

MANATEE COUNTY RURAL HEALTH SERVICES, INC.  
ALLCARE OPTIONS LLC  
PARRISH, FLORIDA

COMBINED AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED  
November 30, 2012 and 2011

MANATEE COUNTY RURAL HEALTH SERVICES, INC.  
 ALLCARE OPTIONS LLC  
 COMBINED AUDITED FINANCIAL STATEMENTS  
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# SHINN & COMPANY<sup>LLC</sup>

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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors  
Manatee County Rural Health Services, Inc.  
Parrish, Florida

To the Members  
Allcare Options LLC  
Parrish, Florida

We have audited the accompanying combined statements of financial position of Manatee County Rural Health Services, Inc. (a nonprofit organization) and Allcare Options LLC (an affordable care act organization) as of November 30, 2012 and 2011, and the related combined statements of activities and cash flows for the years then ended. These combined financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to previously present fairly, in all material respects, the combined financial position of Manatee County Rural Health Services, Inc. and Allcare Options LLC as of November 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years 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 our report dated April 18, 2013, on our consideration of Manatee County Rural Health Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**Member**

Private Companies Practice Section  
American Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

As discussed in Note 15, a prior period adjustment was made for a correction of an error on property purchased in the prior year.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedule of revenue for Manatee County Rural Health Services, Inc. is presented for purposes of additional analysis and is not a required part of the combined financial statements of Manatee County Rural Health Services, Inc. and Allcare Options LLC. The accompanying schedule of expenditures of federal awards for Manatee County Rural Health Services, Inc. is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the combined financial statements as a whole.

*Shinn & Company LLC*  
CERTIFIED PUBLIC ACCOUNTANTS

Bradenton, Florida  
April 18, 2013

MANATEE COUNTY RURAL HEALTH SERVICES, INC. AND ALLCARE OPTIONS, LLC  
 COMBINING STATEMENT OF FINANCIAL POSITION  
 November 30, 2012 and 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,738,737	\$ 3,469,064
Restricted cash and cash equivalents	40,418	40,418
Accounts receivable - Note 3	10,363,181	5,922,832
Prepaid expenses	193,984	161,750
Inventory	390,697	362,634
Investments	-	1,500,000
457B salary deferrals	<u>680,326</u>	<u>575,449</u>
Total current assets	<u>15,407,343</u>	<u>12,032,147</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land, buildings and equipment at cost less accumulated depreciation of \$6,046,006 for year ending in 2012 and \$4,837,068 for year ending in 2011 - Note 7	21,739,657	20,660,747
Construction in progress - Note 7	<u>379,259</u>	<u>1,332,792</u>
Total land, building and equipment	<u>22,118,916</u>	<u>21,993,539</u>
<b>OTHER ASSETS</b>		
Deposits	47,367	70,805
Loan costs, net of accumulated amortization of \$19,444 and \$41,448	<u>467,589</u>	<u>445,585</u>
TOTAL ASSETS	<u>38,041,215</u>	<u>34,542,076</u>
<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	853,755	1,134,979
Accrued expenses	2,436,302	2,319,666
Deferred revenue	37,500	37,500
457B salary deferrals	680,326	575,449
Notes payable, current portion	<u>2,114,780</u>	<u>322,700</u>
Total current liabilities	<u>6,122,663</u>	<u>4,390,294</u>
<b>LONG-TERM DEBT</b>		
Notes payable, less current portion - Note 10	<u>13,974,758</u>	<u>13,835,063</u>
TOTAL LIABILITIES	<u>20,097,421</u>	<u>18,225,357</u>
<b>NET ASSETS</b>		
Unrestricted	<u>17,943,794</u>	<u>16,316,719</u>
TOTAL NET ASSETS	<u>\$ 17,943,794</u>	<u>\$ 16,316,719</u>

See notes to financial statements.

MANATEE COUNTY RURAL HEALTH SERVICES, INC. AND ALLCARE OPTIONS LLC  
 COMBINING STATEMENT OF ACTIVITIES  
 For the Years Ended November 30, 2012 and 2011

	2012	2011
UNRESTRICTED NET ASSETS		
Support		
Financial assistance:		
Federal agencies	\$ 5,986,820	\$ 7,722,672
Other	2,700,111	2,707,023
Total	8,686,931	10,429,695
Other support:		
Program service fees	51,231,848	46,417,158
Donations - Note 8	311,878	440,263
Gain on sale of investment	500,000	-
Interest income	9,186	10,930
Miscellaneous	115,184	215,618
Total other support	52,168,096	47,083,969
Total unrestricted support	60,855,027	57,513,664
EXPENSES		
Program services	46,183,795	42,156,562
Support services	12,573,185	11,614,631
Allcare Options - support services	355,896	-
Total expenses	59,112,876	53,771,193
CHANGE IN UNRESTRICTED NET ASSETS	1,742,151	3,742,471
NET ASSETS AT BEGINNING OF YEAR	16,316,719	12,574,248
Prior Period Adjustment - Note 15	(115,076)	-
NET ASSETS AT END OF YEAR	\$ 17,943,794	\$ 16,316,719

See notes to financial statements.

