

**AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION
CARESOUTH CAROLINA, INC.**

May 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CareSouth Carolina, Inc.

I have audited the accompanying statement of financial position of CareSouth Carolina, Inc. (a non-profit organization) as of May 31, 2012 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CareSouth Carolina, Inc. as of May 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated February 15, 2013 on my consideration of CareSouth Carolina, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

David N. Wirth CPA, PA

Columbia, South Carolina
February 15, 2013

STATEMENT OF FINANCIAL POSITION

CARESOUTH CAROLINA, INC.

May 31, 2012

ASSETS

CURRENT ASSETS

Cash	\$	226,516
Accounts receivable--patients, less allowances of \$1,215,000		1,770,925
Grant, contract, and other receivables		373,782
Due from Lieutenant Governor's Office--Note C		147,920
Cash value of life insurance		109,155
Settlements due from Medicare and Medicaid--Note K		443,598
Inventory of pharmaceuticals		315,272
Prepaid expenses		15,910
Current maturity of loan costs		<u>925</u>

TOTAL CURRENT ASSETS 3,404,003

PROPERTY AND EQUIPMENT--Note E

Land	\$	534,157
Building and building improvements		7,074,523
Furniture and equipment		4,654,312
Allowance for depreciation (deduction)		<u>(4,872,178)</u> 7,390,814

OTHER ASSETS

Deposits	\$	10,148
Loan costs, less current maturity		4,627
Cash value of life insurance		<u>15,951</u> <u>30,726</u>

\$ 10,825,543

COMMITMENTS--Note J

CONTINGENCIES--Note K

RELATED PARTY TRANSACTIONS--Note L

See notes to financial statements and auditor's report.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable		\$ 1,528,783
Accrued interest		45,403
Employee compensation--Note B		874,559
Withheld and accrued payroll taxes--Note D		600,000
Due to Local Service Providers--Note C		282,663
Current maturity of long-term debt--Note E		<u>553,853</u>

TOTAL CURRENT LIABILITIES 3,885,261

LONG TERM LIABILITIES

Long term debt, less current maturity	\$ 6,481,996	
Due to Internal Revenue Service--Note D	<u>715,649</u>	<u>7,197,645</u>

TOTAL LIABILITIES 11,082,906

NET ASSETS--Note G

Unrestricted		
Operations	\$(1,543,550)	
Property and equipment	852,437	
Temporarily restricted	<u>433,750</u>	<u>(257,363)</u>
		<u>\$ 10,825,543</u>

STATEMENT OF ACTIVITIES

CARESOUTH CAROLINA, INC.

Year Ended May 31, 2012

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Public Support			
Federal grant-Community Health Center	\$ 5,127,091	\$ 35,000	\$ 5,162,091
Federal grant-Ryan White	48,750	243,750	292,500
Federal and State grants-AAA programs	2,266,748	-	2,266,748
Other Federal and State grants	50,000	95,000	145,000
Patient revenue-net--Note I	11,320,128	-	11,320,128
Pharmacy income	3,233,575	-	3,233,575
Other income--Note F	403,303	-	403,303
Net assets released from restrictions			
Satisfaction of program			
requirements--Note G	<u>733,837</u>	<u>(733,837)</u>	<u>-</u>
TOTAL REVENUES AND OTHER SUPPORT	23,183,432	(360,087)	22,823,345
Expenses and Losses			
Program services			
Community Health Center	14,964,126	-	14,964,126
Area Agency on Aging	2,057,261	-	2,057,261
Ryan White	363,218	-	363,218
Supporting Services			
Administration	4,128,240	-	4,128,240
Physical plant	<u>2,362,924</u>	<u>-</u>	<u>2,362,924</u>
TOTAL EXPENSES	<u>23,875,769</u>	<u>-</u>	<u>23,875,769</u>
CHANGE IN NET ASSETS	(692,337)	(360,087)	(1,052,424)
Net assets at beginning of year	<u>1,224</u>	<u>793,837</u>	<u>795,061</u>
NET ASSETS AT END OF YEAR	<u>\$ (691,113)</u>	<u>\$ 433,750</u>	<u>\$ (257,363)</u>

See notes to financial statements and auditor's report.

STATEMENT OF FUNCTIONAL EXPENSES

CARESOUTH CAROLINA, INC.

Year Ended May 31, 2012

	Program Services		
	Community Health Center	Ryan White	Area Agency on Aging
Personnel	\$ 9,662,211	\$ 179,172	\$ 170,252
Fringe benefits	2,300,318	42,323	49,325
Depreciation and amortization	70,852	-	-
Travel	38,336	18,648	9,681
Supplies	2,397,927	28,997	-
Contractual services--Note F	2,283	-	1,826,567
Patient care services	272,453	91,487	-
Training	96,397	2,247	1,436
Insurance	3,417	-	-
Telephone	-	-	-
Postage	-	-	-
Utilities	-	-	-
Interest	7,745	-	-
Meetings and public relations	451	-	-
Rental	27,174	344	-
Dues, memberships & subscriptions	2,164	-	-
Repairs and maintenance	30,003	-	-
Printing and advertising	34,259	-	-
Taxes and licenses	18,136	-	-
Recruitment and retention	-	-	-
Bad debts	-	-	-
	<u>\$ 14,964,126</u>	<u>\$ 363,218</u>	<u>\$ 2,057,261</u>

See notes to financial statements and auditor's report.

