
SANTA ROSA COMMUNITY HEALTH CENTERS
AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

SANTA ROSA COMMUNITY HEALTH CENTERS

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Santa Rosa Community Health Centers
Santa Rosa, California

We have audited the accompanying statements of financial position of Santa Rosa Community Health Centers (a Nonprofit Organization) as of June 30, 2012 and 2011 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Santa Rosa Community Health Centers' management. Our responsibility is to express an opinion on these 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 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 audits provide 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 Santa Rosa Community Health Centers as of June 30, 2012 and 2011, and the changes in its net assets and 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 October 12, 2012 on our consideration of Santa Rosa Community Health Centers' 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 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Santa Rosa Community Health Centers' taken as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)* is presented for purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the

auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

PwC v Awards
Oakland, California
October 12, 2012

SANTA ROSA COMMUNITY HEALTH CENTERS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current assets		
Cash and cash equivalents (Note 2)	\$ 2,996,036	\$ 3,435,375
Receivables:		
Patient receivable, net (Note 3)	4,045,326	2,081,378
Grants and contracts receivable (Note 4)	859,400	528,033
Other receivables (Note 3)	37,193	5,642
Assets limited as to use (Note 5)	670,383	693,119
Prepays and deposits	<u>105,770</u>	<u>162,741</u>
Total current assets	<u>8,714,108</u>	<u>6,906,288</u>
Noncurrent assets:		
Assets limited as to use net of amount required for current liabilities:		
Held by trustee (Note 5)	960,285	955,634
Restricted assets (Note 11)	16,910	18,101
Property and equipment, net of accumulated depreciation (Note 6)	12,539,216	12,857,510
Other assets - bond issuance costs, net of accumulated amortization (Note 7)	<u>1,359,560</u>	<u>1,408,701</u>
Total noncurrent assets	<u>14,875,971</u>	<u>15,239,946</u>
Total assets	<u>\$ 23,590,079</u>	<u>\$ 22,146,234</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 638,110	\$ 317,822
Accrued salaries and benefits	488,834	680,270
Accrued vacation (Note 8)	925,107	705,020
Accrued bond interest	292,529	292,529
Deferred rent (Note 9)	50,000	50,000
Current portion of bonds payable (Note 10)	<u>250,000</u>	<u> </u>
Total current liabilities	<u>2,644,580</u>	<u>2,045,641</u>
Noncurrent liabilities:		
Bonds payable (Note 10)	13,020,000	13,270,000
Deferred rent (Note 9)	<u>120,833</u>	<u>170,833</u>
Total noncurrent liabilities	<u>13,140,833</u>	<u>13,440,833</u>
Total liabilities	<u>15,785,413</u>	<u>15,486,474</u>
Net assets:		
Unrestricted (Note 11)	7,674,943	6,341,705
Temporarily restricted (Note 11)	112,813	299,954
Permanently restricted (Note 11)	<u>16,910</u>	<u>18,101</u>
Total net assets	<u>7,804,666</u>	<u>6,659,760</u>
Total liabilities and net assets	<u>\$ 23,590,079</u>	<u>\$ 22,146,234</u>

The accompanying notes are an integral part of these financial statements.

**SANTA ROSA COMMUNITY HEALTH CENTERS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	2012				2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and other support:								
Grant revenues	\$ 6,402,473	\$ 361,865	\$	\$ 6,764,338	\$ 4,614,941	\$ 384,673	\$	\$ 4,999,614
Program service fees (Note 13)	22,154,018			22,154,018	19,127,273			19,127,273
Contributions	98,104	66,712		164,816	58,005		26,155	84,160
Interest income	3,326			3,326	22,076			22,076
Other income (Note 15)	1,261,684			1,261,684	57,553			57,553
In-kind revenues	751,970			751,970	114,894			114,894
Net assets released from restrictions (Note 11)	616,909	(615,718)	(1,191)		697,954	(564,451)	(133,503)	
Total support and revenue	<u>31,288,484</u>	<u>(187,141)</u>	<u>(1,191)</u>	<u>31,100,152</u>	<u>24,692,696</u>	<u>(179,778)</u>	<u>(107,348)</u>	<u>24,405,570</u>
Expenses								
Program expenses	24,373,382			24,373,382	18,872,373			18,872,373
Management and general	5,581,864			5,581,864	4,417,067			4,417,067
Total expenses (Note 21)	<u>29,955,246</u>			<u>29,955,246</u>	<u>23,289,440</u>			<u>23,289,440</u>
Change in net assets	1,333,238	(187,141)	(1,191)	1,144,906	1,403,256	(179,778)	(107,348)	1,116,130
Gain on extinguishment of debt (Note 10)					565,393			565,393
Net assets, beginning of year	6,341,705	299,954	18,101	6,659,760	4,373,056	479,732	125,449	4,978,237
Net assets, end of year	<u>\$ 7,674,943</u>	<u>\$ 112,813</u>	<u>\$ 16,910</u>	<u>\$ 7,804,666</u>	<u>\$ 6,341,705</u>	<u>\$ 299,954</u>	<u>\$ 18,101</u>	<u>\$ 6,659,760</u>

