



GREATER LAWRENCE FAMILY HEALTH CENTER, INC.

**FINANCIAL STATEMENTS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND
OMB CIRCULAR A-133
JUNE 30, 2012
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

GREATER LAWRENCE FAMILY HEALTH CENTER, INC.

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JUNE 30, 2012

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UNIFORM FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT COVER PAGE - Page 1 of 1

For the Year Ended: 6/30/2012 Filed Electronically? (Y/N): Y Federal Employer Identification Number (FEIN) for Filing Entity - 9 digits: 042708824
 (M/D/YYYY) Other corporate names & FEINs if applicable: _____
 (Use for consolidated financial statements.) _____
 Filing Organization: Greater Lawrence Family Health Center, Inc. _____
 (legal name) (Doing Business As name, if applicable) _____

A.G. Public Charities Acct.# 01262 Business Address: 1 Griffin Brook Drive, Suite 101 Methuen MA 01844 Massachusetts Vendor Code Number VC60001667080
 (Street) (City) (State) (Zip)
 CEO or CFO: Robert Urquhart Chief Financial Officer 978-686-6661 E-mail address: urquhart@gfhc.org
 (First Name) (Last Name) (Title) (Phone : Area Code / Number)
 CPA: Alexander, Aronson, Finning & Co., P.C. CPA Firm's Current Mass. License #: 0425 CPA's E-mail Address: dmarks@aafcpa.com
 Management Company Name: _____ CPA Firm's Federal Employer Id. (FEIN) #: 042571780

Organization Type Code: C For-Profit Organization: NO Date of Org./Incorp.: 8/1/1980 A-133 Audit Submitted? (Y/N): Y
 501(c)(3) Federal Tax Exempt (Y/N): Y If Yes, Date of Exemption: 1/1/1981 (M/D/YYYY) Cost Allocation Method Code: MD Have basic F/S been audited? (Y/N): Y
 UFR Exemption/Exception Code# _____ Special Education (SPED) Contractor (Y/N): _____ Principal Purch. Agency: DPH
 Program Performance Report (Internet system) is not required: _____ Primary Contractor(s): _____

Program Number	Program Name	Subcontractor Name	Program Address				Program Description	MMARS Prog.Code
			Street	City	State	Zip Code		
01	Medical		Multi-Site see page 1A	Lawrence	MA	01841	Medical Health Services	M03
02	Family Practice Residency		34 Haverhill Street	Lawrence	MA	01841	Physician Training	
03	School Based Health Centers		Multi-Site see page 1A	Lawrence	MA	01841	School Based Medical Services	3422
07	MassCare	UMMS Worcester	34 Haverhill Street	Lawrence	MA	01841	Pediatric Aids	3431
08	HIV/AIDS Community Support Services	Lowell Community Health Center	Multi-Site see page 1A	Lawrence	MA	01841	HIV/AIDS Client Services	
08B	HIV Prevention, Testing and Referral Services		34 Haverhill Street	Lawrence	MA	01841	Testing and Referral Services	4950
10	Lawrence Tobacco Free Partnership		1 Canal Street	Lawrence	MA	01841	Community Smoking Intervention Demonstration Project	4770
11	OBOT Case Management		34 Haverhill Street	Lawrence	MA	01841	Office Based Opioid Treatment	4929
12	Women's Health Network		34 Haverhill Street	Lawrence	MA	01841	Care Coordination	4939
13	Racial and Ethnic Disparities	See page 39a	1 Canal Street	Lawrence	MA	01841	Quality Improvement, Workforce Development and Social Determinants of Health	4933
14	Workforce Diversity		1 Canal Street	Lawrence	MA	01841	Workforce Diversity	4933
17	Area Health Education Center		1 Canal Street	Lawrence	MA	01841	Education and Training	
25	Northeast Center for Healthy Communities		1 Canal Street	Lawrence	MA	01841	Resource Information Center for Training and Consulting Services	4911

Note: If your agency is exempt from filling this report (see instructions) complete this cover page only and submit it along with documentation to support the basis of the exemption.

Greater Lawrence Family Health Center, Inc.
Multi Site Listing
Attachment to Cover Page
FEIN # 04-2708824

UFR Program Admin, operates at two sites:

Administrative Offices
1 Griffin Brook Drive, Suite 101
Methuen, MA 01844

Medical Records
11 Lawrence Street
Lawrence, MA 01840

UFR Program Number 1, Medical, operates at four sites:

Haverhill Street - Main Campus
34 Haverhill Street
Lawrence, MA 01841

Winthrop Street - South Campus
73D Winthrop Avenue
Lawrence, MA 01841

Park Street - North Campus
150 Park Street
Lawrence, MA 01841

Essex Street - West Campus
700 Essex Street
Lawrence, MA 01841

UFR Program Number 3, School Based Health Centers, operates at two sites:

