

**AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION**

**CARESOUTH CAROLINA, INC.**

**May 31, 2014**

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MEMBER  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
CareSouth Carolina, Inc.

### Report on the Financial Statements

I have audited the accompanying financial statements of CareSouth Carolina, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 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

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 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant

To the Board of Directors  
CareSouth Carolina, Inc.

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**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, 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 Reporting Required by Government Standards**

In accordance with Government Auditing Standards, I have also issued my report dated February 13, 2015, on my consideration of CareSouth Carolina, Inc.'s internal control over financial reporting and on my 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 my 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 CareSouth Carolina, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "David Wirth CPA, PA". The signature is written in a cursive, flowing style.

Columbia, South Carolina  
February 13, 2015

**STATEMENT OF FINANCIAL POSITION**

**CARESOUTH CAROLINA, INC.**

May 31, 2014

**ASSETS**

**CURRENT ASSETS**

Cash	\$	753,136
Accounts receivable--patients, less allowances of \$1,235,000		1,428,405
Grant, contracts, and other receivables		257,508
Due from Lieutenant Governor's Office--Note C		647,474
Settlements due from Medicare and Medicaid--Note K		1,096,204
Inventory of Pharmaceuticals		209,994
Current maturity of loan costs		<u>925</u>

**TOTAL CURRENT ASSETS** 4,393,646

**PROPERTY AND EQUIPMENT--Note E**

Land	\$	534,157
Building and building improvements		7,074,523
Furniture and equipment		3,777,502
Allowance for depreciation (deduction)		<u>(4,570,393)</u>

6,815,789

**OTHER ASSETS**

Due from Medicaid - Crossover patients--Note L	\$	1,258,579
Deposits		37,128
Loan costs, less current maturity		2,777
Cash value of life insurance		<u>14,216</u>

1,312,700

\$ 12,522,135

See notes to financial statements and auditor's report.

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable		\$ 1,274,613
Accrued Interest		65,765
Employee compensation--Note B		819,393
Withheld and accrued payroll taxes		398,417
Due to local service providers--Note C		297,894
Current maturity of long-term debt		<u>592,622</u>

**TOTAL CURRENT LIABILITIES** 3,448,704

**LONG TERM LIABILITIES**

Long term debt, less current maturity--Note E	\$ 5,510,904	
Due to Internal Revenue Service--Note D	<u>588,480</u>	<u>6,099,384</u>

**TOTAL LIABILITIES** 9,548,088

**NET ASSETS**

Unrestricted		
Operations	\$ 163,218	
Property and equipment	1,155,449	
Temporarily Restricted	<u>1,655,380</u>	<u>2,974,047</u>
		<u>\$ 12,522,135</u>

**STATEMENT OF ACTIVITIES**

**CARESOUTH CAROLINA, INC.**

Year Ended May 31, 2014

	Unrestricted	Temporarily Resstricted	Total
Revenues and Other Support			
Public Support			
Federal grant - Community Health Center	\$ 5,557,388	\$ -	\$ 5,557,388
Federal grant - Ryan White	46,312	231,563	277,875
Federal and State grants - AAA programs	1,988,423	613,817	2,602,240
Other Federal and State Grants	14,000	750,000	764,000
Patient revenue - net--Note I	9,870,810	-	9,870,810
Pharmacy income	4,423,074	-	4,423,074
Other income--Note F	1,057,072	-	1,057,072
Net assets released from restrictions			
Satisfaction of program requirements--Note G	<u>572,848</u>	<u>(572,848)</u>	<u>-</u>
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>23,529,927</b>	<b>1,022,532</b>	<b>24,552,459</b>
Expenses and Losses			
Program services			
Community Health Center	13,916,912	-	13,916,912
Area Agency on Aging	2,383,336	-	2,383,336
Ryan White	315,430	-	315,430
Supporting services			
Administration	3,247,881	-	3,247,881
Physical plant	<u>2,525,769</u>	<u>-</u>	<u>2,525,769</u>
<b>TOTAL EXPENSES</b>	<b><u>22,389,328</u></b>	<b><u>-</u></b>	<b><u>22,389,328</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>1,140,599</b>	<b>1,022,532</b>	<b>2,163,131</b>
Net assets at beginning of year--Note G	<u>177,568</u>	<u>632,848</u>	<u>810,916</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,318,167</u></b>	<b><u>\$ 1,655,380</u></b>	<b><u>\$ 2,974,047</u></b>

See notes to financial statements and auditor's report.