The accompanying notes are an integral part of these financial statements.

**SANTA ROSA COMMUNITY HEALTH CENTERS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,144,906	\$ 1,116,130
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	909,858	628,365
Amortization	49,141	49,141
Write-off of property and equipment		44,704
Write-off of restricted assets		128,903
Interest forgiven		9,837
(Increase) decrease in:		
Accounts receivable	(1,963,948)	(476,183)
Grants receivable	(331,367)	(197,071)
Other receivable	(31,551)	8,333
Prepays and deposits	56,971	(98,040)
Restricted assets	1,191	(21,555)
Increase (decrease) in:		
Accounts payable and accrued expenses	320,288	(121,425)
Accrued salaries and benefits	(191,436)	127,766
Accrued vacation	220,087	217,009
Accrued bond interest		44,474
Deferred rent	(50,000)	(29,167)
Deferred revenue		(4,716)
Net cash provided by operating activities	134,140	1,426,505
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(591,564)	(4,830,766)
Net cash used by investing activities	(591,564)	(4,830,766)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in assets limited as to use	18,085	4,866,398
Net cash provided by financing activities	18,085	4,866,398
Net (decrease)/increase in cash and cash equivalents	(439,339)	1,462,137
CASH AND CASH EQUIVALENTS:		
Beginning of year	3,435,375	1,973,238
End of year	\$ 2,996,036	\$ 3,435,375
Supplemental data:		
Interest paid	\$ 702,069	\$ 450,819
In-kind contributions	\$ 751,970	\$ 114,894

The accompanying notes are an integral part of these financial statements.

**SANTA ROSA COMMUNITY HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

Southwest Community Health Center dba Santa Rosa Community Health Centers officially changed its name to Santa Rosa Community Health Centers (Health Center) effective from June 23, 2011. The Health Center provides high quality and cost effective primary care, preventive care, adult day care, and supportive services to the low-income and culturally diverse communities of Santa Rosa and is a partner in the training of Family Practice Residents. Revenues are generated primarily from government grants, contracts, patient share of payment and third-party insurance and episodic care payments.

B. Basis of Accounting

The basic financial statements have been prepared on the accrual basis of accounting recognizing revenues when earned and expenses when incurred.

C. Financial Statement Presentation

The accompanying financial statements are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets.

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Health Center and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Health Center and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that Health Center maintain them permanently. Generally, the donors of these assets permit Health Center to use all or part of the income earned on any related investments for general or specific purposes.

D. Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

SANTA ROSA COMMUNITY HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

E. Property and Equipment

It is Health Center's practice to capitalize assets costing \$5,000 or more whether purchased or donated. Property and equipment is stated at cost at the date of acquisition or market value if donated. Depreciation of property and equipment is computed on the straight-line method over the estimated useful lives of the individual assets. The lives of the assets range from 5 years to 30 years. Repairs and maintenance are charged to operations and major improvements are capitalized. Items received by donation, gift or bequest are stated at market value at the date of donation.

F. Bond Issuance Costs

Legal and Accounting fees, printing costs, and other expenses associated with the issuance of California Municipal Financial Authority Insured Revenue Bond Series 2010 bonds are being amortized on the straight line method over the term of the bonds.

G. Assets Limited as to Use

Assets deposited with a trustee under terms of the bond indenture are classified as assets limited as to use. Amounts required to meet current liabilities have been reclassified in the statement of financial position.

H. Tax Exempt Status

Health Center has been recognized by the Internal Revenue Service as a non-profit entity as described in Section 501C(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC and 23701(d) of the California Revenue and Taxation Code. Health Center files the necessary informational returns.

Health Center has adopted the accounting guidance related to uncertain tax positions, and has evaluated its tax positions and believes that all of the positions taken by the Health Center in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Health Center's returns for years ended June 30, 2011, 2010 and 2009 are subject to examination by federal and state taxing authorities generally for three years after they are filed.

I. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

J. Revenues and Support

Grant revenue is funded primarily by Federal, County and Foundation grants, which generally restrict the use of such funds to cover the operating expenses directly related to providing primary care services. These grants are recognized as revenue over the

**SANTA ROSA COMMUNITY HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

periods specified in the related grant award agreements. Other grants and contributions that have been awarded for a specified purpose but have not yet been spent are recognized as temporarily restricted net assets. When the services have been rendered, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Program service fee is recorded during the period in which services are rendered. The portion not reimbursed by patients or third party reimbursement, reduces program service fee.

K. Charity Care

Health Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because Health Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

L. Estimates

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

M. Fair Value of Financial Instruments

Health Center believes that the carrying value of its financial instruments approximates their fair values in accordance with FASB Accounting Standards Codification 820 *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 applies to all financial assets and liabilities that are being measured and reported on a fair value basis and requires such assets and liabilities to be classified and disclosed in one of the following three categories to enable readers of the financial statements to assess the inputs used to develop those measurements:

Level 1 Quoted market prices unadjusted in active markets for identical assets or liabilities.

Level 2 Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 Unobservable inputs that are not corroborated by market data.

The financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, Health Center uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers nonperformance risk in its assessment of fair value.

**SANTA ROSA COMMUNITY HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Health Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

N. Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

NOTE 2: CASH

Health Center maintains its cash balances in financial institutions located in Northern California. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2012 and 2011 cash balances at these financial institutions before reconciling items were \$2,985,460 and \$3,059,083 respectively. It is the opinion of the management that the solvency of the financial institution is not of a particular concern at this time.

Bank	2012		2011
	Balance Per Books	Bank Balance Prior to Reconciliation	Balance Per Books
Cash equivalents:			
Exchange Bank	\$ 1,251,737	\$ 1,246,786	\$ 3,193,996
Summit State Bank	1,000,000	1,000,000	
Redwood Credit Union	80	80	
Petty cash	5,625		5,226
Total cash equivalents	2,257,442	2,246,866	3,199,222
Investments:			
Certificates of deposit:			
First Community Bank	237,135	237,135	236,153
Luther Burbank Savings	251,149	251,149	
Redwood Credit Union	250,310	250,310	
Total investments	738,594	738,594	236,153
Total cash and investments	\$ 2,996,036	\$ 2,985,460	\$ 3,435,375

**SANTA ROSA COMMUNITY HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 3: PATIENT/OTHER RECEIVABLE

Health Center's patient/other receivable consisted of the following:

	<u>2012</u>	<u>2011</u>
Gross patient receivable	\$ 5,856,966	\$ 4,153,058
Allowance for doubtful accounts	<u>(1,811,640)</u>	<u>(2,071,680)</u>
Net patient receivable	4,045,326	2,081,378
Other receivables	<u>37,193</u>	<u>5,642</u>
Total	<u>\$ 4,082,519</u>	<u>\$ 2,087,020</u>

Other receivables consisted of insurance premium adjustments for Health Center's employees and reimbursement and settlements from various organizations.

NOTE 4: GRANTS AND CONTRACTS RECEIVABLE

Health Center's grants and contracts receivable are as follows:

	<u>2012</u>	<u>2011</u>
Community Health Center – Section 330 Grant	\$ 234,318	\$ 180,151
HIV Care Formula Grant (Ryan White Part B)	314,469	127,796
Ryan White Part C Outpatient EIS Program	75,992	32,133
County of Sonoma - MHSA CIP	52,431	42,828
HRSA – Nurse Education	36,929	
CFHC-Basic Contraceptive	33,022	37,607
IEP/OFPI	24,846	31,655
Ryan White Title IV (Part D)	23,361	34,057
CalFresh	21,693	5,515
MHSA – PEI	14,246	
SCDHS - Community Challenge Grant		12,275
HRSA – ARRA CIP		8,501
HRSA – Roseland Expansion	8,270	
CHIPRA Outreach	6,331	
Encore Fellowship	6,250	
RCHC – TCWF		3,399
PEAC	2,341	
County of Sonoma – HEAL Initiative	1,665	1,508
HCOF Award	1,536	10,008
SAY Clean Slate Program	1,200	600
First 5 – CPSP Pilot	500	
Total grants receivable	<u>\$ 859,400</u>	<u>\$ 528,033</u>

**SANTA ROSA COMMUNITY HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 5: ASSETS LIMITED AS TO USE

Assets limited as to use include assets held by trustee under the series 2010 bond indenture agreement at June 30, 2012 and 2011 are as follows.