Lawrence High School Campus
70-71 North Parish Road
Lawrence, MA 01841

Greater Lawrence Regional Vocational Technical High School
57 River Road
Andover, MA 01810

UFR Program Number 8, HIV/AIDS Community Support Services, operates at three sites:

Mitch's Place
127 How Street
Haverhill, MA

CSS Administrative Offices
11 Lawrence Street
Lawrence, MA 01841

CSS Administrative Offices
98 Water Street
Lawrence, MA 01841

Where Every Client Is A Valued Client

**UNQUALIFIED OPINION ON FINANCIAL STATEMENTS AND SUPPLEMENTARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS -
NOT-FOR-PROFIT ORGANIZATION**

Independent Auditor's Report

To the Board of Directors of
Greater Lawrence Family Health Center, Inc.:

We have audited the accompanying statement of financial position of Greater Lawrence Family Health Center, Inc. (a Massachusetts corporation, not for profit) (the Health Center) as of June 30, 2012, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Health Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Health Center's 2011 financial statements and, in our report dated October 25, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Lawrence Family Health Center, Inc. as of June 30, 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*, we have also issued a report dated November 6, 2012, on our consideration of the Health Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Board of Directors of
Greater Lawrence Family Health Center, Inc.
Page II

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of expenditures of federal awards – not-for-profit organization is presented for purposes of additional analysis as required by the 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of expenditures of federal awards – not-for-profit organization is fairly stated in all material respects in relation to the financial statements as a whole.

Alexander, Aronson, Fanning & Co., P.C.

Westborough, Massachusetts
November 6, 2012

ORGANIZATION : Greater Lawrence Family Health Center, Inc.

FEIN: 042708824

STATEMENT OF FINANCIAL POSITION AS OF
(BALANCE SHEET)

06/30/2012

WITH COMPARATIVE TOTALS AS OF

6/30/2011

	CURRENT OPERATIONS	PLANT	ENDOWMENT	CUSTODIAN	TOTAL THIS YEAR	TOTAL LAST YEAR
ASSETS						
1 Cash and Cash Equivalents	3,526,724				3,526,724	1,544,313
2 Accounts Receivable, Program Services	8,495,826				8,495,826	6,475,211
3 Allowance for Doubtful Accounts	(1,656,000)				(1,656,000)	(1,263,000)
4 Net Accounts Receivable, Program Services	6,839,826				6,839,826	5,212,211
5 Contributions Receivable						
6 Notes Receivable						
7 Prepaid Expenses	631,217				631,217	702,950
8 Other Accounts Receivable	1,417,983				1,417,983	1,645,522
9 Other Current Assets	958,976	32,500			991,476	807,091
10 Short-Term Investments						
11 TOTAL CURRENT ASSETS	13,374,726	32,500			13,407,226	9,912,087
12 Land, Buildings, and Equipment		17,802,932			17,802,932	17,599,057
13 Accumulated Depreciation		(6,731,988)			(6,731,988)	(6,693,177)
14 Net Land, Buildings and Equipment		11,070,944			11,070,944	10,905,880
15 Long-Term Investments						
16 Other Assets	1,524,483	250,000			1,774,483	1,808,326
17 Due From Other Funds						
18 TOTAL ASSETS	14,899,209	11,353,444			26,252,653	22,626,293
LIABILITIES AND NET ASSETS						
19 Accounts Payable	715,825	20,025			735,850	1,023,858
20 Subcontract Payable						
21 Accrued Expenses	3,443,717				3,443,717	2,733,341
22 Current Notes Payable						
23 Current Portion Long-Term Debt		743,042			743,042	528,258
24 Deferred Revenue						
25 Other Current Liabilities						
26 TOTAL CURRENT LIABILITIES	4,159,542	763,067			4,922,609	4,285,457
27 Long-Term Notes & Mortgage Payable		2,214,651			2,214,651	2,260,383
28 Other Liabilities	24,483	36,868			61,351	114,719
29 Due to Other Funds						
30 TOTAL LIABILITIES	4,184,025	3,014,586			7,198,611	6,660,559
NET ASSETS						
31 Unrestricted	10,443,541	8,338,858			18,782,399	15,841,697
32 Temporarily Restricted	271,643				271,643	124,037
33 Permanently Restricted						
34 TOTAL NET ASSETS	10,715,184	8,338,858			19,054,042	15,965,734
35 TOTAL LIABILITIES AND NET ASSETS	14,899,209	11,353,444			26,252,653	22,626,293