MANATEE COUNTY RURAL HEALTH SERVICES, INC. AND ALLCARE OPTIONS LLC  
 COMBINING SCHEDULE OF CASH FLOWS  
 For the Years Ended November 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in unrestricted net assets	\$ 1,742,151	\$ 3,742,471
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,221,650	1,036,939
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(4,684,224)	119,715
Decrease (increase) in prepaid expenses	(32,234)	(160,750)
Decrease (increase) in inventory	(28,063)	(15,360)
Increase in 457B salary deferrals	(104,877)	(102,682)
Decrease (increase) in deposits	23,438	(38,846)
Increase (decrease) in accounts payable	(37,346)	381,115
Increase (decrease) in accrued expenses	116,636	(381,055)
Increase in 457B salary deferrals liability	<u>104,877</u>	<u>102,682</u>
Net cash provided (used) in operating activities	<u>(1,677,992)</u>	<u>4,684,229</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment	2,000,000	-
Purchase of property, plant and equipment	<u>(1,984,110)</u>	<u>(8,789,722)</u>
Net cash used by financing activities	<u>15,890</u>	<u>(8,789,722)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable, including lines of credit	3,253,061	6,123,282
Repayment of notes payable, including lines of credit	<u>(1,321,286)</u>	<u>(1,336,374)</u>
Net cash provided by financing activities	<u>1,931,775</u>	<u>4,786,908</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	269,673	681,415
BEGINNING CASH AND CASH EQUIVALENTS	<u>3,509,482</u>	<u>2,828,067</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 3,779,155</u>	<u>\$ 3,509,482</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	<u>\$ 539,948</u>	<u>\$ 497,917</u>

See notes to financial statements.

MANATEE COUNTY RURAL HEALTH SERVICES, INC. AND ALLCARE OPTIONS LLC  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2012 and 2011

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Manatee County Rural Health Services, Inc., (the Agency) is a nonprofit organization which provides health care services to the underserved, rural communities of Manatee, Sarasota and DeSoto Counties. These services are administered by over sixty health care providers working from twenty healthcare sites. The Agency is supported primarily through Federal and State awards and patient fees.

Manatee County Rural Health Services, Inc. is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and contributions to it are tax deductible within the limitations prescribed by the Code.

Allcare Options, LLC, (the Company) is an affordable care organization formed under the 2010 Affordable Health Care Act which provides Medicare and Medicaid services to residents of Manatee, Sarasota and Desoto Counties. The Company is supported primarily through payments received from Medicare and Medicaid.

Both organizations share key personnel and the Agency provides the staffing and support for the Company but have different governing boards.

B. Basis of Presentation

Financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205 Presentation of Financial Statements of Not-for-Profit Entities. Under ASC 958-205, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of November 30, 2012 and 2011, there were no temporarily or permanently restricted net assets.

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

C. Basis of Accounting

The accrual basis of accounting is followed by the Agency and the Company. Revenue is recorded when earned and assets or expenses are recorded at the time the liability is incurred.

D. Property and Equipment

Property and Equipment are carried at cost, except for donated assets, which are recorded at the fair market value at the time of the gift. The Agency follows the practice of capitalizing all expenditures for land, building, and equipment in excess of \$2,500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to forty years.

MANATEE COUNTY RURAL HEALTH SERVICES, INC. AND ALLCARE OPTIONS LLC  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2012 and 2011

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Accounts Receivable

The Agency records accounts receivable at the time of service. These amounts are often reduced because of the patient's inability to pay or because of disallowance and reductions from third party payors. Uncollectible receivables are estimated in the allowance for doubtful accounts.

F. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Agency considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

G. Inventory

Inventory is stated at the lower of cost or market on a first-in, first-out basis, and consists primarily of pharmaceutical, other medical supplies and office supplies.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. Subsequent Events

The Agency and the Company have evaluated subsequent events through April 18, 2013, which represents the date on which the financial statements were issued.

NOTE 2 – RESTRICTED CASH

In order to comply with regulations to operate as a discount medical plan organization, money is being held in a Treasury Cash Deposit Trust Fund and is considered restricted cash. The balance in this account for the years ended November 30, 2012 and 2011 is \$40,418 and \$40,418, respectively.