**STATEMENT OF FUNCTIONAL EXPENSES**

**CARESOUTH CAROLINA, INC.**

Year Ended May 31, 2014

	Program Services		
	Community Health Center	Agency on Aging	Area Ryan White
Personnel	\$ 9,197,398	\$ 328,325	\$ 174,545
Fringe benefits	1,857,570	59,072	36,389
Depreciation and amortization	51,507	-	-
Travel	51,911	1,770	9,370
Supplies	2,213,415	2,932	29,211
Contractual services--Note H	73,228	1,982,041	-
Patient care services	199,305	7,376	61,968
Training	72,893	1,820	3,597
Insurance	3,477	-	-
Telephone	-	-	-
Postage	-	-	-
Utilities	-	-	-
Interest	8,894	-	-
Meetings and public relations	-	-	-
Rental	99,264	-	-
Dues, memberships & subscriptions	6,543	-	-
Repairs and maintenance	31,021	-	-
Printing and advertising	27,456	-	-
Taxes and licenses	23,030	-	-
Recruitment and retention	-	-	-
Bad debts	-	-	-
	\$ 13,916,912	\$ 2,383,336	\$ 315,080

See notes to financial statements and auditor's report.

<u>Supporting Services</u>				
Total	Admin- istration	Physical Plant	Total	Total Expenses
\$ 9,700,268	\$ 1,665,199	\$ 346,111	\$ 2,011,310	\$ 11,711,578
1,953,031	367,847	70,198	438,045	2,391,076
51,507	174,673	182,457	357,130	408,637
63,051	56,364	-	56,364	119,415
2,245,558	119,987	62,296	182,283	2,427,841
2,055,269	201,447	509,225	710,672	2,765,941
268,649	-	-	-	268,649
78,310	62,692	-	62,692	141,002
3,477	-	51,671	51,671	55,148
-	30	426,497	426,527	426,527
-	-	23,934	23,934	23,934
-	-	190,624	190,624	190,624
8,894	225,752	240,732	466,484	475,378
-	45,282	-	45,282	45,282
99,264	19,104	374,289	393,393	492,657
6,543	26,748	-	26,748	33,291
31,021	-	39,314	39,314	70,335
27,456	133,574	-	133,574	161,030
23,030	8,463	8,421	16,884	39,914
-	18,000	-	18,000	18,000
-	122,719	-	122,719	122,719
<u>\$ 16,615,328</u>	<u>\$ 3,247,881</u>	<u>\$ 2,525,769</u>	<u>\$ 5,773,650</u>	<u>\$ 22,388,978</u>

STATEMENT OF CASH FLOWS

CARESOUTH CAROLINA, INC.

Year Ended May 31, 2014

**CASH FLOW FROM OPERATING ACTIVITIES**

Change in net assets	\$ 2,163,131
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	407,712
Amortization	925
Increase in allowances on patient accounts receivables	95,000
Changes in operations assets and liabilities	
(Increase) decrease in assets	
Accounts receivable-patients	(33,297)
Grant and contract receivables	70,296
Due from Lieutenant Governor's Office	(283,344)
Due from Medicare and Medicaid	(1,478,787)
Inventory of pharmaceuticals	60,913
Increase (decrease) in liabilities	
Accounts payable	(46,428)
Accrued interest	(123)
Payroll taxes withheld and accrued	8,504
Employee compensation	361,199
Due to local service providers	<u>46,013</u>

**NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES** 1,371,714

**CASH FLOWS FROM INVESTING ACTIVITIES**

Decrease in cash value of life insurance	2,038
Acquisition of property and equipment assets	<u>(214,497)</u>

**NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES** (212,459)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Acquisition of long term debt	178,040
Principle payments on long long-term borrowings	<u>(603,851)</u>

**NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES** (425,811)

**NET INCREASE (DECREASE) IN CASH** 733,444

Cash at beginning of year 19,692

**CASH AT END OF YEAR** \$ 753,136

SUPPLEMENTAL DISCLOSURES - Interest paid \$475,501

See notes to financial statements and auditor's report.

**NOTES TO FINANCIAL STATEMENTS**

**CARESOUTH CAROLINA, INC.**

**May 31, 2014**

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 and H76HA00713 and through the Governor's Office of the State of South Carolina receives Federal and State revenues as an Area Agency on Aging. Also, through the South Carolina Department of Health and Human Services a Capital Improvement Funding grant.

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, 2014

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 \$418,677 and accumulated depreciation of \$406,826 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 \$30,000 which is not currently used in operations. See Note G.