See Accompanying Notes to the Financial Statements

ORGANIZATION : Greater Lawrence Family Health Center

FEIN: 042708824

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED		06/30/2012	WITH COMPARATIVE TOTALS FOR THE YEAR ENDED		06/30/2011	
		UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL THIS YEAR	TOTAL LAST YEAR
REVENUES, GAINS, AND OTHER SUPPORT						
1	Contributions, Gifts, Legacies, Bequests & Special Events	165,105			165,105	117,309
2	In-Kind Contributions					
3	Grants	6,386,980	1,017,159		7,404,139	4,484,228
4	Program Service Fees	34,317,993			34,317,993	33,365,664
5	Federated Fundraising Organization Allocation					
6	Investment Revenue	29,100			29,100	29,093
7	Revenue from Commercial Products & Services					
8	Other	8,208,010			8,208,010	6,489,941
9	Net Assets Released From Restrictions:					
10	Satisfaction of Program Restrictions	869,553	(869,553)			
11	Satisfaction of Equipment Acquisition Restrictions					
12	Expiration of Time Restrictions					
13	TOTAL REVENUE, GAINS, AND OTHER SUPPORT	49,976,741	147,606		50,124,347	44,486,235
EXPENSES AND LOSSES						
14	Administration (Management & General)	7,310,050			7,310,050	6,272,943
15	Fundraising	438,740			438,740	482,538
16	Total Program Services	39,287,249			39,287,249	36,348,224
17	TOTAL EXPENSES	47,036,039			47,036,039	43,103,705
18	Losses					
19	TOTAL EXPENSES AND LOSSES	47,036,039			47,036,039	43,103,705
CHANGES IN NET ASSETS:						
20	Property & Equipment Acquisitions from Unrestricted Funds					
21	Transfer of Realized Endowment Fund Appreciation					
22	Return to Donor					
23	Other Increases (Decreases)					
24	TOTAL CHANGES IN NET ASSETS	2,940,702	147,606		3,088,308	1,382,530
25	NET ASSETS AT BEGINNING OF YEAR	15,841,697	124,037		15,965,734	14,583,204
26	NET ASSETS AT END OF YEAR	18,782,399	271,643		19,054,042	15,965,734

See Accompanying Notes to Financial Statements

ORGANIZATION : Greater Lawrence Family Health CentFEIN: 042708824

STATEMENT OF CASH FLOWS for the YEAR ENDED

06/30/2012

INDIRECT METHOD

Cash Flows from Operating Activities:		TOTAL
1	Changes in Net Assets	3,088,308
	Adjustments to Reconcile Change In Net Assets to Net	
	Cash provided by/(used in) Operating Activities:	
2	Depreciation	1,620,422
3	Losses	
4	Increase/Decrease in Net Accounts Receivable	(1,400,076)
5	Increase/Decrease in Prepaid Expenses	71,733
6	Increase/Decrease in Contributions Receivable	
7	Increase/Decrease in Accounts Payable	(237,756)
8	Increase/Decrease in Accrued Expenses	710,376
9	Increase/Decrease in Deferred Revenue	
10	Increase/Decrease in Subcontract Payable	
11	Contributions Restricted for Long-Term Investment	
12	Net Unrealized and Realized Gains on Long-Term Investments	
13	Other Cash Used in/Provided by Operating Activities	(209,556)
14	Net Cash Provided by/(used in) Operating Activities	3,643,451
	Cash Flows from Investing Activities:	
15	Insurance Proceeds	
16	Purchase(s) of Capital Assets (Land, Bldgs. & Equip.)	(998,018)
17	Proceeds from Sale(s) of Investments	
18	Purchase(s) of Investments	
19	Purchase(s) of Assets Restricted To Long-Term Investment	
20	Other Investing Activities	5,646
21	Net Cash Provided by/(used in) Investing Activities	(992,372)
	Cash from Financing Activities:	
	Proceeds from Contributions Restricted For:	
22	Investment in Endowment	
23	Investment in Term Endowment	
24	Investment in Plant (Land Bldgs. & Equip.)	
	Other Financing Activities:	
25	Contributions Restricted for Long-Term Investment	
26	Interest and Dividends Restricted for Reinvestment	
27	Payments on Notes Payable	
28	Payments on Long-Term Debt	(598,391)
29	Other Finance Payments/Receipts	(70,277)
30	Net Cash Provided by/(used in) Financing Activities	(668,668)

See Accompanying Notes to the Financial Statements

ORGANIZATION : Greater Lawrence Family Health CentFEIN: 042708824

STATEMENT OF CASH FLOWS for the YEAR ENDED

06/30/2012

INDIRECT METHOD

31	Net Increase/(Decrease) in Cash and Cash Equivalents	1,982,411
32	Cash and Cash Equivalents at Beginning of Year	1,544,313
33	Cash and Cash Equivalents at End of Year	3,526,724

Supplemental Disclosure of Cash Flow Information:

34	Cash Paid During the Year for Interest	118,396
35	Cash Paid During the Year for Taxes/Other	

Supplemental Data for Noncash Investing and Financing Activities:

36	Gifts of Equipment	
37	Other Noncash Investing and Financing Activities	
38	Cost basis of fixed assets disposed	1,581,611
39	Fixed asset additions financed through accounts payable	20,025
40	Fixed asset additions financed through long-term debt	767,443

