



LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

CAPITOL CITY FAMILY HEALTH CENTER, INC.

FINANCIAL STATEMENTS

AND ACCOMPANYING INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2012

CAPITOL CITY FAMILY HEALTH CENTER, INC.

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LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Capitol City Family Health Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Continued,

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, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

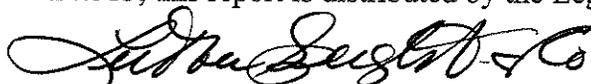
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2013, on our consideration of the Organization's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

This report is intended solely for the use of the audit committee, management of the Organization and others in a position of governance and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Luther Speight & Company CPAs
New Orleans, Louisiana
June 25, 2013

CAPITOL CITY FAMILY HEALTH CENTER, INC
Statement of Financial Position
For The Year Ended December 31, 2012

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 589,229
Investment LPC&A, Inc.	
Accounts Receivable -Trade, net	206,670
Grants and Contracts Receivable	283,781
Prepaid expenses	23,339
Total Current Assets	<u>1,103,019</u>

Fixed Assets

Land	498,345
Building	3,517,350
Construction in Progress	3,691,784
Furniture and equipment	1,753,595
Less Accumulated Depreciation	(1,803,710)
Net Fixed Assets	<u>7,657,364</u>

TOTAL ASSETS \$ 8,760,383

LIABILITIES & NET ASSETS

Current Liabilities

Accounts Payable	\$ 286,862
Salaries Payable	149,076
Payroll taxes payable and accrued	-
Accrued Annual Leave	54,488
Deferred Revenue	2,826
Line of credit payable	269,577
Notes Payable (current portion) See Note	50,993
Total Current Liabilities	<u>813,822</u>

Long-Term Liabilities

Notes Payables (See Note)	2,095,641
Total Long-Term Liabilities	<u>2,095,641</u>

TOTAL LIABILITIES 2,909,463

Net Assets

Unrestricted	
Undesignated	340,190
Permanently Restricted	5,510,730
Total Net Assets	<u>5,850,920</u>

TOTAL LIABILITIES AND NET ASSETS \$ 8,760,383

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, 2012

SUPPORT AND REVENUES

Support:

Grants and contracts	\$ 5,918,335
Total Support	5,918,335

Revenue:

Health care services, net of charity, bad debts and contractual adjustments	1,934,263
Other Income	1,107,709
Total Revenue	3,041,972

TOTAL SUPPORT AND REVENUE	8,960,307
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EXPENSES

Program Services

Health care services	3,233,104
Community services	1,135,901
Total Program Services	4,369,005

Supporting Services

Management and general	1,881,123
Total Supporting Services	1,881,123

TOTAL EXPENSES	6,250,128
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Change in Net Assets	2,710,179
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NET ASSETS, BEGINNING OF YEAR	3,140,741
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NET ASSETS, END OF YEAR	\$ 5,850,920
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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, 2012

Cash Flows from Operating Activities	
Change in Net Assets	\$ 2,710,179
Depreciation Expense	266,556
Accounts Receivable, net	(116,350)
Grants Receivable	(17,809)
Prepaid Expenses	(15,445)
Accounts Payable	(186,131)
Salaries Payable	59,629
Payroll taxes payable and accrued	(38,945)
Deferred Revenue	(121,939)
Accrued Annual Leave	(3,157)
Net Cash Provided by Operating Activities	2,536,588
Cash Flows from Investing Activities	
Investments LCPA	100,000
Acquisition of Fixed Assets	(3,101,714)
Net Cash Provided by Investing Activities	(3,001,714)
Cash Flows from Financing Activities	
Principal change in Short and Long-Term Notes Payable	877,577
Proceeds from Line of Credit	-
Net Cash Provided by Financing Activities	877,577
Net Increase (Decrease) in Cash	412,451
Cash, Beginning of Year	176,778
Cash, End of Year	\$ 589,229

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

CAPITOL CITY FAMILY HEALTH CENTER, INC
Schedule of Functional Expenses
For The Year Ended December 31, 2012