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, 2014

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. \$209,994 of these pharmaceuticals on hand at May 31, 2014 have been excluded from inventory. Approximately \$920,000 of these pharmaceuticals (valued at wholesale acquisition cost) were distributed under this program during the year ended May 31, 2014.

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, 2014

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, 2014

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, 2014

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 \$526,398 of accrued salaries and \$292,995 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 \$297,894 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 \$647,474 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 the grant period ending June 30, 2014. See Notes G and 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), 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, 2014

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. Repayment had been suspended until being resumed in February, 2015; accordingly, \$200,000 is shown as a current liability, and \$588,480 (including \$186,067 of accrued interest) is reported as a long term liability. Penalties of \$281,024 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 Bank, collateralized by land and buildings with a carrying value of \$575,396, payable in monthly installments of \$7,126 including interest at prime plus 1% (prime was 6.0% at May 31,2014). Final maturity is scheduled for November, 2018

\$ 333,597

To a bank, collateralized by land and buildings with a carrying value of \$1,092,281, payable in monthly installments of \$11,668 including interest at prime plus 1%. Final maturity is scheduled for November, 2021.

843,556

To a health care organization, collateralized by land and buildings with a carrying value of \$2,848,864, payable in monthly installments totaling \$21,420, including interest at 5.5% per year. Final maturities are scheduled for September, 2029.

2,578,124

To a financial institution, collateralized by equipment with a carrying value of \$25,000, payable in monthly installments of \$1,000, including interest at 5.25% per year. Final maturity is scheduled for March, 2016.

20,767

**NOTES TO FINANCIAL STATEMENTS**

**CARESOUTH CAROLINA, INC.**

May 31, 2014

NOTE E - LONG-TERM DEBT (continued)

To a financial institution, collateralized by transportation equipment with a carrying value of \$67,531, payable in monthly installments totaling \$2,125, including interest at 4-6% per year. Final Maturity is scheduled for September, 2018.	59,068
To a bank, collateralized by land and buildings with a carrying value of \$2,910,739 (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 December, 2021.	1,601,819
To a bank, collateralized by all "accounts and other rights to payments" payable in monthly installments of \$4,807, including interest of 5.75% per year. Final maturity is scheduled for July, 2014.	443,186
To the US Government, through the US Department of Agriculture, collateralized by a mobile dental vehicle with a carrying value of \$34,525, payable in monthly payments of \$1,995, including interest at 4% per year. Final maturity is scheduled for September, 2020.	133,756
To a financial institution, collateralized by medical equipment with a carrying value of \$140,822, payable in monthly installments totaling \$2,665, including interest of 3.65% to 5.25% per year. Final maturity is scheduled for May, 2019.	<u>89,653</u>
Total of all long term debt	6,103,526
Less current maturity (deduction)	<u>(593,622)</u>
	<u>\$5,509,904</u>

The current maturity for years ending May 31, 2016 through 2019 are \$572,710, \$596,389, \$631,625, and \$613,351, respectively.

**NOTES TO FINANCIAL STATEMENTS**

**CARESOUTH CAROLINA, INC.**

May 31, 2014

NOTE F - OTHER INCOME

Other income on preceding audit periods had included \$722,500 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, 2014 through 2017, 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 \$42,500 was received during the year ended May 31, 2014; 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 \$307,433 from State Indigent Fund, \$290,740 from Healthy Outcome Partners (from the State, in lieu of Medicaid expansion), \$50,545 Capitation Revenue, related to the Affordable Care Act, \$212,396 Patient Centered Home and \$84,894 Enhanced Primary Care Revenue, both paid through health maintenance organizations.

NOTE G - NET ASSETS

Temporarily restricted net assets at May 31, 2014 total \$1,655,380 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 \$277,875. This grant for HIV outpatient early intervention services is for the twelve month period from April 1, 2014 through March 31, 2015. Through May 31, 2014, \$46,312 of this total amount had satisfied program requirements; the remainder of \$231,563 will be reclassified to unrestricted net assets as program restrictions are

**NOTES TO FINANCIAL STATEMENTS**

**CARESOUTH CAROLINA, INC.**

May 31, 2014

NOTE G - NET ASSETS (continued)

satisfied. Actual draws of \$47,239 had been made through May 31, 2014. Temporarily restricted net assets of \$243,750 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.

3. South Carolina Department of Health and Human Services grant in the amount of \$750,000. This grant is to construct a building to provide medical services. At May 31, 2014, construction had not commenced; the entire grant is temporarily restricted.