See Accompanying Notes to the Financial Statements

ORGANIZATION : Greater Lawrence Family Health Center, Inc. FEIN: 042708824

Statement of Functional Expenses for the Year Ended: 06/30/2012

	SUPPORTING SERVICES		PROGRAM SERVICES	
	TOTALS	ADMINISTRATION (MNGT. & GEN.)	FUND RAISING	TOTAL ALL PROGRAMS
1. Employee Compensation & Related Expenses	37,967,180	5,151,316	279,800	32,536,064
2. Occupancy	1,026,872	127,479	24,003	875,390
3. Other Program / Operating Expense	2,044,934	192,437	783	1,851,714
4. Subcontract Expense	594,915		6,911	588,004
5. Direct Administrative Expense	2,866,161	1,295,916	94,632	1,475,613
6. Other Expenses	915,555	327,996	20,658	566,901
7. Depreciation of Buildings and Equipment	1,620,422	214,906	11,953	1,393,563
8. TOTAL EXPENSES	47,036,039	7,310,050	438,740	39,287,249

See Accompanying Notes to Financial Statements

ORGANIZATION : Greater Lawrence Family Health Center, Inc. FEIN: 042708824

Statement of Functional Expenses for the Year Ended: 06/30/12

	PROGRAM #	PROGRAM #	PROGRAM #	PROGRAM #	PROGRAM #
	01	02	03	07	08
1. Employee Compensation & Related Expenses	22,936,848	5,943,901	672,358	69,463	920,768
2. Occupancy	538,575	98,058	20,954	1,251	21,659
3. Other Program / Operating Expense	1,193,562	420,450	26,156	5,244	68,511
4. Subcontract Expense				7,870	234,971
5. Direct Administrative Expense	1,005,921	322,936	59,659	1,024	8,161
6. Other Expenses	503,066	50,278	12,988		344
7. Depreciation of Buildings and Equipment	1,050,715	188,497	26,089	2,961	39,640
8. TOTAL EXPENSES	27,228,687	7,024,120	818,204	87,813	1,294,054

See Accompanying Notes to Financial Statements

ORGANIZATION : Greater Lawrence Family Health Center, Inc. FEIN: 042708824

Statement of Functional Expenses for the Year Ended: 06/30/12

	PROGRAM #	PROGRAM #	PROGRAM #	PROGRAM #	PROGRAM #
	08B	10	11	12	13
1. Employee Compensation & Related Expenses	309,274	76,961	289,559	77,027	485,998
2. Occupancy	45,690	1,391	5,244	1,412	39,856
3. Other Program / Operating Expense	23,042	2,092	3,633	2,474	20,879
4. Subcontract Expense					345,163
5. Direct Administrative Expense	20,734	1,283	1,546	2,929	14,186
6. Other Expenses					
7. Depreciation of Buildings and Equipment	12,959	3,292	12,412	3,343	21,575
8. TOTAL EXPENSES	411,699	85,019	312,394	87,185	927,657

See Accompanying Notes to Financial Statements

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ORGANIZATION : Greater Lawrence Family Health Center, Inc. FEIN: 042708824

Statement of Functional Expenses for the Year Ended: 06/30/12

	PROGRAM #				
	14	17	25		
1. Employee Compensation & Related Expenses	23,779	174,721	555,407		
2. Occupancy	420	46,291	54,589		
3. Other Program / Operating Expense	20,376	16,719	48,576		
4. Subcontract Expense					
5. Direct Administrative Expense	90	10,628	26,516		
6. Other Expenses			225		
7. Depreciation of Buildings and Equipment	992	7,391	23,697		
8. TOTAL EXPENSES	45,657	255,750	709,010		

See Accompanying Notes to Financial Statements

GREATER LAWRENCE FAMILY HEALTH CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS AND NONPROFIT STATUS

Greater Lawrence Family Health Center, Inc. (the Health Center) was incorporated in August, 1980, and provides comprehensive family health services to the residents of Lawrence, Massachusetts and surrounding communities. The Health Center also operates an accredited family practice residency training program. The Health Center has been accredited by the Joint Commission on Accreditation of Healthcare Organizations. A substantial portion of operational funding is from contracts, grants and third party payments from governmental agencies (see Note 7).

The Health Center is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Health Center is also exempt from state income taxes. Donors may deduct contributions made to the Health Center within the IRC requirements.

The Health Center is affiliated with Lawrence General Hospital (the Hospital) through a program collaboration limited to admission privileges of Health Center physicians and the provision of inpatient rotations of Family Practice residents.

SIGNIFICANT ACCOUNTING POLICIES

The Health Center prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification.