EXPENSES	Health Care Services	Community Services	Total Program Services	Management and General	Total Expenses
Personnel	\$ 1,955,289	\$ 693,169	\$ 2,648,458	\$ 831,435	\$ 3,479,893
Fringe Benefits	203,500	53,650	257,150	114,707	371,857
Travel	1,770	25,211	26,981	11,680	38,661
340B Program	319,764	-	319,764	-	319,764
Supplies	207,555	198,081	405,636	25,935	431,571
Equipment Rental	17,445	7,429	24,874	8,686	33,560
Contractual	108,445	7,446	115,891	145,006	260,897
Legal and accounting	-	-	-	69,475	69,475
Dues and subscriptions	624	72	696	5,875	6,571
Donations and contributions	-	-	-	1,351	1,351
Utilities	28,020	8,833	36,853	17,269	54,122
Printing	626	841	1,467	451	1,918
Repairs and maintenance	74,754	29,989	104,743	87,628	192,371
Property Taxes	15,658	5,484	21,142	6,979	28,121
Rent	-	13,000	13,000	30,400	43,400
Insurance	14,505	4,125	18,630	14,721	33,351
Staff Recruitment	-	-	-	11,668	11,668
Advertisement	2,192	1,884	4,076	12,598	16,674
Security	12,116	5,015	17,131	30,165	47,296
Continuing Education	-	-	-	-	-
Communications	11,334	3,007	14,341	12,766	27,107
License, Taxes and Fees	175,574	50,540	226,114	85,531	311,645
Janitorial	5,771	1,807	7,578	3,203	10,781
Space cost	2,901	1,477	4,378	1,572	5,950
Interest	50,945	19,179	70,124	26,376	96,500
Bank and finance charges	562	188	750	8,626	9,376
Disposal services	15,762	3,075	18,837	4,955	23,792
Meals and entertainment	65	-	65	2,108	2,173
Board expenses	-	-	-	7,365	7,365
Bad Debt Expense	-	-	-	17,680	17,680
Other	7,927	2,399	10,326	18,356	28,682
Total expenses before depreciation	3,233,104	1,135,901	4,369,005	1,614,567	5,983,572
Depreciation	-	-	-	266,556	266,556
Total Expenses	<u>\$ 3,233,104</u>	<u>\$ 1,135,901</u>	<u>\$ 4,369,005</u>	<u>\$ 1,881,123</u>	<u>\$ 6,250,128</u>

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

CAPITOL CITY FAMILY HEALTH CENTER, INC.

Notes to Financial Statements

December 31, 2012

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.

CAPITOL CITY FAMILY HEALTH CENTER, INC.

Notes to Financial Statements

December 31, 2012

Continued,

- 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 skill, and would otherwise be purchased by the Center. The Organization has not recognized donated services as there is no means to objectively value such as 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.
- 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 purpose intended by the funding source.

CAPITOL CITY FAMILY HEALTH CENTER, INC.

Notes to Financial Statements

December 31, 2012

Continued,

- 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 presentation 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 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 Financial Statements

December 31, 2012

Continued,

NOTE 4 – CONCENTRATIONS OF CREDIT RISK 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, 2012, the Organization did not have any uninsured balances.

NOTE 5 – PATIENT RECEIVABLES

The amount of net patient care receivables at December 31, 2012 was \$206,700. Management's opinion is the collectability of the accounts receivable from patients will be in the amount as shown in the statement of financial position. Accordingly, no provision for uncollectables is recorded.

NOTE 6 – FIXED ASSETS

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

Land	\$ 498,345
Building	3,517,350
Construction in Progress	3,691,784
Furniture and equipment	1,753,595
Less Accumulated Depreciation	<u>(1,803,710)</u>
Total Fixed Assets	<u>\$ 7,657,364</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 State corporate income taxes in the accompanying financial statements.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to Financial Statements
December 31, 2012

Continued,

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 Organization for at least one year and must be at least eighteen years of age. For the year ended December 31, 2012, the plan was properly funded. Personnel retirement expense recognized was \$21,718 for the year ended December 31, 2012 along with \$2,578 403(b) service fees.

