primary Care Assn. - Minority HIV Grant	N/A		2,000
Louisiana Attorney General Grant		N/A	25,000
City of Baton Rouge (Minority Aids Initiative)	N/A	N/A	14,927
Operation USA	N/A	N/A	-
Johnson & Johnson	N/A	N/A	12,733
State of Louisiana DHH	N/A	N/A	32,594
Ryan White HIV/AIDS Treatment Modernization Act (City of Baton Rouge)	N/A	4/1/08 - 3/31/2009	389,411
Direct Relief International	N/A	10/1/06-9/30/06	-
HIV/AIDS Alliance for Region Two, Inc. (HART)	N/A	1/1/09 - 6/30/09	44,170
National Assn of Comm Hlth Centers	N/A	11/1/05 - 2/1/06	-
Social Services Block Grant (CAHS)	N/A	11/1/07 - 10/31/08	-
Louisiana State Department of Health (WIC Grant)	654775	10/1/07 - 9/30/2010	252,225
TOTALS			\$ 2,219,751

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2009

NOTE 11 - ACCOUNTS RECEIVABLE, GRANTS AND CONTRACTS

Grants and contracts receivable at December 31, 2009 are due from the following:

State of Louisiana Department of Health (WIC Program)	\$ 41,650
U. S. Dept. of HHS (AARP-CIP)	9,672
U. S. Dept. of HHS (AARP-IDS)	27,214
City of Baton Rouge (Ryan White Title I)	<u>197,700</u>
Totals	<u>\$ 276,236</u>

NOTE 12 - NOTES PAYABLE

Mortgage notes payable consist of the following at December 31, 2009:

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>\$ 1,370,464</u>
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Maturities of long-term debt are as follows:

2010	\$ 38,235
2011	40,796
2012	43,528
2013	46,443
2014	<u>1,201,462</u>
Totals	<u>\$1,370,464</u>

NOTE 13 - LITIGATION

Capitol City Family Health Center, Inc. maintains general liability, property, managed care professional liability, directors and officers and other insurance coverage in amounts the Company believes 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.

NOTE 14 - 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, 2009, advertising cost totaled \$6,558.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2009

NOTE 15 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 65% of the Organization's funding is provided by direct grants from the U. S. Department of Health and Human Services.

NOTE 16 - 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 17 - 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, 2008, from which the summarized information was derived.

NOTE 18 - REFUNDABLE ADVANCES

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, 2009 is reported as follows:

	HHS Health Center Cluster Grant	Johnson & Johnson Co. Grant	HHS Ryan White Grant	Louisiana Attorney General Grant	LPCA Minority Health Grant	TOTALS
Refundable advances, 1/1/2009	\$ 136,500	\$ 17,836	\$ 54,923	\$ 25,000	2,000	\$ 236,259
Grant Awards Received	686,657	-	340,730	-	-	1,027,387
Grant Expenditures	<u>(758,774)</u>	<u>(12,734)</u>	<u>(395,653)</u>	<u>(25,000)</u>	<u>(2,000)</u>	<u>(1,194,161)</u>
Refundable advances, 12/31/2009	<u>\$ 64,383</u>	<u>\$ 5,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 69,485</u>

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2009

NOTE 19 - 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.

SUPPLEMENTARY INFORMATION

SCHEDULE A

CAPITOL CITY FAMILY HEALTH CENTER, INC.
 Combining Schedule of Support and Revenues
 For the Year Ended December 31, 2009

	<u>Grants & Contracts</u>	<u>Health Care Services, net of charity, bad debts and adjustments of \$738,431</u>	<u>Other Income</u>	<u>Interest Income</u>	<u>Total</u>
GRANT:					
Section 330 Grant	\$ 758,774	1,526,643	9,784	(62)	\$ 2,295,139
Ryan White Title III Early Intervention	395,653	-	-	-	395,653
AARA- Increased Demand for Service	110,794	-	-	-	110,794
AARA - CIP Grant	174,416	-	-	-	174,416
WIC Program	252,225	-	-	-	252,225
State of Louisiana Attorney General	25,000	-	-	-	25,000
Ryan White Title I (City of Baton Rouge)	389,411	-	-	-	389,411
Minority Aids Initiative (City of Baton Rouge)	14,927	-	-	-	14,927
	32,594	-	-	-	32,594
LPCA - Minority Health	2,000	-	-	-	2,000
HIV/AIDS Alliance for Region Two	44,170	-	-	-	44,170
	7,054	-	-	-	7,054
LPCA - Operation USA	-	-	-	-	-
Operation USA	-	-	-	-	-
Baton Rouge Area Foundation	-	-	-	-	-
Social Service Block Grant (CAHS)	-	-	-	-	-
Johnson & Johnson Grant	12,733	-	-	-	12,733
Direct Relief International	-	-	-	-	-
TOTAL SUPPORT AND REVENUES	<u>\$ 2,219,751</u>	<u>1,526,643</u>	<u>9,784</u>	<u>(62)</u>	<u>\$ 3,756,116</u>

SCHEDULE B

CAPITOL CITY FAMILY HEALTH CENTER, INC.
 Schedule of Health Care Services Expenses
 For the Year Ended December 31, 2009

<u>EXPENSES</u>	<u>HHS</u> <u>Section 330</u>
Personnel	\$ 269,168
Fringe benefits	70,207
Travel	4,023
Supplies	89,669
Equipment rental	2,579
Contractual	151,922
Printing	1,895
Repairs and maintenance	49,225
Property taxes	12,000
Advertisement	2,653
Security	1,103
Continuing education	4,289
Communications	23,282
Janitorial	35,433
Space cost	22,855
Interest	37,991
Disposal services	8,964
Other	<u>1,300</u>
Total	<u>811,019</u>
Equipment	
Acquisitions	<u>1,437</u>
Total Expenses	<u>\$ 812,456</u>