Supporting Services

Total	Admin- istration	Physical Plant	Total	Total Expenses
\$ 10,011,635	\$ 1,858,105	\$ 344,444	\$ 2,202,549	\$ 12,214,184
2,391,966	464,997	92,548	557,545	2,949,511
70,852	202,038	188,928	390,966	461,818
66,665	27,941	-	27,941	94,606
2,426,924	121,770	85,753	207,523	2,634,447
1,828,850	244,423	375,586	620,009	2,448,859
363,940	-	-	-	363,940
100,080	104,504	4,684	109,188	209,268
3,417	4,704	-	4,704	8,121
-	-	444,107	444,107	444,107
-	-	27,649	27,649	27,649
-	-	174,847	174,847	174,847
7,745	415,683	234,659	650,342	658,087
451	20,557	-	20,557	21,008
27,518	-	357,083	357,083	384,601
2,164	43,840	-	43,840	46,004
30,003	-	25,088	25,088	55,091
34,259	75,782	-	75,782	110,041
18,136	1,570	7,548	9,118	27,254
-	441	-	441	441
-	541,885	-	541,885	541,885
<u>\$ 17,384,605</u>	<u>\$ 4,128,240</u>	<u>\$ 2,362,924</u>	<u>\$ 6,491,164</u>	<u>\$ 23,875,769</u>

STATEMENT OF CASH FLOWS

CARESOUTH CAROLINA, INC.

Year Ended May 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets		\$(1,052,424)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	460,893	
Amortization	925	
Increase in allowances on patient accounts receivable	566,380	
Fair Market value of donated equipment	(36,223)	
Changes in operations assets and liabilities		
(Increase) decrease in assets		
Accounts receivable-patient	(466,809)	
Grant and contract receivables	336,995	
Due from Lieutenant Governor's Office	14,427	
Employee advances	65,454	
Due from Medicare and Medicaid	303,282	
Inventory of pharmaceuticals	(41,028)	
Prepaid expenses	(6,289)	
Increase (decrease) in liabilities		
Accounts payable	65,822	
Accrued interest	126,698	
Payroll taxes withheld and accrued	718,392	
Employee compensation	8,115	
Due to Local Service Providers	4,912	
	<u>1,069,522</u>	
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		1,069,522
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in deposits	(1,579)	
Increase in cash value of life insurance	(3,367)	
Acquisition of property and equipment assets	(445,875)	
	<u>(450,821)</u>	
NET CASH USED BY INVESTING ACTIVITIES		(450,821)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principle payments on long-term borrowing borrowings	(430,935)	
Long term borrowing	45,057	
Principle payments on short term borrowing	(102,600)	
	<u>(488,478)</u>	
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		(488,478)
NET INCREASE (DECREASE) IN CASH		130,223
Cash at beginning of year		<u>96,293</u>
	CASH AT END OF YEAR	\$ <u>226,516</u>
SUPPLEMENTAL DISCLOSURES - Interest paid	<u>\$531,390</u>	

See notes to financial statements and auditor's report.

NOTES TO FINANCIAL STATEMENTS

CARESOUTH CAROLINA, INC.

May 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles followed by CareSouth Carolina, Inc. and the methods of applying those principles which materially affect the determination of financial position, change in net assets, functional expenses and cash flows are summarized below:

General

CareSouth Carolina, Inc. consists of clinics providing primary, preventative and integrated behavioral health care services to the medically underserved residents of Lee, Chesterfield, Marlboro, Dillon and Darlington Counties in South Carolina. The Organization is grantee of the Department of Health and Human Services Grants H80CS00654, H76HA00713, D04RH12725, and C81CS14366 and through the state of South Carolina receives Federal and State revenues as an Area Agency on Aging.

Revenue and Expenses Recognition

The Organization records its financial transactions on the accrual basis of accounting. All expenses are recorded at the time the liabilities are incurred. Patient accounts receivable and revenues are recorded when patient services are provided.

Cash Equivalents

Cash includes demand deposits and short-term, highly liquid investments which are readily convertible into cash within ninety days of purchase.

Allowance for Doubtful Accounts

The Organization provides an allowance for doubtful receivables equal to the estimated future losses on year-end receivables. The estimated losses are based on local experience in the health-care industry along with a review of the current status of the existing receivables.

Inventories

Maintenance, operating, medical and office supplies are not inventoried but are charged to operations when the expense is incurred. Inventory of pharmaceuticals are valued at cost, on a first in - first out basis.

NOTES TO FINANCIAL STATEMENTS

CARESOUTH CAROLINA, INC.