4. Governor's Office of the State of South Carolina Federal and State grants related to the Organization's designation as an Area Agency on Aging. At May 31, 2014, \$613,817 remains temporarily restricted for these programs, which periods extend to June 30, 2014.

The balance of Net Assets at the beginning of the audit period has been restated (increased) by \$159,332 to reflect the following error at May 31, 2013: Amounts from the Governor's Office of the State of South Carolina related to the Organization's designation as an Area Agency on Aging, did not reflect the amounts remaining to satisfy program requirements related to programs through the grant period ending June 30, 2014. This includes \$151,678 of temporarily restricted net assets and \$7,154 of unrestricted net assets.

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 examinations performed by their independent accountants. Grant revenues and the related program expense reported on the statement of activities for the year ended May 31, 2014 included \$1,695,868 of these pass-through funds. See Note C.

**NOTES TO FINANCIAL STATEMENTS**

**CARESOUTH CAROLINA, INC.**

May 31, 2014

NOTE I - PATIENT REVENUE

Patient revenue of \$9,870,810 is after deductions of Medicare and Medicaid adjustments (credits) of \$(1,752,256), sliding fee scale adjustments of \$4,442,552 and other adjustments of \$1,452,611. It does not include deductions for bad debts, which are recorded as an administrative expense.

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 \$1,935 per month through June, 2015. 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 \$297,947 and facility rents totaled \$194,068.

As of May 31, 2013, future minimum rental commitments over the next five years expected to be continued are as follows: \$155,337, 2015; \$155,337, 2016; \$103,305, 2017; and \$63,600, 2018. 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, 2014, and the Medicaid program for 2012 and 2013. Settlements from Medicare and

**NOTES TO FINANCIAL STATEMENTS**

**CARESOUTH CAROLINA, INC.**

May 31, 2014

NOTE K - CONTINGENCIES (continued)

Medicaid in the amount of \$1,096,204 shown on the statement of financial condition include reimbursement amounts due from health maintenance organizations (HMOs).

The Organization has not been reimbursed fully for crossover patients. See Note L.

Potential penalties payable to the IRS of \$281,024 due to unpaid payroll taxes have not been recorded. See Note D.

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 collectability of any related receivables at May 31, 2014 may be impaired.

The Organization has insurance and malpractice coverage as follows:

Type	Coverage
Professional liability (malpractice)	Unlimited
Corporate medical professional	Unlimited
Workers 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 / 1,000,000
Non-owned auto liability	\$1,000,000
Corporate key persons	\$300,000 to \$700,000

**NOTES TO FINANCIAL STATEMENTS**

**CARESOUTH CAROLINA, INC.**

May 31, 2014

NOTE L - DUE FROM MEDICAID - CROSSOVER PATIENTS

Medicaid payments beginning in January, 2012 had not reimbursed the Organization for crossover patients (patients for which both Medicare and Medicaid would pay for medical services) up to the Organization's cost, as required for FQHC (Federally Qualified Health Care) organizations. Rather, only the portion for which the patient was responsible was reimbursed by Medicaid. The amount owed through May 31, 2013, to reimburse the Organization up to its cost, is estimated to be \$839,971 and an additional \$418,610 for the current audit period. The total estimated amount of \$1,258,579 through May 31, 2014 is included in other (non-current) assets on the statement of financial position at May 31, 2014.

Despite a seemingly clear Federal mandate to fully reimburse FQHC organizations for these types of patients, and despite a lawsuit in a similar situation in Virginia which confirmed this, the Organization has had to enter a lawsuit against the Medicaid program in South Carolina to force payment. The suit has been joined by two other organizations similarly affected. In January, 2015, the State has asked for a 90 days discovery period.

NOTE M - 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, 2014, CareSouth Carolina, Inc. incurred an estimated \$25,000 of expenses (payroll, supplies, printing, etc.) associated with support for the Foundation.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 13, 2015 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**

# David N. Wirth, CPA, P.A.

MEMBER  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS  
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## 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. as of and for the year ended May 31, 2014, and have issued my report thereon dated February 13, 2015, which contained an unmodified opinion on those financial statements. My audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and other supplemental information as listed in the table of contents is presented for the purpose of additional analysis and as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was 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 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 13, 2015

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
CareSouth Carolina, Inc.

I 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 CareSouth Carolina, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 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, and have issued my report thereon dated February 13, 2015.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered CareSouth Carolina, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CareSouth Carolina, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose

described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given those limitations, during my audit, I did not identify any deficiencies in internal control that I considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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*.