MANATEE COUNTY RURAL HEALTH SERVICES, INC. AND ALLCARE OPTIONS LLC  
 NOTES TO FINANCIAL STATEMENTS  
 November 30, 2012 and 2011

NOTE 3 – ACCOUNTS RECEIVABLE

The accounts receivable balances as of November 30, 2012 and 2011 were as follows:

	2012	2011
State of Florida	\$ 436,781	\$ 408,475
Various local governmental units	1,648,651	1,278,313
Medicaid and EPSDT	5,215,353	2,223,107
Healthy Start	134,551	109,767
Medicare	1,802,410	1,192,590
Federal stimulus grants	-	3,633
Patient fees	5,106,269	5,182,430
Low income pool	141,360	190,961
Other	294,409	507,566
	14,779,784	11,096,842
Less: allowance for doubtful accounts	(4,416,603)	(5,174,010)
	\$ 10,363,181	\$ 5,922,832

NOTE 4 – INVESTMENTS

In December 2007, Manatee County Rural Health Services, Inc. purchased 1,500,000 Series D Preferred Units for \$1,500,000 as an investment in a Florida, for-profit Limited Liability Corporation. During the current fiscal year, the entire investment was sold for \$2,000,000.

NOTE 5 – FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Agency applies GAAP for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

MANATEE COUNTY RURAL HEALTH SERVICES, INC. AND ALLCARE OPTIONS LLC  
 NOTES TO FINANCIAL STATEMENTS  
 November 30, 2012 and 2011

NOTE 5 – FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES - CONTINUED

The following tables present assets that are measured at fair value on a recurring basis at November 30, 2012 and 2011:

	Fair Value Measurement Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Unobservable Inputs (Level 3)
<u>November 30, 2012</u>			
Series D Preferred Units of LLC	\$ -	\$ -	\$ -
<u>November 30, 2011</u>			
Series D Preferred Units of LLC	\$ 1,500,000	\$ -	\$ 1,500,000

Fair values for equity securities are determined by reference to quoted market prices and other relevant information generated by market transactions. The entire investment was sold during the current fiscal year.

NOTE 6 – FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

Certain of the Agency's financial instruments are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include: cash and cash equivalents, accounts receivable, inventory, 457B salary deferrals and other assets, accounts payable, accrued expenses, deferred revenue, 457B salary deferrals and notes payable.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 5,317,316	\$ 4,903,098
Office furniture and equipment	2,130,551	1,906,919
Medical and dental equipment	2,268,216	1,917,241
Buildings and leasehold improvements	18,069,580	16,770,557
	<u>27,785,663</u>	<u>25,497,815</u>
Less accumulated depreciation	(6,046,006)	(4,837,068)
	21,739,657	20,660,747
Construction in progress	379,259	1,332,792
	<u>\$ 22,118,916</u>	<u>\$ 21,993,539</u>

MANATEE COUNTY RURAL HEALTH SERVICES, INC. AND ALLCARE OPTIONS LLC  
 NOTES TO FINANCIAL STATEMENTS  
 November 30, 2012 and 2011

NOTE 7 – PROPERTY AND EQUIPMENT - CONTINUED

Depreciation expense for the years ended November 30, 2012 and 2011 was \$1,208,938 and \$1,004,551, respectively.

NOTE 8 – DONATIONS AND CONTRIBUTED SERVICES

The Agency reports donations and contributed services at their estimated values as revenues and expenses at the date of receipt. Donations of equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted revenue unless the donor has restricted the donated asset to a specific purpose.

Donated services are measured at amounts comparable to costs, which would be incurred by the agency to hire personnel, purchase supplies and rent facilities to accomplish similar objectives. For the years ended November 30, 2012 and 2011, donations consisted of the following:

	2012	2011
Supplies		
Pfizer Pharmaceutical	\$ 251,878	\$ 380,263
Facility Rental		
Manatee County, Florida	60,000	60,000
	\$ 311,878	\$ 440,263

NOTE 9 – RECONCILIATION OF EXPENSES ON THE STATEMENT OF ACTIVITIES TO COSTS REPORTED ON THE FEDERAL FINANCIAL REPORT

Generally accepted accounting principles require the capitalization of buildings and equipment acquired during the year and the associated depreciation expense over its estimated useful life. Total program costs as reported on the federal financial report include the cost of equipment as an operating expense in the year of acquisition. Total expenses on the two reports are reconciled as follows:

Total expenses on the Statement of Activities	\$ 58,756,980
Plus: Capital expenditures for the period	1,984,110
Mortgage principal	1,321,286
Increase in accounts receivable	4,684,224
Increase in inventory	28,063
Increase in accounts payable	281,221
Less: Increase in accrued expenses	(116,636)
Decrease in deposits	(23,438)
Depreciation and amortization expense	(1,221,650)
Total program costs as reported on the federal financial report	\$ 65,694,160