May 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Property and Equipment

Property and equipment assets are maintained on the basis of original cost less allowances for depreciation. Depreciation is charged to operations on the straight-line method over estimated useful lives of the respective property assets as follows: building, 30-50 years; machinery and equipment, 3-20 years; furniture and equipment, 3-20 years. The costs of maintenance and repairs are charged to operations as incurred. Costs of major additions and improvements are capitalized. The cost of property assets retired or otherwise disposed of and the related allowances for depreciation are eliminated from the respective accounts. Gains or losses resulting from such dispositions are reflected in current income.

Included in the balance sheet are assets with a cost of \$1,011,451 and accumulated depreciation of \$966,270 which are items purchased through capital leases. The net property and equipment balance has been recorded as a separate component in unrestricted net assets. Also included in the balance sheet is a building with a recorded cost of \$60,000 and accumulated depreciation of \$28,000 which is not currently used in operations. See Note E.

Restricted Support

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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. Support that is restricted by the donor, including federal grant awards, is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

NOTES TO FINANCIAL STATEMENTS

CARESOUTH CAROLINA, INC.

May 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Financial Statement Presentation

Under accounting standards, not-for-profit organizations are required to provide a statement of financial position, a statement of activities, and a statement of cash flows. Also, voluntary health and welfare organizations are required to provide a statement of functional expenses that reports expenses by both functional and natural classifications. Also required is the classification of an organization's net assets and its revenue, expenses, and gains and losses based on the existence or absence of donor imposed restrictions. Amounts for each of the three classes of net assets - permanently restricted, temporarily restricted, and unrestricted - are displayed in a statement of financial position and the amounts of change in each of those classes of net assets are displayed in a statement of activities. The Organization has had no permanently restricted net assets.

Donated Services and Supplies

The Organization recognizes donated services of individuals if the services create or enhance nonfinancial assets or if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No donated services were recognized during the current audit period.

The Organization is a participant in a program through a major pharmaceutical company called Sharing the Care. Under this program, CareSouth is acting as an agent of the pharmaceutical company in distributing drugs to the charitable beneficiaries, who are also the Organization's patients. \$347,312 of these pharmaceuticals on hand at May 31, 2012 have been excluded from inventory. A total of \$1,088,578 of these pharmaceuticals, (valued at wholesale acquisition cost) were distributed under this program during the year ended May 31, 2012.

Physician/Specialist Contracts

There are no contracts with physician/specialists, or any employee; employee matters are administered according to the Organization's written personnel policies. The organization has no physician/specialists compensated as independent contractors.

NOTES TO FINANCIAL STATEMENTS

CARESOUTH CAROLINA, INC.

May 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Expense Allocation

Expenses are charged directly to program and supporting services as appropriate. Administration and physical plant expenses include those expenses that are not directly identifiable with a specific function but provide overall support and direction.

Employee Benefit Programs

The Organization maintains a tax sheltered annuity program which is available to all employees on a voluntary basis. Also a Section 125 (Cafeteria) Plan is available which provides certain benefits on a pre-tax basis. The Organization has been designated a state-covered entity by South Carolina, and therefore employees may participate in deferred compensation programs, long-term disability, medical and dependent care spending accounts and supplemental health insurance programs.

Leases

The Organization records assets (property equities) and the present value of the related obligation liabilities (discounted to cover applicable interest) on non-cancelable lease agreements that are essentially equivalent to installment purchases of property. Neither assets nor obligations are recorded for operating leases in which case rental expense is charged to operations as incurred. Amortization of capital leases is included in depreciation expense.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization does not have any income it considers to be subject to tax on unrelated business income. The Organization believes that it has support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Unamortized Loan Costs

Issuance discounts and acquisition expenses of long-term debt incurred are deferred and amortized on a straight-line method over the terms of the related issues.

NOTES TO FINANCIAL STATEMENTS

CARESOUTH CAROLINA, INC.

May 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. The most significant use of estimates is in establishing an allowance for accounts receivable and in establishing program settlements for the Medicare and Medicaid programs; also, depreciable lives and the estimated residual value of property and equipment, the allocation of expenses by function and the estimated residual value of leases.

Fair Value Measurements

The Organization follows professional standards (Codification ASC 820), Fair Value Measurements and Disclosures. This valuation method establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure financial assets and liabilities. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority, Level 2 is based upon observable inputs other than quoted market prices and Level 3 is based on unobservable inputs.

Under professional standards (Codification ASC 825-10), Financial Instruments, an entity may make an irrevocable option to carry most financial assets and liabilities at fair value that are not required to be measured at fair value under Codification ASC 820. The Organization did not elect this option to measure any additional financial assets or liabilities at fair value. This has no significant effect on the Organization's results of operations or financial position.

Cash and cash equivalent, accounts receivables, accrued liabilities and other liabilities are reflected at cost, which approximates fair value because of the near-term maturity of these assets and liabilities.

NOTES TO FINANCIAL STATEMENTS

CARESOUTH CAROLINA, INC.

