



**GREATER NEW BEDFORD  
COMMUNITY HEALTH CENTER, INC.**

**FINANCIAL STATEMENTS IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS AND  
OMB CIRCULAR A-133  
SEPTEMBER 30, 2012 AND 2011  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**

**GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.**

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SEPTEMBER 30, 2012 AND 2011**

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*Where Every Client Is A Valued Client*

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

**Independent Auditor's Report**

To the Board of Directors of  
Greater New Bedford Community Health Center, Inc.:

We have audited the accompanying statements of financial position of Greater New Bedford Community Health Center, Inc. (a Massachusetts corporation, not for profit) (the Health Center) as of September 30, 2012 and 2011, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Health Center's management. Our responsibility is to express an opinion on these financial statements based on our 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 Greater New Bedford Community Health Center, Inc. as of September 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 December 19, 2012, on our consideration of the Health Center'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 for the year ended September 30, 2012. 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of expenditures of federal awards – not-for-profit organization is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of expenditures of federal awards – not-for-profit organization is fairly stated in all material respects in relation to the financial statements as a whole.

Alexander, Ahenson, Finning & Co., P.C.

Westborough, Massachusetts  
December 19, 2012

GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2012 AND 2011

<u>ASSETS</u>	2012			2011		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>CURRENT ASSETS:</b>						
Cash	\$ 1,514,905	\$ 87,889	\$ 1,602,794	\$ 1,088,688	\$ 60,806	\$ 1,149,494
Patient accounts receivable, net of allowance for uncollectible accounts of approximately \$413,000 and \$381,000 at September 30, 2012 and 2011, respectively	1,500,603	-	1,500,603	1,442,204	-	1,442,204
Contracts, grants and other receivables	106,037	-	106,037	92,572	-	92,572
Inventory	250,676	-	250,676	237,920	-	237,920
Prepaid expenses	37,559	-	37,559	20,600	-	20,600
Total current assets	<u>3,409,780</u>	<u>87,889</u>	<u>3,497,669</u>	<u>2,881,984</u>	<u>60,806</u>	<u>2,942,790</u>
<b>CONSTRUCTION IN PROGRESS</b>	-	-	-	5,382,484	-	5,382,484
<b>PROPERTY AND EQUIPMENT:</b>						
Land	359,716	-	359,716	359,716	-	359,716
Buildings and improvements	13,744,966	-	13,744,966	7,390,245	-	7,390,245
Furniture, fixtures and equipment	893,247	-	893,247	660,875	-	660,875
Computer equipment	775,342	-	775,342	711,338	-	711,338
	<u>15,773,271</u>	<u>-</u>	<u>15,773,271</u>	<u>9,122,174</u>	<u>-</u>	<u>9,122,174</u>
Less - accumulated depreciation	3,436,616	-	3,436,616	2,765,941	-	2,765,941
Net property and equipment	<u>12,336,655</u>	<u>-</u>	<u>12,336,655</u>	<u>6,356,233</u>	<u>-</u>	<u>6,356,233</u>
<b>FINANCING FEES, net</b>	<u>33,049</u>	<u>-</u>	<u>33,049</u>	<u>22,032</u>	<u>-</u>	<u>22,032</u>
Total assets	<u>\$ 15,779,484</u>	<u>\$ 87,889</u>	<u>\$ 15,867,373</u>	<u>\$ 14,642,733</u>	<u>\$ 60,806</u>	<u>\$ 14,703,539</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>						
<b>CURRENT LIABILITIES:</b>						
Current portion of long-term debt	\$ 85,226	\$ -	\$ 85,226	\$ 82,552	\$ -	\$ 82,552
Accounts payable	634,259	-	634,259	421,346	-	421,346
Accrued expenses	273,397	-	273,397	303,730	-	303,730
Deferred revenue	15,888	-	15,888	11,200	-	11,200
Total current liabilities	<u>1,008,770</u>	<u>-</u>	<u>1,008,770</u>	<u>818,828</u>	<u>-</u>	<u>818,828</u>
<b>LONG-TERM DEBT, net of current portion</b>	<u>2,720,028</u>	<u>-</u>	<u>2,720,028</u>	<u>2,805,686</u>	<u>-</u>	<u>2,805,686</u>
Total liabilities	<u>3,728,798</u>	<u>-</u>	<u>3,728,798</u>	<u>3,624,514</u>	<u>-</u>	<u>3,624,514</u>
<b>NET ASSETS:</b>						
Unrestricted:						
Operating	2,486,236	-	2,486,236	2,145,708	-	2,145,708
Property and equipment	9,564,450	-	9,564,450	8,872,511	-	8,872,511
Temporarily restricted	-	87,889	87,889	-	60,806	60,806
Total net assets	<u>12,050,686</u>	<u>87,889</u>	<u>12,138,575</u>	<u>11,018,219</u>	<u>60,806</u>	<u>11,079,025</u>
Total liabilities and net assets	<u>\$ 15,779,484</u>	<u>\$ 87,889</u>	<u>\$ 15,867,373</u>	<u>\$ 14,642,733</u>	<u>\$ 60,806</u>	<u>\$ 14,703,539</u>

