



LUTHER SPEIGHT & COMPANY
Certified Public Accountants and Consultants

CAPITOL CITY FAMILY HEALTH CENTER, INC.
FINANCIAL STATEMENTS
AND ACCOMPANYING INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2014

CAPITOL CITY FAMILY HEALTH CENTER, INC.
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LUTHER SPEIGHT & COMPANY
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Capitol City Family Health Center, Inc. (a nonprofit organization), which comprise the statement of net position as of December 31, 2014, 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, 2014, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer* 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 20, 2015, 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.



Luther Speight & Company CPAs
New Orleans, Louisiana
June 20, 2015

CAPITOL CITY FAMILY HEALTH CENTER, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

The Capitol City Family Health Center, Inc. is a non-profit corporation in the State of Louisiana. Capitol City Family Health Center, Inc.'s management's discussion and analysis is presented to offer readers of the accompanying financial statements a narrative overview and analysis of the financial activities of the Center for the year ended December 31, 2014. This management's discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant components and changes in the Center's financial position. Readers are encouraged to consider the information presented here in conjunction with the financial statements as a whole.

Overview of the Financial Statements

Basic financial statements - The basic financial statements are designed to provide readers with a broad overview of the Center's finances in a manner similar to a private-sector business.

The statement of financial position presents information on all of the Center's assets and liabilities, with differences between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Center is improving or declining. Net position increase when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities result in increased net position, which indicate an improved financial position.

The statement of activities present how all grant support, revenue, and expenses will change the Center's net position during the fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus revenues and expenses are reported in this statement for items that will only result in cash flows in future periods (e.g., earned but unused vacation leave).

Notes to financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

Continued,

Financial Analysis of the Center as a whole:

Summary Statement of Net Position			
	2014	2013	Change
ASSETS			
Current Assets	\$ 767,093	\$ 474,160	\$ 292,933
Fixed Assets	7,803,122	8,102,253	<u>(299,131)</u>
Total Assets	8,570,215	8,576,413	<u>(6,198)</u>
LIABILITIES			
Current Liabilities	1,192,011	803,483	388,528
Long-Term Liabilities	2,204,589	2,396,455	<u>(191,866)</u>
Total liabilities	3,396,600	3,199,938	<u>196,662</u>
NET POSITION			
Total net position	\$ 5,173,615	\$ 5,376,475	(\$ 202,860)

The Center's total net position reflected a balance of \$5.1 million for the year ended December 31, 2014, which represented a decrease of \$202,860 or 4% as compared to the prior year. The decrease resulted from a decrease in total assets of \$6,198 and an increase in liabilities of \$196,662 resulted in a decrease in net position of \$202,860.

Summary Statement of Activities			
	2014	2013	Change
Grants and Contracts	\$ 5,089,078	\$ 3,560,322	\$ 1,528,756
Operating Program Revenues	<u>2,431,741</u>	<u>3,226,743</u>	<u>(795,002)</u>
Total Support and Revenues	7,520,819	6,787,065	733,754
Program Services	5,936,476	5,579,388	357,088
Supporting Services	<u>1,787,203</u>	<u>1,682,122</u>	<u>(105,081)</u>
Total Expenses	7,723,679	7,261,510	(462,169)
Change in:			
Unrestricted Net Position	<u>\$ (202,860)</u>	<u>\$ (474,445)</u>	

CAPITOL CITY FAMILY HEALTH CENTER, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

Continued,

The Center's revenues were comprised of grant and contract revenue totaling \$5 million and operating revenues totaling \$2.4 million. The grant and contract revenue reflected a significant increase as compared to prior year totaling \$1.5 million while the operating revenues reflected a decrease of \$795,000. These changes resulted in an overall increase of \$733,000 in total revenue.

Both program expenses and supporting services expenses reflected increases from the prior year of \$357,000 and \$105,000 respectively totaling an increase in total expenses of \$462,000. The Center's change in net position reflected a decrease of \$202,860 for the 2014 year. This decrease is compared to the prior year decrease in net position of \$474,445. The decrease in net position for the two consecutive years have totaled \$677,305.

Request for Information

This financial report is designed to provide a general overview of the Center's finances for all those with an interest in its finances. Questions concerning any of the information provide in this report or requests for additional information should be addressed to the Center's chairman of the Board at 3140 Florida Blvd., Baton Rouge, LA 70806.