NOTE 9 – ANNUAL LEAVE

The cost of employee's unused annual leave at December 31, 2012 in the amount of \$57,645 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.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to Financial Statements
December 31, 2012

Continued,

Source	Grant Number	Period	Rev Amt
US Dept of HHS (Health Center Cluster)	5H80CS00504-10-00	6/1/2011-5/31/2012	361,590
US Dept of HHS (Health Center Cluster)	6H80CS00504-11-01	6/1/2012-5/31/2013	561,226
US Dept of HHS (Ryan White Title III Early Intervention)	6H76HA00817-09-01	4/1/2011-3/31/2012	148,862
US Dept of HHS (Ryan White Title III Early Intervention)	4H76HA00817-09-03	4/1/2012-6/30/2012	146,245
	2H76HA00817-10-00	7/1/2012-3/31/2013	182,811
Louisiana Department of Health & Hospital Social Service Block Grant	NA	10/1/19/10-10/31/11	1,747,974
Louisiana Public Health Institute	NA	3/1/11-2/28/12	2,500
City of Baton Rouge (Minority AIDS Initiative)	NA	8/1/10-7/31/11	63,315
East Baton Rouge Council on Aging	NA	na	23,316
Ryan White Part D	NA	na	101,332
Ryan White Part A HIV Emergency Relief Grant	NA	3/1/2011-2/28/2013	623,827
US Dept of HHS (Health Resources & Services Administration)	NA	1/1/2011-12/31/2013	478,390
LPCA-FEI	50-NBC-04-01	NA	1,367,623
Louisiana State Department of Health (WIC Grant)	654775	10/1/08-9/30/11	611,030
TOTALS			<u>\$ 6,420,041</u>

NOTE 11 – NOTES PAYABLE

Mortgage notes payable consist of a note payable to Hancock Bank of Louisiana; interest stated at 5.2% fixed. Monthly installments are payable totaling \$9,621 which includes principal and interest. The note matures December 27, 2016; secured by real estate.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to Financial Statements
December 31, 2012

Continued,

Amortization of the notes payable are as follows:

2012	48,196
2013	50,993
2014	53,747
2015	56,651
2016	<u>1,084,470</u>
Totals	<u><u>1,294,057</u></u>

In addition to the permanent mortgage above, the Organization has outstanding lines of credit facilities in connection with the construction financing. The Organization anticipates these lines of credit converting in the future to permanent financing with related amortizations of principal. As of December 31, 2012 the Organization paid interest only monthly payments. The details are as follows:

Total Financing Available	Outstanding Balance	Interest Rate	Maturity Date	Financing Purpose
\$ 1,400,000	\$ 1,245,860	5.20%	12/27/2016	Mortgage Loan
410,000	294,530	4%	12/31/2012	Permanent Line of Credit
869,202	<u>606,244</u>	3.75%	10/11/2018	Permanent Line of Credit
	<u>\$ 2,146,634</u>			

NOTE 12 – LINES OF CREDIT

Capitol City Family Health Center, Inc. has in place a line of credit agreement for the purpose of working capital with Hancock Bank recorded at \$269,577. 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%.

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 management considers to be adequate. The company requires contracting health care providers to maintain malpractice insurance coverage in amounts customary in the industry.

CAPITOL CITY FAMILY HEALTH CENTER, INC.

Notes to Financial Statements

December 31, 2012

Continued,

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. As of December 31, 2012 management was not aware of any pending litigations, claims or assessments.

NOTE 14 – ADVERTISING

Capitol City Family Health Center, Inc. uses advertising to promote its program the communities it serves. The production costs of advertising are expensed as incurred. During the year ended December 31, 2012 advertising cost totaled \$16,674.

NOTE 15 – CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 28% 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 unexpected 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 include 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.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to Financial Statements
December 31, 2012

Continued,

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, 2012, from which summarized information was derived.

NOTE 18 – 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. Deferred revenues were recorded at \$2,826 as of December 31, 2012.