MANATEE COUNTY RURAL HEALTH SERVICES, INC. AND ALLCARE OPTIONS LLC  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2012 and 2011

NOTE 10 – NOTES PAYABLE AND LINES OF CREDIT

Notes payable at November 30, 2012 and 2011, consist of the following (all are Manatee County Rural Health Services, Inc. unless noted (Allcare Options line of credit)):

	<u>2012</u>	<u>2011</u>
Line of credit loan payable to Bank of America, with interest at one-month LIBOR (London Interbank Offered Rate) plus 2.75%. The one-month LIBOR was .212% at November 30, 2012. The loan matures on May 31, 2014, secured by equipment and accounts receivable.	\$1,600,000	\$ -
Adjustable rate bond payable to Bank of America, principal due in monthly installments of \$6,878, plus interest at .64% of LIBOR (London Interbank Offered Rate) plus 2%, not to exceed 5.82%. The one-month LIBOR was .24528% at November 30, 2011. This is known as "Tranche Two" of the bond. The total balance will transfer to "Tranche Three" of this bond in December 2011, secured by property.	-	1,171,233
Adjustable rate bond payable to Bank of America, principal due in monthly installments of \$11,538, plus interest at .64% of LIBOR (London Interbank Offered Rate) plus 2%, not to exceed 4.03%. The one-month LIBOR was .212% and .24528% at November 30, 2012 and 2011. This is known as "Tranche Three" of the bond, balloon payment due December 2014, secured by property.	5,735,618	4,785,994
Fixed rate note payable to Gateway Bank in monthly installments of \$13,103, including interest at 3.70% until September 15, 2017 where interest rates will adjust per agreement with bank every 60 months with final payment due September 15, 2027, secured by real estate.	1,786,496	1,856,990
Fixed rate note payable to Bank of America, interest only through January 2012 at a rate of 2.88%. This is known as "Tranche 3" of the bond, balloon payment due December 2014, secured by property	3,501,615	3,628,242
Fixed rate note payable to Bank of America in monthly installments of \$3,985, plus interest at 3.85% due December 2014, secured by real estate.	1,395,150	1,435,000

MANATEE COUNTY RURAL HEALTH SERVICES, INC. AND ALLCARE OPTIONS LLC  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2012 and 2011

NOTE 10 – NOTES PAYABLE AND LINES OF CREDIT – CONTINUED

	2012	2011
Fixed rate note payable to Bank of America in monthly installments of \$1,160, plus interest at 3.85% due December 2014, secured by real estate.	1,088,000	408,680
Fixed rate note payable to Bank of America in monthly installments of \$2,400, plus interest at 2.89% due July 2018, secured by real estate.	842,659	871,624
Line of credit loan payable to Bank of America, interest rate of 2.712%. Loan matures on May 31, 2014. (Allcare Options LLC)	140,000	-
Total	16,089,538	14,157,763
Less: current maturities	(2,114,780)	(322,700)
Total long-term debt	\$13,974,758	\$ 13,835,063

Maturities of notes payable for the next five years and thereafter are as follows:

For the Year Ending November 30	Amount
2013	\$ 2,114,780
2014	375,389
2015	10,278,525
2016	139,234
2017	1,242,737
2018	775,124
2019-2023	628,310
2024-2027	535,439
Total	\$ 16,089,538

MANATEE COUNTY RURAL HEALTH SERVICES, INC. AND ALLCARE OPTIONS LLC  
 NOTES TO FINANCIAL STATEMENTS  
 November 30, 2012 and 2011

NOTE 11 – OPERATING LEASES

Manatee County Rural Health Services, Inc. leases operations facilities and equipment under leases with expiration dates exceeding one year. The agency also leases facilities equipment under short-term operating leases. Lease expense for the years ended November 30, 2012 and 2011 was \$816,798 and \$855,501, respectively.

Future minimum lease payments applicable to these leases are as follows:

For the Year Ending November 30,	
2013	\$ 564,198
2014	450,934
Total	<u>\$ 1,015,132</u>

NOTE 12 – RETIREMENT PLAN

The Agency sponsors a profit sharing plan covering all employees meeting certain eligibility requirements. Contributions to the plan are discretionary and are based upon a percentage of compensation. The agency shall determine, at its sole discretion, the annual contributions as determined by the Board of Directors. Contributions to the plan for the years ended November 30, 2012 and 2011 amounted to \$650,000 and \$650,000, respectively.