Cash and Cash Equivalents/Certificate of Deposit

Cash and cash equivalents consist of savings, checking, overnight investments, and money market accounts. The Board designated cash and cash equivalents at June 30, 2012, consisted of a six-month certificate of deposit that matures in December, 2012. This certificate of deposit is classified as a long-term asset based on management's intent to hold it for long-term purposes.

Patient Accounts Receivable

Patient accounts receivable are stated at unpaid balances, less allowance for doubtful accounts. The allowance is based on experience, third party contracts, and other circumstances which may affect the ability of the Health Center to collect the receivables. Receivables are considered impaired if full payments are not received in accordance with the contractual terms. It is the Health Center's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Pharmacy Inventory

Pharmacy inventory is recorded at prevailing market cost and consists of pharmaceuticals on hand.

GREATER LAWRENCE FAMILY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each program.

Fixed Assets and Depreciation

Purchased fixed assets are recorded at cost. Donated fixed assets are recorded at fair market value at the time of donation. Improvements are capitalized while repairs and maintenance are expensed as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	5 - 40 years
Computer and other equipment	3 - 7 years
Leasehold improvements	Life of lease

Revenue Recognition

Contract revenue is recorded over the contract period as services are provided. Unrestricted grants and contributions are recorded as revenue when received or unconditionally pledged. Grants and contributions that are designated by donors for specific purposes are reported as temporarily restricted net assets. Transfers are made from temporarily restricted net assets to unrestricted net assets as costs are incurred or as program restrictions are met. Pharmacy sales are recorded at the time of sale.

The Health Center receives reimbursement for direct and indirect costs it incurs in the training and supervision of residents in the Family Practice Residency program, as allowed by Federal guidelines. Reimbursement from Federal and other third party payors is passed through the Hospital to the Health Center under a contractual arrangement, which renews annually unless prior notice is given by either of the parties. Reimbursement under this program was \$3,100,000 for the year ended June 30, 2012, and is included in grants and contracts in the accompanying statement of activities and changes in net assets. During fiscal year 2012, the Health Center entered into a contract with the Hospital to support and further the services of the Family Practice Residency program. Total revenue for this contract was \$1,000,000, which is included in grants and contracts in the accompanying statement of activities and changes in net assets. Hospital funding represented approximately 8% of total operating revenues for the year ended June 30, 2012.

Patient service revenue is recorded as services are provided. Net patient service revenue reflects the amounts to be collected after provision for contractual allowances, sliding fee adjustments and free care. Contractual allowances are accrued on an estimated basis in the period the related services are rendered. Net patient service revenue is adjusted as required based upon final settlements. Contractual allowances were approximately \$16,468,000 for the year ended June 30, 2012.

GREATER LAWRENCE FAMILY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

During fiscal year 2012, the Health Center adopted the accounting standard related to *Measuring Charity Care for Disclosure* under U.S. GAAP. The Health Center has a policy of providing free care services to patients who meet certain criteria under its free care policy without charge or at amounts less than its established rates. The Health Center does not pursue collection of amounts determined to qualify as free care and these amount are not reported as revenue. The Health Center provided \$6,722,870 of free care during the year ended June 30, 2012. The cost of providing these services was \$4,954,065 for the year ended June 30, 2012. The cost of providing free care was calculated by multiplying the percentage of gross free care charges to gross patient charges by the total cost of providing patient services.

In fiscal year 2012, the Health Center was reimbursed \$2,825,159, by the Massachusetts Division of Health Care Finance and Policy (DHCFP) for free care services provided to eligible patients. DHCFP reimburses the Health Center based upon current actual units of free care services provided, as allowed under DHCFP free care regulations. This revenue is included in net patient service revenue and pharmacy sales in the accompanying statement of activities and changes in net assets.

Net Assets

Unrestricted Net Assets:

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Health Center. The Health Center has grouped its unrestricted net assets into the following categories:

Operating - Represent resources available to carry on the operations of the Health Center.

Board Designated - Represent resources set aside by the Board of Directors for future programs or projects for the Health Center.

Fixed Assets - Reflect and account for the activities relating to the Health Center's fixed assets, net of related debt.

Temporarily Restricted Net Assets:

The Health Center receives grants and contributions which are designated by donors for specific purposes. These grants are recorded as temporarily restricted net assets until they are expended for their designated purposes.

GREATER LAWRENCE FAMILY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

The Health Center follows the accounting standards pertaining to *Fair Value Measurements* for qualifying assets and liabilities. These standards define fair value, establish a framework for measuring fair value under U.S. GAAP, and mandate disclosures about fair value measurements. This policy establishes a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value.

The three levels of the fair value framework are as follows:

- Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.
- Level 3: Inputs that are unobservable.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Subsequent Events

Subsequent events have been evaluated through November 6, 2012, which is the date the financial statements were available to be issued.