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Schedule of Community Services Expenses
For the Year Ended December 31, 2009

<u>EXPENSES</u>	<u>WIC</u>	<u>City of Baton Rouge Ryan White Title I</u>	<u>Attorney General Grant</u>	<u>HHS- Title III Early Intervention</u>	<u>HIV/AIDS Alliance for Region Two</u>
Personnel	\$ 143,855	-	15,000	316,053	-
Fringe benefits	10,907	-	-	37,661	-
Travel	-	2,407	-	5,379	-
Supplies	8,350	-	10,000	54,529	-
Equipment rental	768	-	-	718	-
Contractual	719	36,385	-	55,340	4,433
Legal and accounting	-	-	-	3,000	-
Dues and subscriptions	-	-	-	-	-
Printing	532	-	-	1,121	-
Repairs and maint.	3,694	-	-	17,957	-
Property taxes.	3,575	-	-	3,319	-
Insurance	600	-	-	532	-
Staff recruitment	67	-	-	54	-
Advertisement	649	-	-	456	-
Security	326	-	-	285	-
Continuing education	276	-	-	836	-
Communications	2,629	-	-	2,889	-
License and fees	-	-	-	5,403	-
Janitorial	10,469	-	-	-	-
Space cost	6,622	-	-	5,635	-
Interest	11,204	-	-	9,792	-
Other	387	-	-	1,678	-
Total	<u>205,629</u>	<u>38,792</u>	<u>25,000</u>	<u>522,637</u>	<u>4,433</u>
Equipment Acquisitions	-	-	-	-	-
Total Expenses	<u>\$ 205,629</u>	<u>38,792</u>	<u>25,000</u>	<u>522,637</u>	<u>4,433</u>

SCHEDULE C

City of Baton Rouge Minority Aids Initiative	Johnson & Johnson	TOTALS
-	-	\$ 474,908
-	-	48,568
4,537	-	12,323
-	11,653	84,532
-	-	1,486
-	-	96,877
-	-	3,000
-	829	829
-	-	1,653
-	-	21,651
-	-	6,894
-	-	1,132
-	-	121
-	-	1,105
-	-	611
-	-	1,112
-	-	5,518
-	251	5,654
-	-	10,469
-	-	12,257
-	-	20,996
-	-	2,065
<u>4,537</u>	<u>12,733</u>	<u>813,761</u>
<u><u>4,537</u></u>	<u><u>12,733</u></u>	<u><u>\$ 813,761</u></u>

SCHEDULE D

CAPITOL CITY FAMILY HEALTH CENTER, INC.
 Schedule of Management and General Expenses
 For the Year Ended December 31, 2009

<u>EXPENSES</u>	<u>HHS Section 330</u>
Personnel	\$ 1,040,753
Fringe benefits	225,315
Travel	16,594
Supplies	18,371
Equipment rental	9,116
Contractual	177,601
Legal and accounting	85,024
Dues and subscriptions	13,664
Printing	1,216
Repairs and maintenance	31,670
Insurance	15,188
Staff recruitment	8,797
Advertisement	2,799
Security	58,932
Continuing education	6,948
Communications	14,834
License, taxes and fees	11,106
Janitorial	26,749
Space cost	15,858
Interest	39,517
Bank and finance charges	18,308
Moving expenses	75
Board expenses	7,657
Other	<u>1,984</u>
Total	<u>1,848,076</u>
Equipment	
Acquisitions	<u>117,983</u>
Total Expenses	<u>\$ 1,966,059</u>

CAPITOL CITY FAMILY HEALTH CENTER, INC.
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2009

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	6H80CS00504-08-01	\$ 326,367
Health Center Cluster	93.224	6H80CS00504-07-01	<u>432,407</u>
			<u>758,774</u>
Ryan White Title III Early Intervention	93.918	6H76HA00817-07-01	15,889
Ryan White Title III Early Intervention	93.918	5H76HA00817-06-00	<u>379,764</u>
			<u>395,653</u>
ARRA-Capital Improvement Program	93.703	6C81CS13675-01-01	174,416
ARRA-Increase Services to Health Centers	93.703	6H8BCS12204-01-01	<u>110,794</u>
			<u>285,210</u>
<u>Pass Through Louisiana Dept. of Health and Hospitals</u>			
Louisiana Health Disparities Collaborative	93.283	N/A	<u>7,054</u>
<u>Pass Through City of Baton Rouge, Louisiana</u>			
Ryan White HIV/Aids Treatment Modernization Act	93.928	N/A	<u>389,411</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,836,102</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>252,225</u>
TOTAL FEDERAL AWARDS			<u>\$ 2,088,327</u>

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2009

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, 2009, 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.



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

**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, 2009, and have issued our report thereon dated June 15, 2010. 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.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

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.

Banks, Finley, White & Co
June 15, 2010



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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO 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 the compliance of Capitol City Family Health Center, Inc. (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. 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.

In our opinion, Capitol City Family Health Center, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

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.

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.

Burns, Finley, White & Co.
June 15, 2010

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2009

There were no prior year audit findings.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

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? | None |
| | 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 | Unqualified |
| 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? | None |
| 7. | Federal programs identified as major programs: | |
| | a. CFDA #93.224, Health Center Cluster | |
| | b. CDFA #93.918, Ryan White, Early Intervention Services (EIS) | |
| | 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

NONE

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

NONE