NOTE 13 – CONCENTRATIONS

The Agency maintains its bank accounts at various financial institutions located in Manatee County, Florida. Accounts at banking institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. There were no amounts in excess of the FDIC insurance limit as of November 30, 2012 and 2011, respectively.

During the fiscal year the Agency purchased 95% of its pharmaceutical supplies from one major vendor.

NOTE 14 – RELATED PARTY TRANSACTIONS

During the year ended November 30, 2012 and 2011, the Agency acquired services at arms-length from the following related parties:

		<u>2012</u>	<u>2011</u>
The Pinnacle Group of West Coast Florida, Inc.	Building renovations and repairs	\$ -	\$ 46,670
A to Z Complete Property Management, Inc.	Facility cleaning and maintenance	-	18,624
John B. Lewis, OD, PA	Licensed optometry services	-	94,229
Lawn Authority of Manatee County, Inc.	Lawn maintenance services	-	6,500
R&L Healthcare Advisors, LLC*	Professional medical business consulting services	120,111	85,000

\*Related party resigned from the board in December 2011.

MANATEE COUNTY RURAL HEALTH SERVICES, INC. AND ALLCARE OPTIONS LLC  
NOTES TO FINANCIAL STATEMENTS  
November 30, 2012 and 2011

NOTE 14 – RELATED PARTY TRANSACTIONS – CONTINUED

In addition, the Company (Allcare Options LLC) currently is fully controlled by the Agency (Manatee County Rural Health Services, Inc.). The entire amount of the accounts payable of \$243,875 for the Company is due to the Agency and has been eliminated from the combined statements. The Company intends to pay this balance when revenues are received.

NOTE 15 – PRIOR PERIOD ADJUSTMENT

The prior period adjustment in the Agency statements is a correction of an error in the prior year. The Agency did not correctly record property taxes they had paid on a property that was purchased during the prior fiscal year.

NOTE 16 – RECLASSIFICATIONS

Certain reclassifications were made to prior period amounts in order to be consistent with current period presentation. These reclassifications do not have a material impact on the Agency or the Company's financial position or results of operations.

NOTE 17 – SUBSEQUENT EVENTS

On April 1, 2013, the Agency and Huntingdon Healthcare, Inc., an independent contractor of mental health services to the Agency, signed an agreement stipulating that Huntingdon Healthcare will continue to provide services to the Agency until April 1, 2017 where upon the Agency will have the option to purchase Huntingdon Healthcare, Inc. for \$1. A payment of \$1,000,000 was made on April 1, 2013. If Huntingdon Healthcare, Inc. does not continue to provide services through April 1, 2017, the \$1,000,000 must be repaid to the Agency.

**SUPPLEMENTARY INFORMATION**

MANATEE COUNTY RURAL HEALTH SERVICES, INC.  
SCHEDULE OF FINANCIAL POSITION  
November 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,710,758	\$ 3,469,064
Restricted cash and cash equivalents	40,418	40,418
Accounts receivable - Note 3	10,607,056	5,922,832
Prepaid expenses	193,984	161,750
Inventory	390,697	362,634
Investments	-	1,500,000
457B salary deferrals	<u>680,326</u>	<u>575,449</u>
Total current assets	<u>15,623,239</u>	<u>12,032,147</u>
PROPERTY AND EQUIPMENT		
Land, buildings and equipment at cost less accumulated depreciation of \$6,046,006 for year ending in 2012 and \$4,837,068 for year ending in 2011 - Note 7	21,739,657	20,660,747
Construction in progress - Note 7	<u>379,259</u>	<u>1,332,792</u>
Total land, building and equipment	<u>22,118,916</u>	<u>21,993,539</u>
OTHER ASSETS		
Deposits	47,367	70,805
Loan costs, net of accumulated amortization of \$19,444 and \$41,448	<u>467,589</u>	<u>445,585</u>
TOTAL ASSETS	<u>38,257,111</u>	<u>34,542,076</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	853,755	1,134,979
Accrued expenses	2,436,302	2,319,666
Deferred revenue	37,500	37,500
457B salary deferrals	680,326	575,449
Notes payable, current portion	<u>1,974,780</u>	<u>322,700</u>
Total current liabilities	<u>5,982,663</u>	<u>4,390,294</u>
LONG-TERM DEBT		
Notes payable, less current portion - Note 10	<u>13,974,758</u>	<u>13,835,063</u>
TOTAL LIABILITIES	<u>19,957,421</u>	<u>18,225,357</u>
NET ASSETS		
Unrestricted	<u>18,299,690</u>	<u>16,316,719</u>
TOTAL NET ASSETS	<u>\$ 18,299,690</u>	<u>\$ 16,316,719</u>