	2012	2011
U.S. Government issues	\$ 903,651	\$
Cash equivalents	727,037	1,648,753
	\$ 1,630,668	\$ 1,648,753

These assets are to be used for the following purpose:

	2012	2011
Capitalized interest fund	\$ 306	\$ 951
Bond revenue fund	396,695	292,529
Project fund	273,382	399,639
Sub-total (current portion)	670,383	693,119
Debt service reserve fund (non-current)	960,285	955,634
	\$ 1,630,668	\$ 1,648,753

FAIR VALUE MEASUREMENTS

Information related to Health Center's assets measured at fair value on a recurring basis at June 30, 2012 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
:				
U.S. Government issues	\$ 903,651	\$ 903,651	\$	\$

SANTA ROSA COMMUNITY HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2012 and 2011 consisted of the following:

	Balance June 30, 2011	Additions	Deletions	Transfer	Balance June 30, 2012
Equipment and furniture - medical	\$ 386,953	\$ 65,639	\$	\$	\$ 452,592
Equipment and furniture - administrative	746,429	36,155			782,584
Computer hardware and software	974,304	71,311			1,045,615
Leasehold improvements	873,441	323,274			1,196,715
Vehicle - Adult Day Healthcare	222,573				222,573
Construction in progress		24,940			24,940
	<u>3,203,700</u>	<u>521,319</u>			<u>3,725,019</u>
Less: accumulated depreciation	(1,644,898)	(909,858)			(2,554,756)
	1,558,802	(388,539)			1,170,263
Land	1,500,000				1,500,000
Building and improvements	<u>9,798,708</u>	<u>70,245</u>			<u>9,868,953</u>
Property and equipment, net	<u>\$ 12,857,510</u>	<u>\$ (318,294)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 12,539,216</u>

Depreciation expense for the years ended June 30, 2012 and 2011 amounted to \$909,858 and \$628,365, respectively.

Building and improvements additions in the prior years include capitalized bond interest amounting to \$749,445.

NOTE 7: OTHER ASSETS

Other assets at June 30, 2012 and 2011 consisted of the following:

	2012	2011
Bond discount	\$ 208,979	\$ 208,979
Bond issuance cost	287,771	287,771
Underwriter's discount	99,525	99,525
Mortgage premium	824,867	824,867
Mortgage fees	<u>53,080</u>	<u>53,080</u>
	1,474,222	1,474,222
Less: accumulated amortization	<u>(114,662)</u>	<u>(65,521)</u>
	<u>\$ 1,359,560</u>	<u>\$ 1,408,701</u>

Amortization expense for both years ended June 30, 2012 and 2011 amounted to \$49,141.

**SANTA ROSA COMMUNITY HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 8: ACCRUED VACATION

Health Center records a liability to recognize the financial effect of accrued vacation and other compensated leaves. The following is a summary of changes in accrued vacation and other compensated leave at June 30, 2012:

		<u>Balance June 30, 2011</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance June 30, 2012</u>
Total accrued vacation	\$	<u>705,020</u>	\$	<u>255,284</u>	\$	<u>(35,197)</u>	\$	<u>925,107</u>

NOTE 9: DEFERRED RENT

On February 10, 2010, Health Center signed a Memorandum of Understanding (MOU) with Sutter West Bay Hospitals, a California non-profit public benefit corporation doing business as Sutter Medical Center of Santa Rosa (SMCSR). The parties entered into a sixty-month (60) lease commencing on December 1, 2010 and terminating on November 30, 2015. A payment of \$250,000 from SMCSR to Health Center was made during the year ended June 30, 2010. The payment of \$250,000 constitutes prepayment of rent for 60-month lease. The deferred rent had a balance of \$170,833 at the end of fiscal year June 30, 2012, of which \$50,000 is expected to be earned in the next fiscal year. Rent income for the year ended June 30, 2012 amounted to \$50,000.