CAPITOL CITY FAMILY HEALTH CENTER, INC
Statement of Net Position
For the Year Ended December 31, 2014

ASSETS

Current Assets

Cash and Cash Equivalents	\$105,972
Patient Receivables, net	222,440
Grants and Contracts Receivable	406,073
Deposits	18,248
Prepaid expenses	14,360
Total Current Assets	767,093

Fixed Assets

Land	458,692
Building	7,783,621
Furniture and equipment	1,981,792
Less Accumulated Depreciation	(2,420,983)
Net Fixed Assets	7,803,122

TOTAL ASSETS \$8,570,215

LIABILITIES & NET POSITION

Current Liabilities

Accounts Payable	\$342,198
Accrued Expenses	178,461
Payroll taxes payable and accrued	22,935
Accrued Annual Leave	55,694
Line of credit payable	293,783
Notes Payable Current (See Note)	126,408
Total Current Liabilities	1,019,479

Long-Term Liabilities

Notes Payables (See Note)	2,330,997
ST Portion of Long Term Debt	(126,408)
Total Long-Term Liabilities	2,204,589
TOTAL LIABILITIES	3,224,068

Deferred Inflows 172,532

Net Position

Investments in Fixed Assets	5,598,533
Unrestricted Net Position	(424,918)
Total Net Position	5,173,615

TOTAL LIABILITIES AND NET POSITION \$8,570,215

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, 2014

SUPPORT AND REVENUES

Support:

Grants and Contracts	\$ 5,089,078
Total Support	5,089,078

Revenue:

Health Care Services	
(Net of Charity and Contractual Adjustments)	2,371,030
Provision for Bad Debts	(77,924)
Net Patient Service Revenue, Less Provision for Bad Debt	2,293,106
Other Income	138,635
Total Revenue	2,431,741

TOTAL SUPPORT AND REVENUE	7,520,819
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EXPENSES

Program Services

Health care services	5,457,707
Community services	478,769
Total Program Services	5,936,476

Supporting Services

Management and general	1,787,203
Total Supporting Services	1,787,203

TOTAL EXPENSES	7,723,679
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Change in Net Position	(202,860)
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NET POSITION, BEGINNING OF YEAR	5,376,475
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NET POSITION, END OF YEAR	\$ 5,173,615
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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, 2014

Cash Flows from Operating Activities	
Change in Net Position	\$ (202,860)
Depreciation Expense	357,675
Accounts Receivable, net	(66,302)
Grants Receivable	(186,102)
Deposits & Prepaid Expenses	(871)
Accounts Payable	51,423
Accrued Expenses	178,461
Payroll taxes payable	2,856
Deferred Inflow	65,668
Accrued Annual Leave	(6,675)
Net Cash Provided by Operating Activities	<u>193,273</u>
Cash Flows from Investing Activities	
Acquisition of Fixed Assets	<u>(58,544)</u>
Net Cash Provided by Investing Activities	(58,544)
Cash Flows from Financing Activities	
Principal change in Short and Long-Term Notes Payable	(120,071)
Proceeds from Line of Credit	<u>25,000</u>
Net Cash Provided by Financing Activities	<u>(95,071)</u>
Net Increase (Decrease) in Cash	39,658
Cash, Beginning of Year	<u>66,314</u>
Cash, End of Year	<u>\$ 105,972</u>

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, 2014**

<u>Expenses</u>	Health Care Services	Community Services	Total Program Services	Management and General	Total Expenses
Personnel	\$ 2,744,616	\$ 354,914	\$ 3,099,530	\$ 1,014,397	\$ 4,113,927
fringe Benefits	376,815	42,575	419,390	161,094	580,484
Rent	69,875	12,000	81,875	17,668	99,543
Communication	53,467	11,207	64,674	31,951	96,625
Utilities	74,619	2,767	77,386	17,446	94,832
Security	40,820	64	40,884	8,066	48,950
Taxes . Property					
Insurance	35,276	3,188	38,464	14,481	52,945
Laboratory	217,794		217,794	824	218,618
Interest Expense	97,829	13,075	110,904	39,957	150,861
Advertising	2,581	102	2,683	6,412	9,095
Bad Debt					
Bank charges	8,051	832	8,883	3,069	11,952
Board Meetings	352	31	383	2,160	2,543
Continuing Education				6,008	6,008
Dues & subscriptions	1,376	70	1,446	2,714	4,160
Donation					
License, Tax and fees	47,852	787	48,639	13,203	61,842
Other	78,288	1,785	80,073	18,955	99,028
Postage					
Printing					
Accounting & Legal	24,291	2,327	26,618	7,645	34,263
Patient education					
Contractual	124,664	1,396	126,060	180,112	306,172
Meals and Entertainment					
Rent/Equipment	194,499	15,913	210,412	96,486	306,898
Repairs	108	15	123	5,363	5,486
Staff recruitment				(456)	(456)
Supplies	717,526	(308)	717,218	18,051	735,269
Travel	21,819		21,819	9,765	31,584
Waste service	36,545	491	37,036	7,018	44,054
340B Program	247,193	_____	247,193	4,128	251,321
Total Expenses before depreciation	5,216,256	463,231	5,679,487	1,686,517	7,366,004
Depreciation	241,451	15,538	256,989	100,686	357,675
Total Expenses	<u>\$ 5,457,707</u>	<u>\$ 478,769</u>	<u>\$ 5,936,476</u>	<u>\$ 1,787,203</u>	<u>\$ 7,723,679</u>