May 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Subsequent Events

Subsequent events are events or transactions that take place after the reporting period balance sheet date of the financial statements. Certain of these events or transactions, recognized subsequent events, provide additional evidence about conditions and estimates that existed at the date of the balance sheet and retroactively revise those amounts reflected in the financial statements. Other subsequent events, not recognized subsequent events, did not exist at the date of the balance sheet, but arose after that date and are reported as additional disclosures in the notes to the financial statements. Management evaluates all significant subsequent events from the balance sheet date through the date the financial statements are available to be issued.

NOTE B - EMPLOYEE COMPENSATION

Employee compensation includes \$587,860 of accrued salaries and \$286,699 of accrued vacation.

NOTE C - AREA AGENCY ON AGING

The Organization has been designated as an Area Agency on Aging and receives funds from the South Carolina Lieutenant Governor's Office on Aging for delivery to local service providers. The amount of \$282,663 shown as a current liability in the statement of financial position is owed to these local service providers representing the net amount earned in excess of payments from the Organization. Also, an amount of \$147,920 is shown as due from the Lieutenant Governor's Office. The amount represents pass-through funds as well as amounts earned for administrative services which had not been received for revenue earned through May 31, 2012. See Note H.

The funds earned include both Federal and State sources. Funds under the Older Americans Act of 1965 include Title III-B (Social Services), Title III-C (Nutrition Program), Title III-D (Services to Frail Elderly), Title III-E (Family Caregiver Services), Title VII (Elder Abuse), MIPPA (Medicare Improvement for Patient Providers), and NSIP (Meal Program). State Funds include ACE/Bingo (Alternative Care for the Elderly) and Community Services (In Home Services).

NOTES TO FINANCIAL STATEMENTS

CARESOUTH CAROLINA, INC.

May 31, 2012

NOTE D - DUE TO INTERNAL REVENUE SERVICE

The Organization has entered into an agreement with the Internal Revenue Service, concerning payment of withheld and accrued payroll taxes for the quarters ended June 30 and September 30, 2011. Under the terms of the agreement, payment of \$50,000 per month is required, which is applied to the tax owed. Penalties and interest are added to the amount owed, based on the tax liability remaining. Accordingly, \$600,000 is shown as a current liability, and \$715,649 (including \$113,235 of accrued interest) is reported as a long term liability. Penalties of \$227,631 have not been recorded, based upon a discussion with the Organization's attorney, who is confident of their abatement, with his assistance.

NOTE E - LONG-TERM DEBT

Long-term debt is comprised of:

To a financial institution, capital lease obligation collateralized by office and medical equipment with a carrying value of \$16,310, payable in monthly installments of \$758, including interest at 12.71% per year. Final maturity is scheduled for January, 2013.

\$ 5,788

To a bank, collateralized by land and buildings with a carrying value of \$654,185, payable in monthly installments of \$7,126 including interest at prime plus 1% (prime was 6.0% at May 31, 2012). Final maturity is scheduled for September, 2018.

455,661

To a bank, collateralized by land and buildings with a carrying value of \$1,169,728, payable in monthly installments of \$11,668 including interest at prime plus 1%. Final maturity is scheduled for September, 2021.

1,009,527

To a health care organization, collateralized by land and buildings with a carrying value of \$2,972,616, payable in monthly installments totaling \$21,420, including interest at 5.5% per year. Final maturities are scheduled for September, 2029.

2,767,422

NOTES TO FINANCIAL STATEMENTS

CARESOUTH CAROLINA, INC.

May 31, 2012

NOTE E - LONG-TERM DEBT (continued)

To a health care organization, collateralized by office and medical equipment with a carrying value of \$120,389, payable in monthly installments totaling \$4,633, including interest at 5.5% per year. Final maturities are scheduled for September, 2013.	74,032
To a financial institution, collateralized by transportation equipment with a carrying value of \$36,045, payable in monthly installments of \$1,100 including interest at 6% per year. Final maturity is scheduled for March, 2015.	34,266
To a bank, collateralized by property and equipment with a carrying value of \$2,972,616 (with existing mortgages to a healthcare organization), payable in monthly installments of \$22,138, including interest of 6% per year. Final maturity is scheduled for September, 2012.	1,915,787
To a bank, a revolving line of credit with a maturity date of June 1, 2012, payable monthly, interest only at prime plus 1%.	497,472
To the US Government, through the US Department of Agriculture, collateralized by a mobile dental vehicle with a carrying value of \$81,874, payable interest only through September, 2012, then in monthly payments of \$1,995, including interest of 4% per year. Final maturity is scheduled for September, 2020.	163,700
To a financial institution, collateralized by medical equipment with a carrying value of \$129,120, payable in monthly installments of \$3,115, including interest of 8.83% per year. Final maturity is scheduled for November, 2015.	<u>112,194</u>
Total of all long term debt	7,035,849
Less current maturity (deduction)	<u>(553,853)</u>
	<u>\$ 6,481,996</u>

The current maturity for years ending May 31. 2014 through 2017 are \$1,003,441, \$517,335, \$521,661, and \$553,413, respectively.