NOTE 10: LONG-TERM DEBT

(a) Line of Credit with Sutter Medical Center Santa Rosa

On November 12, 2007, Health Center entered into an agreement with Sutter Medical Center Santa Rosa (SMCSR) to provide financial assistance for Health Center to operate the Family Medicine Center (Center) recently acquired from SMCSR in the form of a one-year line of credit. SMCSR provided a line of credit up to \$1,250,000 for one year in exchange for a security interest in Health Center's accounts receivable for healthcare services rendered at Health Center and all other tangible and intangible Center assets, on the condition that Health Center continues to operate the Center in accordance with the Affiliation Agreement and continue to operate as a nonprofit public benefit corporation. The interest rate on the loan is two and a half percent (2.5%) per annum. As of June 30, 2009, Health Center has withdrawn \$1,250,000 from the line of credit. Commencing on the first anniversary of the commencement date, and on each anniversary thereafter for a period of three years, one-third of the sum of the aggregate amount of loan plus accrued interest thereon, less any repayment by Health Center shall be forgiven by SMCSR, provided that Health Center continues to operate the Center and perform its obligations under the Affiliation Agreement. The line of credit had a \$0 balance at the end of fiscal years June 30, 2012 and 2011. Gain from extinguishment of debt at June 30, 2011 amounted to \$565,393.

**SANTA ROSA COMMUNITY HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

(b) Bonds

In accordance with loan agreement dated February 1, 2010 between California Municipal Finance Authority, a public entity of the State of California (the Authority), and Southwest Community Health Center, a California nonprofit public benefit Corporation (the Corporation), the Authority has authorized the issuance of its Insured Revenue Bonds (Southwest Community Health Center) Series 2010 (the “Bonds”), in the aggregate principal amount of \$13,270,000 for the purpose of (i) the purchase of an approximately 42,500 square foot building situated on 2.83 acres at 3569 Round Barn Circle, Santa Rosa, California, (ii) the construction of tenant improvements to the building, and (iii) the purchase of equipment and furniture for the building for use as a community clinic including exam rooms, mental health rooms, procedures rooms, consultation rooms, patient group rooms and conference rooms for community resident and staff education and the relocation of the corporations administrative, billing and finance staff from existing leased space (collectively, the “Project”).

California Municipal Finance Authority Insured Revenue Bonds (Southwest Community Health Center) Series 2010, principal maturing in varying annual amounts starting February 1, 2013 and ending February 1, 2040 having varying coupon rate ranging from 3% to 6.125%. These are collateralized by a Deed of Trust made as of February 1, 2010. \$ 13,270,000

Under the terms of the Series 2010 revenue bond indenture, Health Center is required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use. Series 2010 revenue bond indenture also places limits on the incurrence of additional borrowings and requires that Health Center satisfy certain measures of financial performance as long as the bonds are outstanding.

Less: current maturities included in current liabilities	(250,000)
Total long term obligation, net of current portion	\$ 13,020,000

Following are maturities of long term debt for each of the next five years:

<u>Year ending June 30,</u>	<u>Amount</u>
2013	\$ 250,000
2014	255,000
2015	265,000
2016	270,000
2017	280,000
Thereafter	11,950,000
	\$ 13,270,000

**SANTA ROSA COMMUNITY HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 11: UNRESTRICTED, TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2012 and 2011 were comprised of the following:

	Beginning Net Assets June 30, 2011	Received During the Year	Release of Restrictions	Ending Net Assets June 30, 2012
Blue Shield of California – general Support	\$ 6,667	\$ 20,000	\$ 23,334	\$ 3,333
Capital Campaign – purchase of property and equipment	258,915	66,517	325,432	
Children’s Book Fund – expenditures for books	2,779			2,779
RCHC Grant – infrastructure project				
First 5 Roseland	4,500		4,500	
First 5 CPSP Pilot	3,755		3,755	
Breast Cancer	21,500		21,500	
Diabetes Wellness		1,000		1,000
Medtronic Diabetes		5,000	383	4,617
Title X Culturally	1,750		1,750	
SW Pediatric Campaign		3,696		3,696
SCMAAF – Moms Helping Moms		12,500		12,500
TAG Outreach – teen group outreach	88	195	283	
United Nations Voluntary Fund for Victims of Torture		20,000		20,000
CMSP – Local Health Connections Project		137,593	93,580	44,013
Kaiser Foundation – Oral Health Clinic Planning Project		32,150	11,275	20,875
Community Foundation – HIV/AIDS Education for Hispanic Youth		22,076	22,076	
SCMAAF – Health Club for Kids & Teens		20,000	20,000	
Kaiser Foundation – Board Development (Consultant)		20,000	20,000	
Kaiser Foundation – increase health insurance benefits access		17,850	17,850	
Bank of America Charitable Foundation – general support		25,000	25,000	
Kaiser Foundation – Board Development (Personnel)		20,000	20,000	
Speedway Children’s Charities – Elsie Allen Health Center		5,000	5,000	
Total	\$ 299,954	\$ 428,577	\$ 615,718	\$ 112,813