The accompanying notes are an integral part of these financial statements

CAPITOL CITY FAMILY HEALTH CENTER, INC.

Notes to Financial Statements

December 31, 2014

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 – CCFHC is required to report information regarding its financial position and activities according to three classes of net position: unrestricted net position, temporarily restricted net position, and permanently restricted net position. There are no temporarily restricted or permanently restricted net position.
- 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, CCFHC reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. CCFHC reclassifies temporarily restricted net position assets to unrestricted net position assets at that time. There is no donated property or equipment.

CAPITOL CITY FAMILY HEALTH CENTER, INC.

Notes to Financial Statements

December 31, 2014

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. CCFHC 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 CCFHC 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, 2014

Continued,

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

CCFHC 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, 2014 the Organization did not have any uninsured balances.

NOTE 5 – PATIENT RECEIVABLE

The amount of total patient care receivables at December 31, 2014 was \$492,044. Management determined that the collectability of the patient receivables totaling \$269,604 was doubtful. Accordingly management recorded an allowance for doubtful accounts for that amount. Net Patient Receivable net amount as of 2014 year end was \$222,440.

NOTE 6 – FIXED ASSETS

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

Land	\$	458,692
Building		7,783,621
Furniture and equipment		1,981,792
Less Accumulated Depreciation		<u>(2,420,983)</u>
Total Fixed Assets	\$	7,803,122

NOTE 7-CORPORATE INCOME TAXES

CCFHC 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, 2014

Continued,

NOTE 8 – RETIREMENT PLAN

CCHFC 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, 2014, the plan was properly funded. Personnel retirement expense recognized was \$29,941 for the year ended December 31, 2014 along with \$2,499 403(b) service fees.

NOTE 9 – ANNUAL LEAVE

The cost of employee's unused annual leave at December 31, 2014 in the amount of \$55,694 is included in the financial statements.

NOTE 10 – 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. Amortization of the notes payable are as follows:

2015	56,651
2016	1,084,470
Totals	<u>1,141,121</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, 2014 the Organization paid interest only monthly payments. The details are as follows:

<u>Total Financing Available</u>	<u>Outstanding Balance</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Financing Purpose</u>
\$ 1,400,000	\$ 1,141,121	5.20%	12/27/2016	Mortgage Loan
410,000	384,770	4.25%	12/31/2014	Permanent Line of Credit
869,202	<u>805,080</u>	4.85%	10/11/2018	Permanent Line of Credit
	<u>\$ 2,330,971</u>			

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to Financial Statements
December 31, 2014

Continued,

NOTE 11 - 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 \$293,783. 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 12 – INSURANCE COVERAGE

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.

NOTE 13 – 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, 2014 advertising cost totaled \$9,095.

NOTE 14 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

CCFHC received 67% of its total revenues from grants provided by federal, state and local governments. Twenty-eight (28) percent of this grant total was received as direct grants from the U. S. Department of Health and Human Services.

NOTE 15 - GRANT BALANCES AND GRANT CONDITIONS

CCFHC 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.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Notes to Financial Statements
December 31, 2014

Continued,

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.

NOTE 16 – DEFERRED INFLOWS

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 inflows were recorded at \$172,532 as of December 31, 2014.

NOTE 17 – 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 changed CCFHC'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. CCFHC adopted this ASU for the 2014 year.

NOTE 18- SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 30, 2015 and advised us that no reportable matters existed. This audit report was available to be issued on June 30, 2015. Subsequent events after that date have not been evaluated.