Accounting for Uncertainty in Income Taxes

The Health Center follows the *Accounting for Uncertainty in Income Taxes* standard, which requires the Health Center to report uncertain tax positions, related interest and penalties, and to adjust its assets and liabilities related to unrecognized tax benefits and accrued interest and penalties accordingly. As of June 30, 2012, the Health Center determined that there are no material unrecognized tax benefits to report. The Health Center does not expect that the amounts of unrecognized tax benefits will change significantly within the next twelve months.

Information returns generally remain subject to examination by the Internal Revenue Service and Massachusetts tax authorities for three years after filing.

GREATER LAWRENCE FAMILY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

(2) LONG-TERM DEBT

Long-term debt consists of the following:

Mortgage note payable to Massachusetts Health and Educational Facilities Authority (HEFA). Under this agreement, the Health Center pays monthly installments of principal and interest of approximately \$37,000, through May, 2016, to a bank which was appointed as trustee by HEFA. The note is backed by fifteen-year variable rate revenue bonds. Interest on the bonds was payable semi-annually at 6.32%, through May, 2011, at which time the rate was adjusted to 2.73%. The mortgage is secured by substantially all assets of the Health Center.	\$1,750,000
3.99% note payable to a financing company, due in monthly installments of principal and interest of \$17,325, through January 1, 2016. The note is secured by certain property rights in specified software.	693,086
Note payable to a bank, due in monthly installments of principal and interest of \$16,294, through May 29, 2015. Interest is at the one-month London Interbank Offered Rate (LIBOR) (0.24%), plus 2%. This note is secured by specified fixed assets and an assignment of specified leases.	<u>514,607</u>
	2,957,693
Less - current portion	<u>743,042</u>
	<u>\$2,214,651</u>

As part of the first note above, the Health Center must maintain a debt service fund and a debt service reserve fund. These funds are held by a trustee and are used for the repayment of debt, subject to review and approval from the bank.

The Health Center is subject to certain financial covenants as defined in the agreements. The Health Center was in compliance with these financial covenants as of June 30, 2012.

The Health Center has entered into an interest rate swap contract to hedge against potential interest rate increases on the note payable to the bank. The following terms effectively fix the interest rate on the note proceeds at June 30, 2012:

Amount	\$514,607
Interest rate	6.96%
Maturity date	May 29, 2015
Carrying value (in loss position)	\$36,868

GREATER LAWRENCE FAMILY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

(2) LONG-TERM DEBT (Continued)

To account for the interest rate swap contract, the Health Center adopted the provisions of *Accounting for Derivatives and Hedging Activities* in accordance with U.S. GAAP.

The swap contract is reported at fair value in the accompanying statement of financial position. Fair value is derived using Level 3 inputs (see page 14) including prevailing credit spreads, market liquidity, assumed transaction and hedging costs, and other factors. Any gain or loss in the value of the interest rate swap arrangement is recorded as a change in unrestricted net assets in the accompanying statement of activities and changes in net assets.

A reconciliation of the activity for the year ended June 30, 2012, is as follows:

Balance (in loss position), June 30, 2011	\$ (56,393)
Net unrealized gain	<u>19,525</u>
Balance (in loss position), June 30, 2012	<u>\$ (36,868)</u>

The aggregate principal payments required on long-term debt over the next four years are as follows:

2013	\$743,042
2014	\$792,319
2015	\$805,796
2016	\$616,536

(3) NOTES PAYABLE TO A BANK

The Health Center has available a \$1,000,000 operating line of credit with a bank. Borrowings under the line are due on demand and interest is payable monthly at the bank's prime lending rate (3.25 % at June 30, 2012), plus .5%. There were no outstanding balances under the line as of June 30, 2012. The line is renewable annually in January, and is secured by a second priority security interest in substantially all assets of the Health Center. The line is subject to specified covenants and is limited to 50% of the Health Center's accounts receivable less than ninety days old. The Health Center was in compliance with the specified covenants as of June 30, 2012.

The Health Center also has available a \$1,875,000 property and equipment line of credit with a bank. Advances can be made up to seventy-five percent of the purchase price of the property and equipment. Interest is payable monthly at the bank's prime lending rate (3.25% at June 30, 2012), plus 0.75% through April, 2013.

GREATER LAWRENCE FAMILY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

(4) **OPERATING LEASES**

The Health Center rents various facilities under operating lease agreements and as a tenant-at-will. The aggregate monthly payments were approximately \$37,000 for the year ended June 30, 2012. The Health Center is responsible for utilities and maintenance and must maintain specified insurance coverage. The leases expire at various intervals through December, 2021, and contain provisions for renewal options. The Health Center also has various office equipment leases expiring in September, 2013.

Remaining lease payments under non-cancelable lease obligations are as follows:

<u>Fiscal Years</u>	<u>Equipment</u>	<u>Facilities</u>
2013	\$15,207	\$360,178
2014	\$ -	\$321,845
2015	\$ -	\$247,092
2016	\$ -	\$ 76,272

Rent expense was \$489,762 for the year ended June 30, 2012, and is included in rent and utilities in the accompanying statement of functional expenses. Total equipment lease expense for the year ended June 30, 2012, was \$60,828 and is included in office, supplies and related in the accompanying statement of functional expenses.