**SANTA ROSA COMMUNITY HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

Permanently restricted net assets as of June 30, 2012 and 2011 were comprised of the following:

	Beginning Net Assets June 30, 2011	Received During the Year	Release of Restrictions	Ending Net Assets June 30, 2012
Community Foundation Sonoma County	\$ 18,101	\$ _____	\$ (1,191)	\$ 16,910
	<u>\$ 18,101</u>	<u>\$ _____</u>	<u>\$ (1,191)</u>	<u>\$ 16,910</u>

Unrestricted net assets as of June 30, 2012 and 2011 were comprised of the following:

	2012	2011
Board Designated Assets (BDA):		
BDA - Restricted Reserves	\$ 318,298	\$ 318,298
BDA – New Building Project	200,000	200,000
Undesignated net assets	<u>7,156,645</u>	<u>5,823,407</u>
	<u>\$ 7,674,943</u>	<u>\$ 6,341,705</u>

NOTE 12: OPERATING LEASES

Health Center leases office space under operating leases expiring in various years through 2021. The leases contain escalation clause to cover the increase in certain operating costs. Minimum future rental payments excluding any operating expenses escalation that may be calculated in the future under operating leases having remaining terms in excess of one year as of June 30, 2012 for each of the next five years and in the aggregate are:

Year ended June 30,	
2013	\$ 480,460
2014	447,970
2015	434,893
2016	197,760
2017	93,379
Thereafter	<u>153,363</u>
Total minimum future rental payments	<u>\$ 1,807,825</u>

**SANTA ROSA COMMUNITY HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 13: NET PATIENT SERVICE REVENUE

Health Center has agreements with third-party payors that provide payments to Health Center at amounts different from its established rates. A summary of the payment arrangements with third-party payors follows:

Medicare

Medical services rendered to Medicare program beneficiaries are paid under a cost-based reimbursement system. Health Center is reimbursed at a tentative (“interim”) rate, with final settlement determined after submission of annual cost reports by Health Center, and audits thereof by the fiscal intermediary.

Medi-Cal

Medical and dental services rendered to Medi-Cal beneficiaries are paid under “prospective payment system”, using rates established by Health Center’s “base year” cost report filed under the previous cost-based reimbursement system. These rates are adjusted annually according to changes in the Medicare Economic Index and any approved changes in Health Center’s scope of service.

NOTE 14: CONCENTRATIONS OF CREDIT RISK

Health Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2012 and 2011 were as follows:

	2012	2011
Other third-party payors	24%	24%
Medi-Cal	52%	52%
Private pay	11%	11%
Family Pact	8%	8%
Medicare	5%	5%
	100%	100%

NOTE 15: OTHER INCOME

Other income for the year ended June 30, 2012 includes \$976,653 “Quality Improvement Program” (QIP) bonus reimbursement from Partnership Health Plan of California, \$153,195 from Sutter Medical Group for educational training hours provided by the doctors employed by the Health Center, \$21,250 meaningful use incentive from the State of California for the use of a certified EHR technology to achieve the Health Center’s health and efficiency goals, and \$3,632 from unrealized gain on investments. The balance as of June 30, 2011 is net of \$44,704 on write-off of assets and \$11,904 on unrealized loss on investments.

SANTA ROSA COMMUNITY HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE 16: TAX-DEFERRED ANNUITY PLAN 403(b)

Health Center sponsors a tax-deferred annuity plan qualified under section 403(b) of the Internal Revenue Code. All employees may make contributions to the plan up to the maximum amount allowed by the internal Revenue Code at their discretion. Health Center's contribution to the plan is based on the employees' compensation and years of service. Health Center contributed \$191,574 for the year ended June 30, 2012.

NOTE 17: CONTINGENT GRANT EXPENDITURE ADJUSTMENTS

Health Center's operations are partly funded by grants from the U.S. Department of Health and Human Services and other public health agencies. Acceptance of funds from government agencies requires compliance with prescribed grant terms and conditions and other specific requirements. Expenditures made under provisions of the Public Health Services Act are subject to adjustments after audit by the U.S. Department of Health and Human Services, and such audits could generate expenditure disallowances under terms of the grants. Management's opinion is that such audit adjustments and questioned costs for the contracts and grants administered during the period are of remote possibility and, if any, are to be immaterial in amount, with no material effect on the allowability of program expenditures or Health Center's financial statements.