NOTES TO FINANCIAL STATEMENTS

CARESOUTH CAROLINA, INC.

May 31, 2012

NOTE F - OTHER INCOME

Other income on the preceding audit period had included \$595,000 of amounts received under a Medicaid program which pays organizations to convert to electronic patient records. Payments are based on the number of providers: \$21,250 in the first year and \$8,500 for the second through sixth years are received for each provider. CareSouth Carolina, Inc. had expected to receive additional minimum payments of \$238,000 during years ending May 31, 2012 through 2016, based on 28 providers. If a provider is replaced or an additional provider is hired who has not participated with this program with a previous employer, additional revenue would be received, based on the above schedule. Because the initial phase implementing this record system had not been completed, only \$63,750 was received during the year ended May 31, 2012; however, payments are not forfeited but will be received when progress meets required thresholds.

Additional amounts of other income in the current audit period includes 300,334 from a one-time State contract to provide mental health services in Marlboro County.

NOTE G - NET ASSETS

Temporarily restricted net assets at May 31, 2012 total \$433,750 as follows:

1. A building donated in a previous audit period with a value at that time of \$60,000. Under the terms of an agreement, the donor may use the structure rent free for a period of twenty years from September, 1997 in the donor's capacity as a pharmacist. A five year renewal option at terms to be negotiated by the parties is also a part of this agreement.

2. Department of Health and Human Services grant in the total amount of \$292,500. This grant for HIV outpatient early intervention services is for the twelve month period from April 1, 2012 through March 31, 2013. Through May 31, 2012, \$48,750 of this total amount had satisfied program requirements; the remainder of \$243,750 will be reclassified to unrestricted net assets as program restrictions are satisfied. Actual draws of \$48,718 had been made through May 31, 2012. Temporarily restricted net assets of \$245,824 at the beginning of the audit period, which were related to this grant, have been reclassified to unrestricted net assets as program requirements were met during the audit period.

NOTES TO FINANCIAL STATEMENTS

CARESOUTH CAROLINA, INC.

May 31, 2012

NOTE G - NET ASSETS (continued)

3. Eat Smart, Move More Coalition grant in the amount of \$95,000. This grant is for the period May 1, 2012 through September 30, 2012. No program requirements had been met during the audit period.

4. Department of Health and Human Services grant in the amount of \$5,162,091. This grant for Community Health Centers satisfied program requirements for all but \$35,000. This remainder will be reclassified to unrestricted net assets in the next audit period. Actual draws of \$5,127,091 were made during the audit period.

5. During the audit year, \$91,667 from Department of Health and Human Services grant for rural health outreach and \$398,420 for ARRA capital improvement program had satisfied program requirements and were transferred to unrestricted net assets. These grants ended during the audit period.

NOTE H - PASS-THROUGH FUNDS

The Organization receives grants from The South Carolina Lieutenant Governor's Office on Aging to serve as an Area Agency on Aging. The Organization then contracts with various county agencies and other entities, which ultimately receive the funds. These funds have no effect on the Organization's programs or activities since the funds are passed through to the subcontractors. The scope of the Organization's examination did not include these pass-through funds at the subcontractor level; the subcontractors are required to have an audit performed by their independent auditors. Grant revenues and the related program expense reported on the statement of activities for the year ended May 31, 2012 included \$1,826,567 of these pass-through funds. See Note C.

NOTE I - PATIENT REVENUE

Patient revenue of \$11,320,128 is after deductions of Medicare and Medicaid adjustments (credits) of \$(2,666,097), sliding fee scale adjustments of \$4,505,844 and other adjustments of \$2,114,490. It does not include deductions for bad debts, which are recorded as an administrative expense.

NOTES TO FINANCIAL STATEMENTS

CARESOUTH CAROLINA, INC.

May 31, 2012

NOTE J - COMMITMENTS

Medical offices in Cheraw, Chesterfield and McColl are leased on a month-to-month basis for, respectively, \$1,750, \$1,500, and \$1,000 per month. Administrative offices in Hartsville are also leased for \$3,600 per month. The agreement is for five years from May, 2012.

Additional pediatric medical facilities in Bennettsville are leased for ten years from February, 2007 for \$3,000 per month. Also, medical facilities in Lakeview are leased for \$1,911 per month through July, 2012. Thereafter a three year agreement for \$1,877 per month takes effect, including yearly cost of living adjustments. Also, a facility for the Ryan White program is leased for \$200 per month, on a month-to-month basis.

Additional medical and administrative equipment are rented on a month-to-month basis. Total equipment rents/leases were \$164,834 and facility rents totaled \$219,767.

As of May 31, 2012, future minimum rental commitments over the next five years expected to be continued are as follows: \$99,849, 2013; \$102,066, 2014; \$102,066, 2015; \$81,111, 2016; and \$63,600, 2017. Information given on future minimum rental commitments is for the existing leases and is not a forecast of future rents.