(5) **RETIREMENT PLANS**

The Health Center has a flexible retirement annuity plan covering substantially all employees over the age of 21 who have completed a minimum of 1,000 hours of service within their first year of employment. Health Center contributions vest at 25% after two years of service through 100% after five years of service. This plan was frozen in December, 2008.

The Health Center also has a defined contribution pension plan. All eligible employees are automatically enrolled with an option to opt out. The Health Center contributes 3% of each employee's annual compensation.

The Health Center's expense under these plans for the year ended June 30, 2012, was \$727,420, which is included in fringe benefits in the accompanying statement of functional expenses.

(6) **FUNDING**

Charges made to most third party payors for patient services are periodically reviewed and adjusted based upon the submission of cost reports and possible subsequent audits. In the opinion of management, the effect of such cost determinations or adjustments, if any, will not have a material effect on the financial position of the Health Center as of June 30, 2012, or on the changes in its net assets for the year then ended.

The Health Center is entitled to receive settlements based upon the submission of cost reports. These settlements are not readily determinable and are, therefore, not recorded until the cost reports are finalized.

GREATER LAWRENCE FAMILY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

(6) FUNDING (Continued)

The Health Center receives a significant portion of its total operating revenues and support (approximately 9% in fiscal year 2012) from the U.S. Department of Health and Human Services (HHS) under Federal grants. These grants are subject to audit by HHS. In the opinion of management, the results of such audits, if any, will not have a material affect on the financial position of the Health Center as of June 30, 2012, or on the changes in its net assets for the year then ended.

During fiscal year 2012, the Health Center received a grant totaling \$1,657,500 which is included in grants and contracts in the accompanying statement activities and changes in net assets. The Health Center used this funding to offset implementation costs relating to their new electronic medical records system.

(7) CONCENTRATIONS

The Health Center maintains its cash balances in certain banks in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Health Center has not experienced any losses in such accounts. The Health Center believes it is not exposed to any significant credit risk on cash and cash equivalents.

At June 30, 2012, revenues and receivables from third-party payors and contracts consist of the following concentrations:

<u>Payor</u>	<u>Percentage of Revenue</u>	<u>Percentage of Net Accounts Receivable</u>
Medicaid	18%	18%
NHP	10%	6%
Medicare	5%	12%

(8) CONTINGENCIES

From time-to-time, the Health Center may be involved in various claims and lawsuits, both for and against the Health Center, arising in the normal course of business. Management believes that any financial responsibility that may be incurred in settlements of such claims and lawsuits would not be material to the Health Center's financial position. As of June 30, 2012, management is not aware of any outstanding claims or lawsuits for and against the Health Center.

(9) CASH HELD FOR OTHERS

The Health Center acts as a fiscal agent for a local association, whereby, the Health Center receives and disburses funds on behalf of the association. The Health Center held \$24,483 as of June 30, 2012, for the association. Since the revenues and expenses associated with this fiscal agent arrangement are not part of the Health Center's operations, they are excluded from revenues and expenses in the accompanying statement of activities and changes in net assets and functional expenses.

GREATER LAWRENCE FAMILY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

(10) SURPLUS REVENUE RETENTION

A nonprofit provider is allowed to retain an annual net surplus of up to 5% of gross revenues derived from delivering services to clients of the Commonwealth of Massachusetts. The cumulative amount retained may not exceed 20% of the prior year's gross revenues from Commonwealth of Massachusetts purchasing agencies, and must be segregated as surplus revenue retention net assets. A current year surplus which exceeds the 5% level or a cumulative surplus exceeding the 20% amount may be: 1) reinvested in program services as stipulated by the purchasing agencies; 2) recouped or; 3) used by the Commonwealth to reduce the price of future contracts.

Following are the surplus amounts as of June 30, 2012:

Surplus revenue retention (deficit), June 30, 2011	\$(823,742)
Current year activity	<u> -</u>
Surplus revenue retention (deficit), June 30, 2012	<u>\$(823,742)</u>