NOTE 18: CONTINGENCIES

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. Health Center is subject to similar regulatory reviews. As of October 12, 2012 Health Center management is not aware of any regulatory reviews, the outcome of such review may have a material adverse impact upon the ability of Health Center to sustain business operations.

**SANTA ROSA COMMUNITY HEALTH CENTERS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

NOTE 19: MEDICAL MALPRACTICE CLAIMS

Health Center, including its officers, governing board of directors, employees, and contractors who are physicians or other licensed or certified healthcare providers, is covered under the Federal Tort Claims Act (FTCA). Health Center purchases professional and general liability insurance to cover the medical and dental malpractice claims. Claims or incidents resulting in the normal course of business may result in the assertion of additional claims. There are no known claims or incidents that may result in the assertion of additional claims as of the date of this report.

NOTE 20: EVALUATION OF SUBSEQUENT EVENTS

Health Center has reviewed the results of operations for the period of time from its year end June 30, 2012 through October 12, 2012 the date which the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

NOTE 21: FUNCTIONAL EXPENSES

Total expenses incurred for the years ended June 30, 2012 and 2011 are detailed as follows:

	2012								2011							
	Program Services						Supporting Services		Program Services						Supporting Services	
	Medical	Dental	Mental Health	Adult Day	Outreach	Total	Management and General	Total	Medical	Dental	Mental Health	Adult Day	Outreach	Total	Management and General	Total
Salaries	\$ 12,651,301	\$	\$ 918,676	\$ 481,358	\$ 175,285	\$ 14,226,620	\$ 2,713,913	\$ 16,940,533	\$ 9,746,093	\$	\$ 727,535	\$ 499,048	\$ 250,363	\$ 11,223,039	\$ 2,237,201	\$ 13,460,240
Fringe benefits	1,938,833		141,476	99,042	32,879	2,212,230	419,287	2,631,517	1,335,675		141,968	80,377	74,549	1,632,569	389,024	2,021,593
Contract services	1,716,366	111,449	7,901	173,722	2,770	2,012,208	331,740	2,343,948	1,551,803	13,989	35,073	159,417		1,760,282	417,538	2,177,820
Payroll taxes	890,323		64,307	33,695	12,270	1,000,595	180,780	1,181,375	694,671		44,527	36,291	17,507	792,996	156,244	949,240
Supplies	1,109,245	7,716	653	8,570	6,282	1,132,466	205,002	1,337,468	786,009	2,991	5,001	6,966	2,449	803,416	20,395	823,811
Rent and utilities	493,444			60,660	300	554,404	67,948	622,352	558,289			60,660	2,000	620,949	71,083	692,032
Postage							28,526	28,526	12,136			352	333	12,821	11,962	24,783
Insurance	44,676					44,676	70,405	115,081	101,986			21,375	340	123,701	3,646	127,347
Publication								6,505	6,505					6,505	4,653	11,158
Promotion and advertising	104,988		129	393	3,956	109,466	60,848	170,314	27,007			208	20,399	47,614	114,929	162,543
Equipment and maintenance	655,321		223	13,544	533	669,621	837,777	1,507,398	568,842		1,034	22,852	576	593,304	365,574	958,878
Travel expenses	40,659			764	4,385	45,808	29,852	75,660	35,726			568	5,395	41,689	23,422	65,111
Education, training and workshop	134,599		7,598	9,701	5,952	157,850	23,024	180,874	13,753		950	1,073	1,274	17,050	5,309	22,359
Conferences and seminars								9,439	9,439		579	225	37	10,280	12,187	22,467
Interest and bank charges	636,743					636,743	81,604	718,347	464,210					464,210	8,415	472,625
Recruitment	81,913					81,913	17,572	99,485	21,857		35	153	2	22,047	39,133	61,180
Board expense							12,904	12,904						12,863	12,863	
Meals									21,022			65	1,005	22,092	8,627	30,719
Licenses and fees				2,884		2,884	98,605	101,489	29,611		80	9,816	50	39,557	127,628	167,185
Fundraising							67,592	67,592							13,486	13,486
Depreciation and amortization	758,921					758,921	200,078	958,999	588,196					588,196	89,310	677,506
Telephone				506	94	600	106,876	107,476	23,007			892	320	24,219	43,992	68,211
In-kind expenses	690,060			34,834		724,894	27,076	751,970				25,268		25,268	89,626	114,894
Miscellaneous	1,475				8	1,483	455	1,938	569					569	150,820	151,389
Total expenses	\$ 21,948,867	\$ 119,165	\$ 1,140,963	\$ 919,673	\$ 244,714	\$ 24,373,382	\$ 5,581,864	\$ 29,955,246	\$ 16,596,406	\$ 16,980	\$ 956,782	\$ 925,606	\$ 376,599	\$ 18,872,373	\$ 4,417,067	\$ 23,289,440