NOTE K - CONTINGENCIES

The Organization is a provider of services under the Medicare and Medicaid programs. Under these programs, the Clinic is entitled to reimbursement of certain patient charges by the federal and state governments. The reimbursement is at contracted rates and is generally different from established billing rates. Differences between established billing rates and contract based reimbursements are recorded as allowances and contractual adjustments to patient service revenues. Revenues received from the Medicare and Medicaid programs are subject to review by appropriate governmental authorities or their agents. Both the Medicare and Medicaid program settlements remain open for the year ended May 31, 2012. Settlements from Medicare and Medicaid in the amount of \$443,598 shown on the statement of financial condition include reimbursement amounts due from health maintenance organizations (HMOs).

Potential penalties payable to the IRS of \$227,631 due to unpaid payroll taxes have not been recorded. See Note D.

NOTES TO FINANCIAL STATEMENTS

CARESOUTH CAROLINA, INC.

May 31, 2012

NOTE K - CONTINGENCIES (continued)

The Organization participates in federal and state grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grant, refunds of any money received may be required and the collectibility of any related receivables at May 31, 2012 may be impaired.

The Organization has insurance and malpractice coverage as follows:

Type	Coverage
Professional liability (malpractice)	Unlimited
Corporate medical professional	Unlimited
Worker's compensation	-
Directors and officers liability	\$1,000,000 max
Commercial fidelity bond	\$100,000
Business policy	
Buildings	Replacement cost
Business personal property	Replacement cost
Money and securities	\$10,000
Business liability	\$1,000,000 / \$2,000,000
Non-owned auto liability	\$1,000,000
Corporate key persons	\$300,000 to \$700,000

NOTE L - RELATED PARTY TRANSACTIONS

On July 14, 2003, CareFirst Carolina Foundation, Inc. was incorporated under the laws of the State of South Carolina as a non profit corporation. The intent of this organization is to develop and implement fundraising activities for the benefit of CareSouth, Carolina, Inc. Members of the board of directors includes two board members of CareSouth Carolina, Inc. During the year ended May 31, 2012, CareSouth Carolina, Inc. incurred an estimated \$25,000 of expenses (payroll, supplies, printing, etc.) associated with support for the Foundation. Also, the Foundation contributed \$36,222 of equipment to CareSouth Carolina, Inc.

NOTE M - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 15, 2013 and has concluded no significant subsequent events meet the criteria of professional accounting standards to be recognized, or not recognized, but disclosed, in the financial statements.

SUPPLEMENTAL INFORMATION

810 DUTCH SQUARE BLVD • SUITE 130 • COLUMBIA, SOUTH CAROLINA 29210 • (803) 798-7380 • FAX 798-7389 • EMAIL DNWIRTH@AOL.COM

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTAL INFORMATION**

To the Board of Directors
CareSouth Carolina, Inc.

I have audited the financial statements of CareSouth Carolina, Inc. for the year ended May 31, 2012, and have issued my report thereon dated February 15, 2013, which contained an unqualified opinion on those financial statements. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was performed for the purpose of forming an opinion on the basic financial statements of CareSouth Carolina, Inc. taken as a whole. The accompanying supplemental information as listed in the table of contents is presented for purposes of additional analysis, and as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and derived from and related 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 my opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

David N. Wirth CPA, PA

Columbia, South Carolina
February 15, 2013

**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
CareSouth Carolina, Inc.

I have audited the financial statements of CareSouth Carolina, Inc. (a non-profit organization) as of and for the year ended May 31, 2012, and have issued my report thereon dated February 15, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of CareSouth Carolina, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered CareSouth Carolina, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CareSouth Carolina, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented or detected and corrected on a timely basis.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CareSouth Carolina, Inc.'s financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of CareSouth Carolina, Inc. in a separate letter dated February 15, 2013.

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

 Dawnita Wirth CPA, PA

Columbia, South Carolina
February 15, 2013

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

To The Board of Directors
CareSouth Carolina, Inc.

Compliance

We have audited CareSouth Carolina, 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 CareSouth Carolina, Inc.'s major federal programs for the year ended May 31, 2012. CareSouth Carolina, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of CareSouth Carolina, Inc.'s management. My responsibility is to express an opinion on CareSouth Carolina Inc.'s compliance based on my audit.

I conducted my 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 I 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 CareSouth Carolina, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of CareSouth Carolina, Inc.'s compliance with those requirements.

In my opinion, CareSouth Carolina, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2012.

Internal Control Over Compliance

The management of CareSouth Carolina, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered CareSouth

Carolina, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of CareSouth Carolina, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

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

David N. Wirth CPA, PA

Columbia, South Carolina
February 15, 2013

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

CARESOUTH CAROLINA, INC.

Year Ended May 31, 2012

There were no financial statement findings or findings and questioned costs for major Federal awards programs reported in the prior year ended May 31, 2011.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CARESOUTH CAROLINA, INC.