CAPTIOL CITY FAMILY HEALTH CENTER, INC.
Schedule of Health Care Services Expenses
Forthe Year Ended December 31, 2014

<u>Expenses</u>	<u>HHS Section 330</u>	<u>Ryan White</u>	<u>Total Health Care Services</u>
Personnel	\$ 2,267,611	\$ 477,005	\$ 2,744,616
Fringe Benefits	351,031	25,784	376,815
Rent	69,875		69,875
Communication	51,001	2,466	53,467
Utilities	69,250	5,369	74,619
Security	37,182	3,638	40,820
Taxes - Property			
Insurance	33,586	1,690	35,276
Laboratory	91,817	125,977	217,794
Interest Expense	90,541	7,288	97,829
Advertising	2,467	114	2,581
Bad Debt			
Bank charges	7,476	575	8,051
Board meetings	337	15	352
Continuing Education			
Dues & subscriptions	1,341	35	1,376
Donation			
License, Tax and Fees	44,576	3,276	47,852
Other	74,111	4,177	78,288
Postage			
Printing			
Accounting & Legal	22,402	1,889	24,291
Patient education			
Patient Transportation			
Contractual	123,497	1,167	124,664
Meals and Entertainment			
Rent-equipment	171,639	22,860	194,499
Repairs	100	8	108
Staff recruitment			
Supplies	155,837	561,689	717,526
Travel	7,906	13,913	21,819
Waste service	34,431	2,114	36,545
340B Program		247,193	247,193
Total Expenses before depreciation	3,708,014	1,508,242	5,216,256
Depreciation	233,682	7,769	241,451
Total Expenses	\$ 3,941,696	\$ 1,516,011	\$ 5,457,707

See accompanying notes to the financial statements.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Schedule of Community Services Expenses
For the Year Ended December 31, 2014

<u>Expenses</u>	<u>Total Community Services</u>
Personnel	\$ 354,914
Fringe Benefits	42,575
Rent	12,000
Communication	11,207
Utilities	2,767
Security	64
Taxes - Property	
Insurance	3,188
Laboratory	
Interest Expense	13,075
Advertising	102
Bank charges	832
Board meetings	31
Continuing Education	
Dues & subscriptions	70
Donation	
License, Tax and Fees	787
Other	1,785
Postage	
Printing	
Accounting & Legal	2,327
Patient education	
Contractual	1,396
Meals and Entertainment	
Rent-equipment	15,913
Repairs	15
Supplies	(308)
Waste service	491
	<hr/>
Total Expenses before depreciation	463,231
Depreciation	15,538
	<hr/>
Total Expenses	\$ 478,769
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See accompanying notes to the financial statements

CAPITOL CITY FAMILY HEALTH CENTER, INC.
Schedule of Management and General Expenses
For the Year Ended December 31, 2014

<u>Expenses</u>	Total Management and General
Personnel	\$ 1,014,397
Fringe Benefits	161,094
Rent	17,668
Communication	31,951
Utilities	17,446
Security	8,066
Taxes - Property	
Insurance	14,481
Laboratory	824
Interest Expense	39,957
Advertising	6,412
Bank charges	3,069
Board meetings	2,160
Continuing Education	6,008
Dues & subscriptions	2,714
Donation	
License, Tax and Fees	13,203
Other	18,955
Printing	
Accounting & Legal	7,645
Contractual	180,112
Meals and Entertainment	
Rent-equipment	96,486
Repairs	5,363
Staff recruitment	(456)
Supplies	18,051
Travel	9,765
Waste service	7,018
340B Program	4,128
	1,686,517
Total Expenses before depreciation	1,686,517
Depreciation	100,686
	\$ 1,787,203
Total Expenses	\$ 1,787,203

See accompanying notes to the financial statements

CAPITOL CITY FAMILY HEALTH CENTER, INC
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2014

Federal Grant/ Pass-Through Granter Program Title	Federal CFDA Number	Pass-Through Grant Number	Federal Expenditure
U.S. Department of Health and Human Services			
Direct Grants:			
Health Center Cluster	93.224	2H80CS00504-11-00	\$ 3,580,428
			3,580,428
Ryan White Title III Early Intervention	93.918	5H76HA00817-11-00	
Ryan White Title III Early Intervention	93.918	6H76HA00817-12-01	1,058,486
			1,058,486
<u>Pass Through Louisiana</u>			
<u>Department of Health and Hospitals</u>			
<u>Pass Through City of Baton Rouge, LA</u>			
Ryan White Part A HIV Emergency Relief	93.914	NA	641,505
Total U.S. Department of Health and Human Services			5,280,419
TOTAL FEDERAL AWARDS			\$ 5,280,419

See accompanying notes to schedule of expenditures of federal awards

CAPITOL CITY FAMILY HEALTH CENTER, INC.