SUPPLEMENTARY INFORMATION

**SANTA ROSA COMMUNITY HEALTH CENTERS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
Community Health Center - Section 330 Grant:			
Base Grant - 2011	93.224		\$ 1,367,348
Base Grant - 2011	93.527		1,202,649
Base Grant - 2012	93.224		107,190
Base Grant - 2012	93.527		<u>127,128</u>
Total Community Health Centers - Section 330 Grant			<u>2,804,315</u>
ARRA:			
ARRA - Capital Improvement Program	93.703		<u>234,077</u>
Total ARRA Grant			<u>234,077</u>
ACA Grant for School-Based Health Centers Capital Program	93.501		<u>24,940</u>
Nurse Education, Practice and Retention Grant	93.359		<u>252,456</u>
Ryan White Programs:			
Ryan White Part C Outpatient EIS Program	93.918		480,224
Ryan White Title IV (Part D)	93.153		<u>255,243</u>
Total Ryan White Programs			<u>735,467</u>
Pass-through California Family Health Council, Inc.			
Title X Family Planning Program	93.217	2080-5320-71209-11	<u>165,115</u>
Pass-through State of California Department of Public Health			
CDPH Office of the Family Planning - Information & Education Program	93.778	03-75849	<u>44,748</u>
HIV Care Formula Grant (Ryan White Part B)	93.917	10-10300	<u>898,757</u>
Pass-through Sonoma County:			
Health Care and Other Facilities	93.887	C76HF15616	<u>50,897</u>
Total Department of Health and Human Services			<u>5,210,772</u>
<u>DEPARTMENT OF AGRICULTURE:</u>			
ARRA - Supplemental Nutrition Assistance Program (SNAP)	10.561		30,357
Child and Adult Care Food Program	10.558		<u>11,720</u>
Total Department of Agriculture			<u>42,077</u>
Total Expenditures of Federal Awards			<u>\$ 5,252,849</u>

Note: Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

The Board of Directors
Santa Rosa Community Health Centers
Santa Rosa, California

We have audited the financial statements of Santa Rosa Community Health Centers (a Non-Profit organization) as of and for the year ended June 30, 2012 and have issued our report thereon dated October 12, 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

Management of Santa Rosa Community Health Centers is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Santa Rosa Community Health Centers' 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 Santa Rosa Community Health Centers' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Santa Rosa Community Health Centers' 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Rosa Community Health Centers' 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, audit committee, others within the entity, regulatory body, 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.


Oakland, California
October 12, 2012

**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**

The Board of Directors
Santa Rosa Community Health Centers
Santa Rosa, California

Compliance

We have audited Santa Rosa Community Health Centers' 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 Santa Rosa Community Health Centers' major federal programs for the year ended June 30, 2012. Santa Rosa Community Health Centers' 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 Santa Rosa Community Health Centers' management. Our responsibility is to express an opinion on Santa Rosa Community Health Centers' 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 Santa Rosa Community Health Centers' 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 Santa Rosa Community Health Centers' compliance with those requirements.

In our opinion, Santa Rosa Community Health Centers 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 Santa Rosa Community Health Centers 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 Santa Rosa Community Health Centers' internal control over compliance with the requirements that could have a direct and material effect on a major federal program 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 Santa Rosa Community Health Centers' 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 the management, audit committee, others within the entity, regulatory body, 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.



Oakland, California

October 12, 2012

**SANTA ROSA COMMUNITY HEALTH CENTERS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	<i>Unqualified</i>
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs:	<i>Unqualified</i>
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.224	Community Health Centers – Section 330 Grant
93.527	Community Health Centers – Section 330 Grant
93.703	ARRA – Capital Improvement Program
10.561	ARRA – Supplemental Nutrition Assistance Program

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

**SANTA ROSA COMMUNITY HEALTH CENTERS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

SECTION II- FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**SANTA ROSA COMMUNITY HEALTH CENTERS
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

No matters were reported in the prior year.