MANATEE COUNTY RURAL HEALTH SERVICES, INC.  
SCHEDULE OF ACTIVITIES  
For The Years Ended November 30, 2012 and 2011

	2012	2011
UNRESTRICTED NET ASSETS		
Support		
Financial assistance:		
Federal agencies	\$ 5,986,820	\$ 7,722,672
Other	2,700,111	2,707,023
Total	8,686,931	10,429,695
Other support:		
Program service fees	51,231,848	46,417,158
Donations - Note 8	311,878	440,263
Gain on sale of investments	500,000	-
Interest income	9,186	10,930
Miscellaneous	115,184	215,618
Total other support	52,168,096	47,083,969
Total unrestricted support	60,855,027	57,513,664
EXPENSES		
Program services	46,183,795	42,156,562
Support services	12,573,185	11,614,631
Total expenses	58,756,980	53,771,193
CHANGE IN UNRESTRICTED NET ASSETS	2,098,047	3,742,471
NET ASSETS AT BEGINNING OF YEAR	16,316,719	12,574,248
Prior Period Adjustment - Note 15	(115,076)	-
NET ASSETS AT END OF YEAR	\$ 18,299,690	\$ 16,316,719

MANATEE COUNTY RURAL HEALTH SERVICES, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
For The Year Ended November 30, 2012

	Program Services	Support Services	Total
Salaries	\$ 26,381,621	\$ 4,328,616	\$ 30,710,237
Employee benefits	<u>4,286,457</u>	<u>714,530</u>	<u>5,000,987</u>
Total salaries and related expenses	<u>30,668,078</u>	<u>5,043,146</u>	<u>35,711,224</u>
Operating supplies	1,983,038	399,407	2,382,445
Telephone	59,910	859,669	919,579
Non-employee insurance	451,881	229,002	680,883
Rents and leases	180,714	774,936	955,650
Interest	-	538,657	538,657
Internal meetings	20,410	12,181	32,591
Utilities	16,328	424,995	441,323
Dues and subscriptions	156,711	141,220	297,931
Travel - local and out of area	202,795	145,490	348,285
Building repair and maintenance	68,385	422,544	490,929
Professional & contracted services	9,259,545	1,770,025	11,029,570
Advertising	8,051	153,710	161,761
Purchase for resale	1,972,598	-	1,972,598
Data processing	834,694	351,291	1,185,985
Training	32,878	23,904	56,782
Postage	5,835	45,808	51,643
Pantry food supplies	9,991	-	9,991
Miscellaneous and in-kind services	<u>251,953</u>	<u>15,550</u>	<u>267,503</u>
Total expenses before depreciation and amortization	46,183,795	11,351,535	57,535,330
Depreciation and amortization	<u>-</u>	<u>1,221,650</u>	<u>1,221,650</u>
<b>TOTAL EXPENSES</b>	<u>\$ 46,183,795</u>	<u>\$ 12,573,185</u>	<u>\$ 58,756,980</u>

MANATEE COUNTY RURAL HEALTH SERVICES, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
For The Year Ended November 30, 2011

	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>
Salaries	\$ 23,747,871	\$ 4,047,620	\$ 27,795,491
Employee benefits	<u>3,944,189</u>	<u>660,351</u>	<u>4,604,540</u>
Total salaries and related expenses	<u>27,692,060</u>	<u>4,707,971</u>	<u>32,400,031</u>
Operating supplies	1,770,098	361,484	2,131,582
Telephone	36,173	771,878	808,051
Non employee insurance	115,909	335,116	451,025
Rents and leases	108,337	761,008	869,345
Interest	-	497,917	497,917
Internal meetings	11,924	13,243	25,167
Utilities	16,555	338,722	355,277
Dues and subscriptions	58,478	1,429	59,907
Travel - local and out of area	170,908	139,974	310,882
Building repair and maintenance	43,451	304,201	347,652
Professional and contracted services	8,639,240	1,818,336	10,457,576
Advertising	9,762	127,130	136,892
Purchase for resale	2,191,161	-	2,191,161
Data processing	839,745	308,751	1,148,496
Training	44,436	20,908	65,344
Postage	7,787	43,187	50,974
Pantry food supplies	20,275	-	20,275
Miscellaneous and In-kind services	<u>380,263</u>	<u>26,437</u>	<u>406,700</u>
Total expenses before depreciation and amortization	42,156,562	10,577,692	52,734,254
Depreciation and amortization	<u>-</u>	<u>1,036,939</u>	<u>1,036,939</u>
<b>TOTAL EXPENSES</b>	<u><b>\$ 42,156,562</b></u>	<u><b>\$ 11,614,631</b></u>	<u><b>\$ 53,771,193</b></u>