Notes to Schedule of
Expenditures of Federal
Awards December 31, 2014

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, 2014, 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 the net position of Capitol City Family Health Center, Inc.



LUTHER SPEIGHT & COMPANY
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
Central 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. (CCFHC) which comprise the statement of net position, and the related statements of activities, functional expenses, and cash flows as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the CCFHC's basic financial statements and have issued our report thereon dated June 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CCFHC'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CCFHC's internal control. Accordingly, we do not express an opinion on the effectiveness of CCFHC's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. These findings are listed as 2014-02 to 2014-04.

Continued,

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. This finding is listed as 2014-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CCFHC'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*.

Management's Response to Findings

CCFHC's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. CCFHC 's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in blue ink on the left, followed by a large, bold, blue number '4' on the right.

Luther Speight & Company CPAs

June 20, 2015



LUTHER SPEIGHT & COMPANY
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
Capitol City Family Health Center, Inc.

Report on Compliance for Each Major Federal Program

We have audited the Capitol City Family Health Center, Inc.'s (CCFHC) 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, 2014. CCFHC'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 CCFHC'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 CCFHC's compliance.

Opinion on Each Major Federal Program

In our opinion, CCFHC, 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, 2014.

Other Matter

The results of our auditing procedures did not disclose instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

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 the 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.

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.


Luther Beight & Co. LLP;

June 20, 2015

Capitol City Family Health Center
December 31, 2014

Section I - Summary of Auditor's Results

Financial Statements:

Internal Control Over Financial Reporting:

Material weakness(es) identified? X Yes No

Significant deficiency(ies) identified
not considered to be material weaknesses? X Yes No

Noncompliance material to financial statements noted? Yes X No

Federal Awards:

Internal controls over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) 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

Was a management letter issued? Yes X No

The major programs for the year ended December 31, 2014 were as follows:

1. Health Center Cluster - CFDA 93.224
2. Ryan White Title III Early Intervention – CFDA 93.918
3. Ryan White Part A HIV Emergency Relief – CFDA 93.914

Dollar threshold used to distinguish between Type A and B programs - \$300,000

Is the auditee a "low –risk" auditee as defined by OMB Circular A-133? X Yes X No

CAPITOL CITY FAMILY HEALTH CENTER
Schedule of Findings and Questioned Costs
December 31, 2014

FINDING NO. 2014-01: BANK RECONCILIATION INCLUDED STALE DATED CHECKS

CONDITION:

The bank reconciliations prepared by CCFHC included four (4) stale dated checks that were outstanding over six (6) months, totaling \$4,142. Subsequent research performed by CCFHC determined that payments related to these checks had been previously made via ACH debit.

CRITERIA:

Financial accounting best practices require that stale dated outstanding checks be voided.

CAUSE:

CCFHC did not follow-up on the disposition of outstanding checks on the bank reconciliations on a timely basis.

EFFECT:

Reconciled cash balances for CCFHC were understated.

RECOMMENDATION:

We recommend that CCFHC implement procedures that require timely resolution to outstanding checks and other bank reconciliation items.

MANAGEMENT RESPONSE:

Capitol City Family Health Center, Inc. will implement policy and procedures to timely void state checks from the bank reconciliation of all outstanding checks and/or other reconciliation items over 180 days.

CAPITOL CITY FAMILY HEALTH CENTER
Schedule of Findings and Questioned Costs
December 31, 2014

FINDING NO. 2014-02: PATIENT RECEIVABLE POLICY NOT ADEQUATE

CONDITION:

CCFHC's accounting policy requires that patient receivable balances aged beyond 365 days should be written-off. However, the aging report does not age patient receivables beyond 151 days. Our examination reflected that management recorded an allowance for doubtful accounts totaling \$269,604. As a result of the limitations on the Organization's aging reports management was unable to effectively analyze patient receivables and implement the stated policy.

CRITERIA:

The agency reports are not sufficient to support the existing patient receivable aging policy.

CAUSE:

Accounts Receivable reports combine patient account balances 151 days and older and reports them as one amount. The report does not present the receivable balances in enough to determine when balances age through 365 days.

EFFECT:

CCFHC's management of patient receivable balances is not adequate.

RECOMMENDATION:

We recommend that CCFHC expand the reporting capability of its receivable aging reports to identify and address balances that have aged beyond 150 days.