GREATER LAWRENCE FAMILY HEALTH CENTER

**SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS-
NOT-FOR-PROFIT ORGANIZATION
FOR THE YEAR ENDED JUNE 30, 2012**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>AGENCY OR PASS-THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>AMOUNT PROVIDED TO SUBRECIPIENTS</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Direct Programs:				
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers) (Cluster)	93.224	3H80CS00314B0 6H80CS00314-10-04 6H80CS00314-10-01	\$ 2,033,143 176,340 <u>175,023</u>	\$ - - -
			2,384,506	-
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	5H76HA00008-21-00	621,996 *	234,971
Teaching Health Center Graduate Medical Education Payments Program	93.530	6T91HP21539-01-04	600,000	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	5U58DP000945-04	200,924 #	76,150
The Patient Protection and Affordable Care Act of 2010	93.541	5U58DP000945-05	602,773	228,449
Mental Health Research Grants	93.242	1R01MH085653-01A2	171,880	40,564
Drug-Free Communities Support Program Grants	93.276	5H79SP011662-07 5H79SP011662-08	<u>101,817</u>	-
			4,683,896	580,134
Pass-through Commonwealth of Massachusetts, Department of Public Health:				
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	3406MM3900817017 3406MM3900817005	65,407 #	-
HIV Prevention Activities, Health Department Based	93.940	4942MM3100119024	94,977	-
Coordinated Services and Access to Research for Women, Infants, Children and Youth	93.153	3712MM3200815239 3712MM3802213234	95,183	7,870
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	2309M04802516025	25,000	-
Block Grants for the Prevention and Treatment of Substance Abuse	93.959	2351MM3802114005 2309M04802516025	438,681	-
Prevention and Public Health Fund - Community Transformation Grants and National Dissemination and Support for Community Transformation Grants	93.531	2902M04200317077	7,285	-
Immunization Cooperative Agreements (Cluster)	93.268	4300M04805809022	4,433	-
PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.539	4300M04805809022	<u>6,447</u>	-
			737,413	7,870

GREATER LAWRENCE FAMILY HEALTH CENTER

**SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS-
NOT-FOR-PROFIT ORGANIZATION
FOR THE YEAR ENDED JUNE 30, 2012
(Continued)**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>AGENCY OR PASS-THROUGH NUMBER</u>	<u>EXPENDITURES</u>	<u>AMOUNT PROVIDED TO SUBRECIPIENTS</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> (Continued)				
Pass-through Trustees of Health & Hospitals:				
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease:				
Title I - Transportation	93.918	PO21201746	41,851	-
Title I - Case Management	93.918	PO21201745	670,950	-
Title I - MAI - Psychosocial Support (PS)	93.918	PO21201744	<u>26,047</u>	<u>-</u>
			738,848 *	-
Pass-through University of Massachusetts Medical School:				
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107	5U77HP030-15-00/6100231 5U77HP03016-18-00	<u>70,639</u>	<u>-</u>
Total Federal Awards Expended and Provided to Subrecipients			<u>\$ 6,230,796</u>	<u>\$ 588,004</u>

* Total CFDA#93.918 = \$1,360,844

Total CFDA#93.283 = \$266,331

NOTE 1: BASIS OF PRESENTATION

The accompanying Supplementary Schedule of Expenditures of Federal Awards includes the Federal assistance activity of the Health Center and is presented on the accrual basis of accounting. 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*.

Where Every Client Is A Valued Client

**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
Greater Lawrence Family Health Center, Inc.:

We have audited the financial statements of Greater Lawrence Family Health Center, Inc. (the Health Center) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Health Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Health Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Health Center's internal control over financial reporting.

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

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

To the Board of Directors of
Greater Lawrence Family Health Center, Inc.
Page II

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Health Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, others within the Health Center, 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.

Alexander, Dickson, Pennington & Co., P.C.

Westborough, Massachusetts
November 6, 2012

Where Every Client Is A Valued Client

**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**

Independent Auditor's Report

To the Board of Directors of
Greater Lawrence Family Health Center, Inc.:

Compliance

We have audited Greater Lawrence Family Health Center, Inc.'s (the Health Center) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Health Center's major Federal programs for the year ended June 30, 2012. The Health Center'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 the Health Center's management. Our responsibility is to express an opinion on the Health Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Health Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Health Center's compliance with those requirements.

In our opinion, the Health Center 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 June 30, 2012.

Internal Control Over Compliance

Management of the Health Center 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 our audit, we considered the Health Center's internal control over compliance with the requirements that could have a direct and material effect on each of its major Federal programs to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Health Center's internal control over compliance.

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

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

This report is intended solely for the information and use of management, the Board of Directors, 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.

Alexander, Aronson, Penning & Co., P.C.

Westborough, Massachusetts
November 6, 2012

GREATER LAWRENCE FAMILY HEALTH CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

An unqualified opinion was issued on compliance for its major programs.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes No

Identification of the major programs:

<u>Program or Cluster Title</u>	<u>Federal CFDA Number</u>
Teaching Health Center Graduate Medical Education Payments Program	93.530
Mental Health Research Grants	93.242
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers) (Cluster)	93.224

GREATER LAWRENCE FAMILY HEALTH CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2012

(Continued)

I. SUMMARY OF AUDITOR'S RESULTS (Continued)

The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.

Auditee qualified as low-risk auditee? Yes No

II. FINANCIAL STATEMENT FINDINGS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

None

III. FINDINGS AND QUESTIONS COSTS FOR FEDERAL AWARDS

None