NOTE 19 – INVESTMENTS (FOR-PROFIT ENTITIES)

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 Health 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.

During the year ended December 31, 2012 the Organization sold its interest in the Partnership and recorded a gain of \$500,000. This gain was recorded as gain on sale of investment on the Statement of Activities.

CAPITOL CITY FAMILY HEALTH CENTER, INC.

Notes to Financial Statements

December 31, 2012

Continued,

NOTE 20 – NEW ACCOUNTING PRONOUNCEMENTS

In July 2011, the FASB issued ASU 2011-01, 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 uncollectable 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 uncollectable accounts. The Organization adopted this ASU in calendar year 2012.

NOTE 21 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 25, 2013, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

CAPITOL CITY FAMILY HEALTH CENTER, INC
Schedule of Health Care Services Expenses
For The Year Ended December 31, 2012

<u>EXPENSES</u>	HHS <u>Section 330</u>
Personnel	\$ 1,955,289
Fringe Benefits	203,500
Travel	1,770
340B Program	319,764
Supplies	207,555
Equipment Rental	17,445
Contractual	108,445
Dues and subscriptions	624
Utilities	28,020
Printing	626
Repairs and maintenance	74,754
Property Taxes	15,658
Insurance	14,505
Advertisement	2,192
Security	12,116
Communications	11,334
License, Taxes and Fees	175,574
Janitorial	5,771
Space cost	2,901
Meals and entertainment	65
Interest	50,945
Bank and finance charges	562
Disposal services	15,762
Other	7,927
	<hr/>
Total	3,233,104
	<hr/>
Total Expenses	\$ 3,233,104
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See accompanying notes to financial statements

CAPITOL CITY FAMILY HEALTH CENTER, INC
Schedule of Community Services Expenses
For The Year Ended December 31, 2012

<u>EXPENSES</u>	<u>WIC</u>	<u>Ryan White Part C, HIV Emergency Relief</u>	<u>Ryan White Part A, HIV Emergency Relief</u>	<u>Council on Aging</u>	<u>Other Programs</u>	<u>Total</u>
Personnel	\$ 334,438	\$ 333,232	\$ 25,499			\$ 693,169
Fringe Benefits	26,579	-	27,071			53,650
Travel	-	3,349	20,059	280	1,523	25,211
Supplies	5,416	162,089	29,023	1,553		198,081
Equipment Rental	4,322		3,107			7,429
Contractual	454	6,992				7,446
Dues and subscriptions			72			72
Utilities	3,085		5,748			8,833
Printing	-		187	654		841
Repairs and maintenance	13,690	14,969	1,330			29,989
Rent	13,000					13,000
Property Taxes	2,383		3,101			5,484
Insurance	1,848	138	2,139			4,125
Advertisement	543		1,341			1,884
Security	1,882		3,133			5,015
Communications	480	-	2,527			3,007
License, Taxes and Fees	26,419	7,289	16,832			50,540
Janitorial	618		1,189			1,807
Space cost	741		736			1,477
Interest	8,373		10,806			19,179
Bank and finance charges	89		99			188
Disposal services	149	2,926				3,075
Other	1,440	34	925			2,399
Total	<u>445,949</u>	<u>531,018</u>	<u>154,924</u>	<u>2,487</u>	<u>1,523</u>	<u>1,135,901</u>
Total Expenses	<u>\$ 445,949</u>	<u>\$ 531,018</u>	<u>\$ 154,924</u>	<u>\$ 2,487</u>	<u>\$ 1,523</u>	<u>\$1,135,901</u>

See accompanying notes to financial statements

CAPITOL CITY FAMILY HEALTH CENTER, INC
Schedule of Management and General Expenses
For The Year Ended December 31, 2012