Year Ended May 31, 2012

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of CareSouth Carolina, Inc.
2. No significant deficiencies disclosed during the audit of the financial statements are reported in 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.
3. No instances of noncompliance material to the financial statements of CareSouth Carolina, Inc. were disclosed during the audit.
4. No significant deficiency in internal control over major federal awards programs disclosed during the audit are reported in 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.
5. The auditor's report on compliance for the major federal award programs for CareSouth Carolina, Inc. expresses an unqualified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs included:

CFDA Number(s)	Name of Federal Program or Cluster
93.224	Community Health Centers
93.044/93.045/93.053	Aging Cluster
93.703	Capital Improvement Program (ARRA)
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. CareSouth Carolina, Inc. was not determined to be low-risk.

FINDINGS-FINANCIAL STATEMENTS AUDIT

There was no significant deficiency or material weakness reported.

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARDS PROGRAMS AUDIT

No matters were reported.

CORRECTIVE ACTION PLAN

CARESOUTH CAROLINA, INC.

Year Ended May 31, 2012

There were no financial statement findings or findings and questioned costs for major Federal awards programs reported.

Consequently, there is no corrective action plan.

SCHEDULE OF FEDERAL AWARDS

CARESOUTH CAROLINA, INC.

Year Ended May 31, 2012

Federal Grantor/ Pass-through Grantor/ Program Title	Federal DCFA Number	Pass-through Grantor's Number	Expenditures	
Department of Health and Human Services/ Direct Program/ Community Health Center	93.224	N/A	\$ 5,127,091	*
HIV Early Intervention	93.918	N/A	\$ 292,500	
Rural Health Outreach	93.912	N/A	\$ 118,334	
Capital Improvement Program (ARRA)	93.703	N/A	\$ 346,619	*
Department of Health and Human Services/ S.C. Lieutenant Governor's Office on Aging/ Aging Cluster				
Title III C	93.045	N/A	\$ 821,140	*
Title III B	93.044	N/A	\$ 513,460	*
NSIP	93.053	N/A	\$ 125,772	*
I-Care	93.779	N/A	\$ 31,784	
Title VII	93.042	N/A	\$ 18,648	
Title VII Ombudsman	93.041	N/A	\$ 5,668	
Senior Fraud Counseling	93.048	N/A	\$ 18,508	
Title III-D	93.043	N/A	\$ 28,409	
Title III-E	93.052	N/A	\$ 248,113	
MIPPA	93.518	N/A	\$ 11,999	
MIPPA	93.071	N/A	\$ 29,706	
MIPPA	93.779	N/A	\$ 14,609	

* This program is considered a major program.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CARESOUTH CAROLINA, INC.

May 31, 2012

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of CareSouth Carolina, Inc. under programs of the federal government for the year ended May 31, 2012. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of CareSouth Carolina, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of CareSouth Carolina, Inc.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditure Recognition

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - SUBRECIPIENTS

Of the Federal expenditures presented in the schedule, CareSouth Carolina, Inc. provided Federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount
93.044	Title III B	\$ 438,079
93.045	Title III C	\$ 669,067
93.043	Title III D	\$ 20,103
93.053	NSIP	\$ 125,772

STATEMENT OF FUNCTIONAL EXPENSES

COMMUNITY HEALTH CENTER

CARESOUTH CAROLINA, INC.

Year Ended May 31, 2012

	Medical	Dental	Lab	Radi- ology	Pharmacy	Social Services
Personnel	\$ 7,203,163	\$ 270,447	\$ 404,521	\$ 126,326	\$ 926,388	\$ 50,382
Fringe benefits	1,717,808	60,819	128,441	35,081	219,996	28,535
Deprec & amortization	70,852	-	-	-	-	-
Travel	35,937	262	691	558	389	-
Supplies	292,535	78,550	202,704	27,778	1,796,360	-
Contractual services	-	-	-	433	1,850	-
Patient care services	27,859	4,124	128,065	62,045	36,113	-
Training	88,379	1,935	176	397	3,411	-
Insurance	1,248	-	-	-	2,169	-
Telephone	-	-	-	-	-	-
Postage	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Interest	-	-	-	-	7,745	-
Mtgs, public relations	409	42	-	-	-	-
Rental	18,884	222	-	-	-	-
Dues, mbrshp & subscript	1,769	-	-	-	395	-
Repairs and Maintenance	26,857	2,402	-	286	458	-
Printing and advertising	34,259	-	-	-	-	-
Taxes and licenses	12,180	126	2,600	213	3,017	-
Recruitment and rentention	-	-	-	-	-	-
Bad Debts (recovery)	-	-	-	-	-	-
	<u>\$ 9,532,139</u>	<u>\$ 418,929</u>	<u>\$ 867,198</u>	<u>\$ 253,117</u>	<u>\$ 2,998,291</u>	<u>\$ 78,917</u>