MANATEE COUNTY RURAL HEALTH SERVICES, INC.  
SCHEDULE OF CASH FLOWS  
For the Years Ended November 30, 2012 and 2011

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in unrestricted net assets	\$ 2,098,047	\$ 3,742,471
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,221,650	1,036,939
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(4,684,224)	119,715
Decrease (increase) in prepaid expenses	(32,234)	(160,750)
Decrease (increase) in inventory	(28,063)	(15,360)
Increase in 457B salary deferrals	(104,877)	(102,682)
Decrease (increase) in deposits	23,438	(38,846)
Increase (decrease) in accounts payable	(281,221)	381,115
Increase (decrease) in accrued expenses	116,636	(381,055)
Increase in 457B salary deferrals liability	<u>104,877</u>	<u>102,682</u>
Net cash provided (used) in operating activities	<u>(1,565,971)</u>	<u>4,684,229</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investment	2,000,000	-
Purchase of property, plant and equipment	<u>(1,984,110)</u>	<u>(8,789,722)</u>
Net cash used by investing activities	<u>15,890</u>	<u>(8,789,722)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable, including lines of credit	3,113,061	6,123,282
Repayment of notes payable, including lines of credit	<u>(1,321,286)</u>	<u>(1,336,374)</u>
Net cash provided by financing activities	<u>1,791,775</u>	<u>4,786,908</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	241,694	681,415
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>3,509,482</u>	<u>2,828,067</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 3,751,176</u>	<u>\$ 3,509,482</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	<u>\$ 538,657</u>	<u>\$ 497,917</u>

MANATEE COUNTY RURAL HEALTH SERVICES, INC.  
SCHEDULE OF REVENUE  
For the Year Ended November 30, 2012

<u>Source of Revenue</u>	<u>Program or Contract Title</u>	<u>Amount</u>
U.S. Department of Health and Human Services	Bureau of Health Care and Delivery Assistance	\$ 5,340,137
U.S. Department of Health and Human Services	Ryan White Title III Early Intervention Services	525,489
Various Grants	Multiple	32,400
Hillsborough County, Florida	Ryan White Title II Case Management	111,100
	Medication Assistance	30,451
	Primary Care	55,842
	Emerging Communities	60,514
	Dental	6,134
	HOPWA - Case Management	26,786
Florida Department of Health	Primary Care Contracts	2,659,785
	ER Diversion	1,200,000
Healthy Start	Case Management	246,317
Manatee County Board of County Commissioners	HIV Medical	260,290
	Children's Dental Services	63,602
	Pharmaceutical Vouchers	177,725
Patients and Insurance Companies	Patient fees and other donations	48,377,662
Banks	Interest	9,186
Various	In kind donations	311,878
Various	Other income	<u>1,359,729</u>
Total Revenue		<u>\$ 60,855,027</u>

ALLCARE OPTIONS, LLC  
BALANCE SHEET  
November 30, 2012

ASSETS

CURRENT ASSETS

Cash \$ 27,979

LIABILITIES AND MEMBER'S EQUITY (DEFICIT)

CURRENT LIABILITIES

Accounts payable \$ 243,875

LONG-TERM LIABILITIES

Line of credit 140,000

TOTAL LIABILITIES 383,875

MEMBER'S EQUITY (DEFICIT) (355,896)

TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT) \$ 27,979

ALLCARE OPTIONS, LLC  
 INCOME STATEMENT  
 For the Year Ended November 30, 2012

REVENUES	\$ <u>          -</u>
EXPENSES	
Administrative fee	203,029
Professional and medical services	130,846
Attorney fees	13,946
Postage	3,323
Supplies	1,904
Bank charges	1,354
Interest charges	1,291
Sales and use tax	<u>          203</u>
Total expenses	<u>355,896</u>
NET INCOME (LOSS)	(355,896)
MEMBER'S EQUITY (DEFICIT), BEGINNING OF YEAR	<u>          -</u>
MEMBER'S EQUITY (DEFICIT), END OF YEAR	<u>\$ (355,896)</u>

ALLCARE OPTIONS, LLC  
STATEMENT OF CASH FLOWS  
For the Year Ended November 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income (loss)	\$ (355,896)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in accounts payable	<u>243,875</u>
Net cash used in operating activities	(112,021)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from line of credit	<u>140,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	27,979
BEGINNING CASH AND CASH EQUIVALENTS	<u>-</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 27,979</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Interest paid	<u>\$ 1,291</u>

# SHINN & COMPANY<sup>LLC</sup>

Certified Public Accountants and Consultants

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## 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 GOVERNMENTAL AUDITING STANDARDS

To the Board of Directors  
Manatee County Rural Health Services, Inc.  
Parrish, Florida

We have audited the financial statements of Manatee County Rural Health Services, Inc. (a nonprofit organization) as of and for the years ended November 30, 2012 and 2011, and have issued our report thereon dated April 18, 2013. We conducted our audits 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. The financial statements of Allcare Options LLC were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Allcare Options LLC.