<u>EXPENSES</u>	HHS <u>Section 330</u>
Personnel	\$ 831,435
Fringe Benefits	114,707
Travel	11,680
Supplies	25,935
Equipment Rental	8,686
Contractual	145,006
Legal and accounting	69,475
Dues and subscriptions	5,875
Donations and contributions	1,351
Utilities	17,269
Printing	451
Repairs and maintenance	87,628
Rent	30,400
Property Taxes	6,979
Insurance	14,721
Staff Recruitment	11,668
Advertisement	12,598
Security	30,165
Communications	12,766
License, Taxes and Fees	85,531
Janitorial	3,203
Space cost	1,572
Interest	26,376
Bank and finance charges	8,626
Disposal services	4,955
Meals and entertainment	2,108
Board expenses	7,365
Bad Debt Expense	17,680
Other	18,356
	<hr/>
Total	1,614,567
	<hr/>
Total Expenses	\$ 1,614,567
	<hr/> <hr/>

See accompanying notes to financial statements

CAPITOL CITY FAMILY HEALTH CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2012

Federal Grant/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grant Number	Federal Expenditure
U.S.Department of Health and Human Services			
Health Resource & Service Administration			
Bureau of Primary Health Care		NA	\$ 319,763
Direct Grants:			
Health Center Cluster	93.224	5H80CS00504-10-00	\$ 361,590
Health Center Cluster	93.224	6H80CS00504-11-01	556,991
			<u>918,581</u>
Ryan White Title III Early Intervention	93.918	6H76HA00817-09-01	\$ 157,909
Ryan White Title III Early Intervention	93.918	4H76HA00817-09-03	162,705
Ryan White Title III Early Intervention	93.918	2H76HA00817-10-00	210,404
			<u>531,018</u>
<u>Pass Through Louisiana Department of Health and Hospital</u>			
<u>Pass Through City of Baton Rouge, LA</u>			
Ryan White Part A HIV Emergency Relief	93.914		\$ 46,590.00
Total U.S. Department of Health and Human Services			<u>1,815,952</u>
U.S. Department of Agriculture Pass Through Louisiana State Department of Health and Hospitals Special Supplement Food Program for Woman, Infants and Children			
	10.577		<u>445,950</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 2,261,902</u></u>

See accompanying notes to schedule of expenditures of federal awards

CAPITOL CITY FAMILY HEALTH CENTER, INC.

NOTES TO SCHEDULE OF FEDERAL AWARDS

DECEMBER 31, 2012

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 the Capitol City Family Health Center, Inc., for the year ended December 31, 2012, which have been financed by the U.S Government (federal awards). For the purpose of the schedule, federal awards include all federal assistance and pronouncement 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.



LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S 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.

We have audited, in accordance with the 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, the financial statements of Capitol City Family Health Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Capitol City Family Health Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Continued,

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the use of the audit committee, management of the Plan and others in a position of governance and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Luther Speight & Company CPAs

New Orleans, Louisiana

June 25, 2013



LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

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 the Organization's major federal programs for the year ended December 31, 2012. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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; and 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 the Organization'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, Capitol City Family Health Center, Inc. complied, in all material respects, with the types of compliance 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, 2012.

Continued,

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of ABC Organization'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Continued,

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the use of the audit committee, management of the Plan and others in a position of governance and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script, appearing to read "Luther Speight & Co".

Luther Speight & Company CPAs

New Orleans, Louisiana

June 25, 2013

CAPITOL CITY FAMILY HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2012

There were no findings identified as a result of our examination.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
STATUS OF PRIOR YEAR FINDINGS
DECEMBER 31, 2012

<u>FINDING NO.</u>	<u>FINDING DESCRIPTION</u>	<u>RESOLVED</u>	<u>UNRESOLVED</u>
2011 - 01	Timely Submission of Audit Report	X	
2011- 02	Grant Reporting		X

CAPITOL CITY FAMILY HEALTH CENTER, INC.

DECEMBER 31, 2012

Section I – Summary of Auditor’s Results

Financial Statements:

An unqualified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weakness(es) identified? ___yes X no

Significant deficiency(s) identified
not considered to be material weaknesses? ___ yes X no

Noncompliance material to financial statements noted? ___yes X no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? ___yes X no

Significant deficiency(s) identified
not considered to be material weaknesses? ___yes X no

Any audit findings disclosed that are required to be
Reported in accordance with Circular
A-133, Section 510(a)?

___yes X no