The accompanying notes are an integral part of these statements.

GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012			2011		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
<b>OPERATING REVENUE AND SUPPORT:</b>						
Net patient service revenue	\$ 14,248,692	\$ -	\$ 14,248,692	\$ 12,713,741	\$ -	\$ 12,713,741
Contracts and grants:						
Public	3,051,740	152,981	3,204,721	2,723,610	84,676	2,808,286
Private	103,830	118,750	222,580	-	172,758	172,758
Gifts, contributions, special event and other	372,908	-	372,908	357,426	-	357,426
Net assets released from purpose restrictions	244,648	(244,648)	-	249,975	(249,975)	-
Net assets released from time restrictions	-	-	-	130,000	(130,000)	-
Total operating revenue and support	18,021,818	27,083	18,048,901	16,174,752	(122,541)	16,052,211
<b>OPERATING EXPENSES:</b>						
Program services:						
Adult Medicine	3,615,053	-	3,615,053	3,102,289	-	3,102,289
Pediatrics	1,168,115	-	1,168,115	1,070,037	-	1,070,037
Urgent Care	980,185	-	980,185	940,129	-	940,129
Dental	1,188,642	-	1,188,642	1,103,158	-	1,103,158
Women, Infant and Children	712,624	-	712,624	653,904	-	653,904
HIV and Infectious Diseases	763,655	-	763,655	864,690	-	864,690
Other Enabling Services	2,259,887	-	2,259,887	1,639,225	-	1,639,225
Women's Health	803,893	-	803,893	732,431	-	732,431
Patient and Clinical Support	1,948,747	-	1,948,747	1,714,825	-	1,714,825
Total program services	13,440,801	-	13,440,801	11,820,688	-	11,820,688
Supporting services:						
General and Administrative	3,066,797	-	3,066,797	2,990,203	-	2,990,203
Facilities	1,364,327	-	1,364,327	1,205,914	-	1,205,914
Total supporting services	4,431,124	-	4,431,124	4,196,117	-	4,196,117
Total operating expenses	17,871,925	-	17,871,925	16,016,805	-	16,016,805
Changes in net assets from operations	149,893	27,083	176,976	157,947	(122,541)	35,406
<b>OTHER REVENUE (EXPENSE):</b>						
Capital grants	882,574	-	882,574	2,625,175	-	2,625,175
Loss on disposal of financing fees	-	-	-	(10,794)	-	(10,794)
Other receivables written off	-	-	-	(84,200)	-	(84,200)
Changes in net assets	1,032,467	27,083	1,059,550	2,688,128	(122,541)	2,565,587
NET ASSETS, beginning of year	11,018,219	60,806	11,079,025	8,330,091	183,347	8,513,438
NET ASSETS, end of year	\$ 12,050,686	\$ 87,889	\$ 12,138,575	\$ 11,018,219	\$ 60,806	\$ 11,079,025

The accompanying notes are an integral part of these statements.

**GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets from operations	\$ 176,976	\$ 35,406
Adjustments to reconcile changes in net assets from operations to net cash provided by operating activities:		
Depreciation and amortization	659,658	562,994
Bad debts	-	762
Changes in operating assets and liabilities:		
Patient accounts receivable	(58,399)	(245,563)
Contracts, grants and other receivables	(13,465)	(36,843)
Inventory	(12,756)	(13,902)
Prepaid expenses	(16,959)	22,506
Accounts payable	212,913	128,096
Accrued expenses	(30,333)	(9,769)
Deferred revenue	4,688	11,200
	<hr/>	<hr/>
Net cash provided by operating activities	922,323	454,887
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(1,268,613)	(2,947,313)
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Capital grants received	882,574	2,625,175
Principal payments on long-term debt	(82,984)	(80,575)
	<hr/>	<hr/>
Net cash provided by financing activities	799,590	2,544,600
	<hr/>	<hr/>
<b>NET INCREASE IN CASH</b>	453,300	52,174
<b>CASH, beginning of year</b>	1,149,494	1,097,320
	<hr/>	<hr/>
<b>CASH, end of year</b>	\$ 1,602,794	\$ 1,149,494
	<hr/>	<hr/>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ 98,013	\$ 110,972
	<hr/>	<hr/>
Other receivables written off	\$ -	\$ (84,200)
	<hr/>	<hr/>
Construction in progress placed into service	\$ 5,382,484	\$ -
	<hr/>	<hr/>

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

GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

(With Summarized Comparative Totals for the Year Ended September 30, 2011)