MANAGEMENT RESPONSE:

Capitol City Family Health Center is working with Greenway to expand the reporting capability of the aging receivable report from the EMR to beyond 151+ days.

CAPITOL CITY FAMILY HEALTH CENTER
Schedule of Findings and Questioned Costs
December 31, 2014

FINDING NO: 2014-03: GRANTS RECEIVABLE AGING NOT RECONCILED

CONDITION:

CCFHC's accounting system sub-ledgers were not reconciled to their general ledger and financial statements. The sub-ledger reports reflected a balance that exceeded the general ledger and financial statements by \$507,520.

CRITERIA:

Governmental accounting standards require that grantee financial accounting records be maintained on an accurate and reconciled basis.

CAUSE:

Payments were not posted in the billing system correctly to allow for proper grant receivable balance reporting.

EFFECT:

CCFHC's general ledgers were not properly supported by sub-ledger reports for grant receivables.

RECOMMENDATION:

We recommend that CCFHC implement a comprehensive procedure for posting payments to their sub-ledgers and reconcile the balances to their general ledgers monthly.

MANAGEMENT RESPONSE:

Capitol City Family Health Center, Inc. grants receivable accounts will be reconciled in accordance to the policy already in place which requires posting payments to the sub-ledgers and reconcile the balances to the general ledger monthly.

CAPITOL CITY FAMILY HEALTH CENTER
Schedule of Findings and Questioned Costs
December 31, 2014

FINDING NO: 2014-04: PROGRAM INCOME NOT MONITORED

CONDITION:

Through a contract agreement with AVITA Drugs Pharmacy Solutions, CCFHC receives regular program income payments related to prescription drugs dispensed by AVITA on behalf of CCFHC patients. Our review of the agreement and operations indicated that CCFHC did not adequately monitor the program to include verification of the accuracy and completeness of remittances received from AVITA.

CRITERIA:

Governmental accounting standards require revenue sources to be monitored and reconciled on a regular basis.

CAUSE:

CCFHC did not have an established policy related to monitoring the AVITA agreement activity.

EFFECT:

Management did not have adequate procedures in effect to assure the accuracy and completeness of the program income remittances from the AVITA agreement.

RECOMMENDATION:

We recommend that CCFHC develop and implement a monitoring policy for the program income agreement activity.

MANAGEMENT RESPONSE:

Capitol City Family Health Center, Inc. will develop policy and procedures for the 340B program income agreement activity to be monitored and reconciled on a monthly basis.

CAPITOL CITY FAMILY HEALTH CENTER
Status of Prior Year Findings and Questioned Costs
December 31, 2014

There were no prior year findings or questioned costs.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
 PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
 DECEMBER 31, 2014

Agency Head Name: Rhonda Litt

Purpose	Amount
Salary	39,171.26
Benefits-insurance	
Benefits-retirement	853.85
Benefits-Section 125	750.37
Car allowance	
Vehicle provided by government	.00
Per diem	
Reimbursements	
Travel	1,000.00
Registration fees	
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses	
Special meals	

NOTE: Rhonda Litt contract was not renewed by the Board. Accordingly, her compensation represents her pay through February 2014, plus three (3) months of severance pay per her contract.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
 PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
 DECEMBER 31, 2014

Agency Head Name: Christina Claiborne

Purpose	Amonnt
Salary	30,838.12
Benefits-insurance	
Benefits-retirement	1,850.00
Benefits-Section 125	3,874.69
Car allowance	
Vehicle provided by government	.00
Per diem	
Reimbursements	838.67
Travel	156.70
Registration fees	
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses	
Soocial meals	

NOTE: Christina Claiborne served as the Interim CEO for a five (5) month period. She continues to work for the agency as the CAO. The compensation amounts noted above relate to the five (5) months only.

CAPITOL CITY FAMILY HEALTH CENTER, INC.
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
 PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
 DECEMBER 31, 2014

Agency Head Name: Yakima Black

Purpose	Amount
Salary	47,871.98
Benefits-insurance	
Benefits-retirement	
Benefits-Section 125	2,255.92
Car allowance	
Vehicle provided by government	.00
Per diem	
Reimbursements	5,000.00
Travel	2,500.00
Registration fees	
Conference travel	
Continuing professional education fees	
Housing	
Unvouchered expenses*	
Special meals	

NOTE: Yakima Black served as the CEO from the latter part of July 2014 through the end of the audit period. The compensation listed represents that partial period.