### Internal Control Over Financial Reporting

Management of Manatee County Rural Health Services, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Manatee County Rural Health Services, Inc.'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 Manatee County Rural Health Services, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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 entity'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 previously.

#### Member

Private Companies Practice Section  
American Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Manatee County Rural Health Services, Inc.'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 management, board of directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Shinn & Company LLC*

CERTIFIED PUBLIC ACCOUNTANTS

Bradenton, Florida  
April 18, 2013

# SHINN & COMPANY LLC

Certified Public Accountants and Consultants

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

To The Board of Directors  
Manatee County Rural Health Services, Inc.  
Parrish, Florida

### Compliance

We have audited Manatee County Rural Health Services, Inc.'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Manatee County Rural Health Services, Inc.'s major federal programs for the year ended November 30, 2012. Manatee County Rural Health Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Manatee County Rural Health Services, Inc.'s management. Our responsibility is to express an opinion on Manatee County Rural Health Services, Inc.'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 Manatee County Rural Health Services, Inc.'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 Manatee County Rural Health Services, Inc.'s compliance with those requirements.

In our opinion, Manatee County Rural Health Services, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2012.

#### Member

Private Companies Practice Section  
American Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

## Internal Control Over Compliance

Management of Manatee County Rural Health Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Manatee County Rural Health Services, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order 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 Manatee County Rural Health Services, 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.*

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, board of directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Shinn & Company LLC*

CERTIFIED PUBLIC ACCOUNTANTS

Bradenton, Florida  
April 18, 2013

MANATEE COUNTY RURAL HEALTH SERVICES, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Year Ended November 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Bureau of Health Care Delivery and Assistance	93.224	N/A	\$ 5,340,137
Ryan White Title III Early Intervention Services	93.918	N/A	525,489
Passed through the Healthy Start Coalition of Manatee County, Inc.			
Maternal and Child Health Services Block Grant	93.994	RHS1112HCBCC	91,959
Passed through Hillsborough County			
Ryan White Part B - Dental HIV/AIDS	93.917	N/A	7,038
Ryan White Part B - Medications HIV/AIDS	93.917	N/A	27,925
Ryan White Part B - Primary Care HIV/AIDS	93.917	N/A	50,280
Ryan White Part B - Emerging Communities	93.917	N/A	56,826
Ryan White Part B - Case Management HIV/AIDS	93.917	N/A	101,130
HOPWA	N/A	N/A	<u>43,098</u>
TOTAL FEDERAL FINANCIAL AWARDS			<u>\$ 6,243,882</u>

See notes to schedule of expenditures of federal awards.

MANATEE COUNTY RURAL HEALTH SERVICES, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
November 30, 2012

1. Summary of Significant Accounting Policies:

The accounting policies and presentation of the Single Audit Report of Manatee County Rural Health Services, Inc. have been designed to conform to generally accepted accounting principles, including the reporting and compliance requirements of the Audits of States, Local Governments, and Non-Profit Organizations and Office of Management and Budget Circular A-133.

Basis of Accounting - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards.

MANATEE COUNTY RURAL HEALTH SERVICES, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
 FEDERAL PROGRAMS  
 For The Year Ended November 30, 2012

**Part I – Summary of Auditors' Results**

**Basic Financial Statement Section**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards Section**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 Section 510(a)?	No

Identification of major programs:

CFDA Number	Name of Program
93.224	Bureau of Health Care Delivery and Assistance
93.918	Ryan White Title III Early Intervention Services

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**Part II – Schedule of General Purpose Financial Statement Findings**

There were no financial statement findings required to be reported.

**Part III – Schedule of Federal Award Findings and Questioned Costs**

There were no findings or questioned costs, material weaknesses or significant deficiencies required to be reported.

**Part IV – Summary Schedule of Prior Audit Findings**

There were no findings or questioned costs, material weaknesses or significant deficiencies reported in the prior year.

MANATEE COUNTY RURAL HEALTH SERVICES, INC.  
ALLCARE OPTIONS, LLC  
MANAGEMENT LETTER  
For The Year Ended November 30, 2012

To The Board of Directors  
Manatee County Rural Health Services, Inc.  
Parrish, Florida

To the Members  
Allcare Options LLC  
Parrish, Florida

We have no management letter comments that need to be shared with Manatee County Rural Health Services, Inc. (a nonprofit organization) and Allcare Options LLC (an affordable care act organization) as of November 30, 2012.