Medical Social Work	Outreach	Patient Records	Mar- keting	Adminis- tration	Physical Plant	Total
\$ 549,943	\$ 53,220	\$ 77,821	\$ 191,564	\$ 1,564,709	\$ 344,444	\$ 11,762,928
79,347	8,237	22,054	49,146	388,813	92,548	2,830,825
-	-	-	-	201,723	188,928	461,503
499	-	-	4,435	17,803	-	60,574
-	-	-	-	112,849	85,699	2,596,475
-	-	-	1,989	227,199	372,192	603,663
-	-	14,247	-	-	-	272,453
2,099	-	-	7,384	82,805	-	186,586
-	-	-	-	4,704	4,684	12,805
-	-	-	-	-	435,335	435,335
-	-	-	-	-	27,649	27,649
-	-	-	-	-	174,118	174,118
-	-	-	-	415,630	234,659	658,034
-	-	-	3,931	14,078	-	18,460
-	-	8,068	-	-	353,422	380,596
-	-	-	-	43,359	-	45,523
-	-	-	-	-	24,930	54,933
-	-	-	-	70,923	-	105,182
-	-	-	-	1,570	7,548	27,254
-	-	-	-	441	-	441
-	-	-	-	541,885	-	541,885
<u>\$ 631,888</u>	<u>\$ 61,457</u>	<u>\$ 122,190</u>	<u>\$ 258,449</u>	<u>\$ 3,688,491</u>	<u>\$ 2,346,156</u>	<u>\$ 21,257,222</u>

STATEMENT OF FUNCTIONAL EXPENSES

AREA AGENCY ON AGING

CARE SOUTH CAROLINA, INC.

Year Ended May 31, 2012

	Medical	Community Services	Outreach
Personnel	\$ -	\$ 96,503	\$ 73,749
Fringe benefits	-	26,937	22,388
Depreciation	-	-	-
Travel	-	8,286	1,395
Supplies	-	-	-
Contractual services	207,256	1,619,311	-
Patient care services	-	-	-
Training	-	1,024	412
Insurance	-	-	-
Telephone	-	-	-
Postage	-	-	-
Utilities	-	-	-
Interest	-	-	-
Meetings and public relations	-	-	-
Rental	-	-	-
Dues, memberships & subscriptions	-	-	-
Repairs and maintenance	-	-	-
Printing and advertising	-	-	-
Taxes and licenses	-	-	-
Recruitment and retention	-	-	-
Bad debts	-	-	-
	<u>\$ 207,256</u>	<u>\$ 1,752,061</u>	<u>\$ 97,944</u>

Marketing	Admin- istration	Physical Plant	Total
\$ -	\$ 101,832	\$ -	\$ 272,084
-	27,038	-	76,363
-	315	-	315
-	5,703	-	15,384
-	7,325	54	7,379
-	15,235	3,394	1,845,196
-	-	-	-
-	13,346	-	14,782
-	-	-	-
-	-	7,722	7,722
-	-	-	-
-	-	729	729
-	53	-	53
-	2,548	-	2,548
-	-	1,261	1,261
-	481	-	481
-	-	158	158
4,264	595	-	4,859
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 4,264</u>	<u>\$ 174,471</u>	<u>\$ 13,318</u>	<u>\$ 2,249,314</u>

STATEMENT OF FUNCTIONAL EXPENSES

RYAN WHITE

CARESOUTH CAROLINA, INC

Year Ended May 31, 2012

	Medical	Dental	Lab	Pharmacy
Personnel	\$ 57,042	\$ -	\$ -	\$ -
Fringe benefits	11,982	-	-	-
Depreciation	-	-	-	-
Travel	13,526	-	-	-
Supplies	13,220	-	14,460	1,317
Contractual services	-	-	-	-
Patient care services	5,068	2,351	84,068	-
Training	1,706	-	-	-
Insurance	-	-	-	-
Telephone	-	-	-	-
Postage	-	-	-	-
Utilities	-	-	-	-
Interest	-	-	-	-
Meetings and public relations	-	-	-	-
Rental	344	-	-	-
Dues, memberships & subscriptions	-	-	-	-
Repairs and maintenance	-	-	-	-
Printing and advertising	-	-	-	-
Taxes and licenses	-	-	-	-
Recruitment and retention	-	-	-	-
Bad debts	-	-	-	-
	<u>\$ 102,888</u>	<u>\$ 2,351</u>	<u>\$ 98,528</u>	<u>\$ 1,317</u>

Social Services	Medical Social Work	Admin-istrative	Physical Plant	Total
\$ 118,738	\$ 3,392	\$ -	\$ -	\$ 179,172
29,580	761	-	-	42,323
-	-	-	-	-
5,122	-	-	-	18,648
-	-	1,596	-	30,593
-	-	-	-	-
-	-	-	-	91,487
541	-	969	-	3,216
-	-	-	-	-
-	-	-	1,050	1,050
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	2,400	2,744
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 153,981</u>	<u>\$ 4,153</u>	<u>\$ 2,565</u>	<u>\$ 3,450</u>	<u>\$ 369,233</u>