**Purpose of this Report**

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



Columbia, South Carolina  
February 13, 2015

# David N. Wirth, CPA, P.A.

MEMBER  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
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## 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  
CareSouth Carolina, Inc.

### Report on Compliance for Each Major Federal Program

I 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, 2014. 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.

### 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

My responsibility is to express an opinion on compliance for each of CareSouth Carolina, Inc.'s major federal programs based on my audit of the types of compliance requirements referred to above. 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 A133 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 on compliance for each major federal program. However, my audit does not provide a legal determination of CareSouth, Inc.'s compliance.

### Opinion on Each Major Federal Program

In my opinion, CareSouth, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have

a direct and material effect on each of its major federal programs for the year ended May 31, 2014.

#### **Report on Internal Control Over Compliance**

Management of CareSouth Carolina, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered CareSouth Carolina, Inc.'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, 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. 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.

My 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. I did not identify any deficiencies in internal control over compliance that I considered 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 my 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.

 David Wirt CPA, PA

Columbia, South Carolina  
February 13, 2015

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**CARESOUTH CAROLINA, INC.**

Year Ended May 31, 2013

There were no financial statement findings or findings and questioned costs for major Federal awards programs reported in the prior year ended May 31, 2013.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**CARESOUTH CAROLINA, INC.**

Year Ended May 31, 2014

**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 wards 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 Required By 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

8. The threshold for distinguishing Types A and B programs was \$300,000.

9. CareSouth Carolina, Inc. was 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, 2014

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, 2014

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	\$ 5,557,388	*
HIV Early Intervention	93.918	N/A	\$ 277,875	
Department of Health and Human Services/S.C. Lieutenant Governor's Office on Aging/ Aging Cluster				
Title III C	93.045	N/A	\$ 762,244	*
Title III B	93.044	N/A	362,308	*
NSIP	93.053	N/A	<u>15,869</u>	*
			\$ 1,140,421	
I-Care	93.779	N/A	\$ 7,652	
Title VII	93.042	N/A	\$ 17,365	
Title VII Ombudsman	93.041	N/A	\$ 4,918	
Title III D	93.043	N/A	\$ 25,233	
Title III E	93.052	N/A	\$ 195,062	

\* This program is considered a major program.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**CARESOUTH CAROLINA, INC.**

May 31, 2014

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, 2014. 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	\$ 211,184
93.045	Title III C	\$ 670,851
93.043	Title III D	\$ 23,035
93.053	NSIP	\$ 15,869

**STATEMENT OF FUNCTIONAL EXPENSES**

**COMMUNITY HEALTH CENTER**

**CARESOUTH CAROLINA, INC.**

Year Ended May 31, 2014

	Medical	Dental	Lab	Radi- ology	Pharmacy
Personnel	\$ 6,254,869	\$ 348,113	\$ 446,523	\$ 125,976	\$ 1,292,809
Fringe benefits	1,313,054	73,648	96,519	30,562	226,218
Deprec & amortization	51,507	-	-	-	-
Travel	44,038	277	2,410	942	1,874
Supplies	217,372	32,385	213,642	13,142	1,736,874
Contractual services	65,667	-	-	-	7,561
Patient care services	22,684	-	63,337	50,977	50,509
Training	60,694	1,161	749	980	7,958
Insurance	1,123	-	-	-	2,354
Telephone	-	-	-	-	-
Postage	-	-	-	-	-
Utilities	-	-	-	-	-
Interest	-	-	-	-	8,894
Mtgs, public relations	-	-	-	-	-
Rental	89,159	1,200	-	-	-
Dues, mbrshp & subscript	6,243	-	-	-	300
Repairs and Maintenance	27,627	2,871	-	-	523
Printing and advertising	27,313	-	-	-	143
Taxes and licenses	15,062	126	4,000	475	3,367
Recruitment and rentention	-	-	-	-	-
Bad Debts (recovery)	-	-	-	-	-
	<u>\$ 8,196,412</u>	<u>\$ 459,781</u>	<u>\$ 827,180</u>	<u>\$ 223,054</u>	<u>\$ 3,339,384</u>

Medical Social Work	Outreach	Patient Records	Mar- keting	Adminis- tration	Physical Plant	Total
\$ 465,973	\$ 66,123	\$ 197,012	\$ 199,693	\$ 1,460,850	\$ 346,111	\$ 11,204,052
76,376	9,486	31,707	43,230	324,617	70,198	2,295,615
-	-	-	-	174,673	182,457	408,637
2,370	-	-	20,631	27,027	-	99,569
-	-	-	-	110,177	62,280	2,385,872
-	-	-	-	193,923	505,463	772,614
-	-	11,798	-	-	-	199,305
1,351	-	-	4,150	52,853	-	129,896
-	-	-	-	-	51,671	55,148
-	-	-	-	30	425,297	425,327
-	-	-	-	-	23,934	23,934
-	-	-	-	-	190,624	190,624
-	-	-	-	225,689	240,732	475,315
-	-	-	22,645	21,076	-	43,721
-	-	8,905	-	19,104	368,072	486,440
-	-	-	-	25,983	-	32,526
-	-	-	-	-	39,314	70,335
-	-	-	-	126,687	-	154,143
-	-	-	-	8,463	7,303	38,796
-	-	-	-	18,000	-	18,000
-	-	-	-	122,719	-	122,719
<u>\$ 546,070</u>	<u>\$ 75,609</u>	<u>\$ 249,422</u>	<u>\$ 290,349</u>	<u>\$ 2,911,871</u>	<u>\$ 2,513,456</u>	<u>\$ 19,632,588</u>

**STATEMENT OF FUNCTIONAL EXPENSES**

**AREA AGENCY ON AGING**

**CARESOUTH CAROLINA, INC.**

Year Ended May 31, 2014

	Medical	Community Services	Outreach
Personnel	\$ -	\$ 199,237	\$ 129,088
Fringe benefits	-	27,472	31,600
Depreciation	-	-	-
Travel	-	-	1,770
Supplies	-	2,932	-
Contractual services	286,174	1,695,867	-
Patient care services	7,376	-	-
Training	-	1,820	-
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>\$ 293,550</u>	<u>\$ 1,927,328</u>	<u>\$ 162,458</u>

Marketing	Admin- istration	Physical Plant	Total
\$ -	\$ 4,656	\$ -	\$ 332,981
-	-	-	59,072
-	-	-	-
-	8,706	-	10,476
-	7,290	16	10,238
-	7,524	3,762	1,993,327
-	-	-	7,376
-	4,493	-	6,313
-	-	-	-
-	-	-	-
-	-	-	-
-	63	-	63
-	1,561	-	1,561
-	-	6,217	6,217
-	765	-	765
-	-	-	-
6,438	449	-	6,887
-	-	1,118	1,118
-	-	-	-
-	-	-	-
<u>\$ 6,438</u>	<u>\$ 35,507</u>	<u>\$ 11,113</u>	<u>\$ 2,436,394</u>

**STATEMENT OF FUNCTIONAL EXPENSES**

**RYAN WHITE**

**CARESOUTH CAROLINA, INC**

Year Ended May 31, 2014

	Medical	Dental	Lab	Pharmacy
Personnel	\$ 54,191	\$ -	\$ -	\$ -
Fringe benefits	13,377	-	-	-
Depreciation	-	-	-	-
Travel	3,059	-	-	-
Supplies	13,449	-	14,388	1,374
Contractual services	-	-	-	-
Patient care services	4,599	4,234	52,637	498
Training	1,090	-	-	-
Insurance	-	-	-	-
Telephone	-	-	-	-
Postage	-	-	-	-
Utilities	-	-	-	-
Interest	-	-	-	-
Meetings and public relations	-	-	-	-
Rental	-	-	-	-
Dues, memberships & subscriptions	-	-	-	-
Repairs and maintenance	-	-	-	-
Printing and advertising	-	-	-	-
Taxes and licenses	350	-	-	-
Recruitment and retention	-	-	-	-
Bad debts	-	-	-	-
	<u>\$ 90,115</u>	<u>\$ 4,234</u>	<u>\$ 67,025</u>	<u>\$ 1,872</u>

Social Services	Medical Social Work	Admin- istrative	Physical Plant	Total
\$ 117,092	\$ 3,262	\$ -	\$ -	\$ 174,545
22,439	573	-	-	36,389
-	-	-	-	-
6,311	-	-	-	9,370
-	-	2,520	-	31,731
-	-	-	-	-
-	-	-	-	61,968
2,507	-	1,196	-	4,793
-	-	-	-	-
-	-	-	1,200	1,200
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	350
-	-	-	-	-
-	-	-	-	-
<u>\$ 148,349</u>	<u>\$ 3,835</u>	<u>\$ 3,716</u>	<u>\$ 1,200</u>	<u>\$ 320,346</u>