	2012										2011			
	PROGRAM SERVICES							SUPPORTING SERVICES						
	ADULT MEDICINE	PEDIATRICS	URGENT CARE	DENTAL	WOMEN, INFANT AND CHILDREN	HIV AND INFECTIOUS DISEASES	OTHER ENABLING SERVICES	WOMEN'S HEALTH	PATIENT AND CLINICAL SUPPORT	TOTAL PROGRAM SERVICES	GENERAL AND ADMINIS- TRATIVE	FACILITIES	TOTAL	TOTAL
<b>PAYROLL, CONTRACTED SERVICES AND RELATED COSTS:</b>														
Payroll	\$ 2,887,424	\$ 937,360	\$ 832,497	\$ 851,230	\$ 533,821	\$ 548,224	\$ 595,716	\$ 613,304	\$ 1,341,038	\$ 9,140,614	\$ 1,734,744	\$ -	\$ 10,875,358	\$ 10,391,009
Payroll taxes and benefits	532,177	157,429	121,975	163,794	137,767	112,093	129,414	117,430	472,512	1,944,591	289,954	-	2,234,545	1,873,426
Contracted services	17,415	24,049	-	4,422	2,265	-	34,698	756	1,461	85,066	493,819	-	578,885	453,423
Professional development	20,023	3,705	5,325	3,963	-	7,202	-	7,483	199	47,900	65,357	-	113,257	70,720
Total payroll, contracted services and related costs	3,457,039	1,122,543	959,797	1,023,409	673,853	667,519	759,828	738,973	1,815,210	11,218,171	2,583,874	-	13,802,045	12,788,578
<b>OCCUPANCY:</b>														
Depreciation and amortization	182	-	-	-	-	-	-	-	-	182	-	659,476	659,658	562,994
Equipment rental and maintenance	32,714	7,246	589	10,753	273	4,584	38,635	8,010	42,502	145,306	-	173,516	318,822	301,252
Utilities	-	-	-	7,950	-	228	-	-	-	8,178	-	129,575	137,753	142,036
Repairs and maintenance	6,595	1,128	-	267	2,339	-	-	835	-	11,164	-	102,561	113,725	122,113
Mortgage interest	-	-	-	-	-	-	-	-	-	-	-	92,812	92,812	102,108
Property insurance	347	50	-	-	-	-	-	-	-	397	-	79,116	79,513	30,799
Total occupancy	39,838	8,424	589	18,970	2,612	4,812	38,635	8,845	42,502	165,227	-	1,237,056	1,402,283	1,261,302
<b>PROGRAM COSTS:</b>														
Pharmacy supplies	42,519	1,238	4,346	159	-	12,761	1,286,889	27,446	-	1,375,358	-	-	1,375,358	772,323
Medical supplies	41,508	20,214	10,800	80,537	-	-	136,658	10,586	-	300,303	-	-	300,303	305,437
Program supplies and support	4,123	444	1,511	2,100	23,988	44,497	26,337	5,394	28,183	136,577	35,750	-	172,327	113,667
Patient transportation	1,331	1,449	911	-	-	-	-	132	5	3,828	-	-	3,828	3,504
Malpractice insurance	-	-	-	-	-	-	-	-	-	-	2,871	-	2,871	9,032
Total program costs	89,481	23,345	17,568	82,796	23,988	57,258	1,449,884	43,558	28,188	1,816,066	38,621	-	1,854,687	1,203,963
<b>OTHER EXPENSES:</b>														
Professional fees	8,076	5,188	1,007	55,229	-	75	942	4,949	693	76,159	198,967	-	275,126	259,342
Telephone	6,708	2,716	119	-	-	-	-	1,823	-	11,366	-	127,271	138,637	92,574
Other	1,315	285	608	857	-	31,794	326	839	45	36,069	88,729	-	124,798	120,361
Printing, postage and copying	3,854	2,642	91	357	286	223	311	771	4,155	12,690	75,705	-	88,395	86,908
Consultants	-	-	-	-	-	-	7,500	-	47,233	54,733	28,816	-	83,549	5,929
Office supplies	6,640	2,681	246	6,780	3,279	822	1,366	2,589	8,100	32,503	16,196	-	48,699	113,522
Travel and conferences	2,102	291	160	244	8,606	1,152	1,095	1,546	2,621	17,817	21,923	-	39,740	61,653
Marketing	-	-	-	-	-	-	-	-	-	-	8,765	-	8,765	6,352
Interest and bank charges	-	-	-	-	-	-	-	-	-	-	5,201	-	5,201	15,559
Bad debts	-	-	-	-	-	-	-	-	-	-	-	-	-	762
Total other expenses	28,695	13,803	2,231	63,467	12,171	34,066	11,540	12,517	62,847	241,337	444,302	127,271	812,910	762,962
Total expenses before facilities and patient and clinical support allocations	3,615,053	1,168,115	980,185	1,188,642	712,624	763,655	2,259,887	803,893	1,948,747	13,440,801	3,066,797	1,364,327	17,871,925	16,016,805
<b>FACILITIES ALLOCATION</b>	295,944	61,762	41,175	65,674	123,524	97,790	122,598	82,350	205,875	1,096,692	267,635	(1,364,327)	-	-
<b>PATIENT AND CLINICAL SUPPORT ALLOCATION</b>	387,832	323,193	430,924	280,101	-	258,555	301,647	172,370	(2,154,622)	-	-	-	-	-
Total expenses	\$ 4,298,829	\$ 1,553,070	\$ 1,452,284	\$ 1,534,417	\$ 836,148	\$ 1,120,000	\$ 2,684,132	\$ 1,058,613	\$ -	\$ 14,537,493	\$ 3,334,432	\$ -	\$ 17,871,925	\$ 16,016,805

The accompanying notes are an integral part of these statements.

GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	PROGRAM SERVICES								SUPPORTING SERVICES				
	ADULT MEDICINE	PEDIATRICS	URGENT CARE	DENTAL	WOMEN, INFANT AND CHILDREN	HIV AND INFECTIOUS DISEASES	OTHER ENABLING SERVICES	WOMEN'S HEALTH	PATIENT AND CLINICAL SUPPORT	TOTAL PROGRAM SERVICES	GENERAL AND ADMINIS- TRATIVE	FACILITIES	TOTAL
<b>PAYROLL, CONTRACTED SERVICES AND RELATED COSTS:</b>													
Payroll	\$ 2,501,190	\$ 865,437	\$ 804,868	\$ 780,618	\$ 493,476	\$ 674,209	\$ 577,189	\$ 576,531	\$ 1,229,377	\$ 8,502,895	\$ 1,888,114	\$ -	\$ 10,391,009
Payroll taxes and benefits	419,074	131,861	106,232	135,421	112,334	116,486	108,685	98,253	389,473	1,617,819	255,607	-	1,873,426
Contracted services	27,259	23,622	-	19,779	2,353	1,938	59,653	645	1,502	136,751	316,672	-	453,423
Professional development	9,878	8,916	6,011	10,103	-	2,054	134	395	3,222	40,713	30,007	-	70,720
Total payroll, contracted services and related costs	<u>2,957,401</u>	<u>1,029,836</u>	<u>917,111</u>	<u>945,921</u>	<u>608,163</u>	<u>794,687</u>	<u>745,661</u>	<u>675,824</u>	<u>1,623,574</u>	<u>10,298,178</u>	<u>2,490,400</u>	<u>-</u>	<u>12,788,578</u>
<b>OCCUPANCY:</b>													
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	562,994	562,994
Equipment rental and maintenance	20,726	4,806	2,135	18,722	2,032	467	17,721	9,786	43,741	120,136	-	181,116	301,252
Utilities	-	-	-	7,286	-	-	-	-	-	7,286	-	134,750	142,036
Repairs and maintenance	258	-	201	7,886	4,568	-	64	-	-	12,977	-	109,136	122,113
Mortgage interest	-	-	-	-	-	-	-	-	-	-	-	102,108	102,108
Property insurance	-	-	-	-	-	-	-	-	-	-	-	30,799	30,799
Total occupancy	<u>20,984</u>	<u>4,806</u>	<u>2,336</u>	<u>33,894</u>	<u>6,600</u>	<u>467</u>	<u>17,785</u>	<u>9,786</u>	<u>43,741</u>	<u>140,399</u>	<u>-</u>	<u>1,120,903</u>	<u>1,261,302</u>
<b>PROGRAM COSTS:</b>													
Pharmacy supplies	12,952	1,469	1,802	73	-	3,107	724,228	28,692	-	772,323	-	-	772,323
Medical supplies	41,620	19,896	10,806	100,580	-	2,834	120,969	8,732	-	305,437	-	-	305,437
Program supplies and support	16,325	175	180	231	20,226	25,174	22,523	996	14,432	100,262	13,405	-	113,667
Patient transportation	1,521	1,092	763	-	-	18	-	110	-	3,504	-	-	3,504
Malpractice insurance	-	-	-	-	-	-	-	-	-	-	9,032	-	9,032
Total program costs	<u>72,418</u>	<u>22,632</u>	<u>13,551</u>	<u>100,884</u>	<u>20,226</u>	<u>31,133</u>	<u>867,720</u>	<u>38,530</u>	<u>14,432</u>	<u>1,181,526</u>	<u>22,437</u>	<u>-</u>	<u>1,203,963</u>
<b>OTHER EXPENSES:</b>													
Professional fees	11,518	4,603	4,046	7,509	-	1,000	458	1,752	324	31,210	228,132	-	259,342
Telephone	5,842	1,483	-	107	-	-	25	-	106	7,563	-	85,011	92,574
Other	2,276	-	-	1,127	-	19,833	225	-	-	23,461	96,900	-	120,361
Printing, postage and copying	6,172	3,251	791	762	1,653	1,939	588	1,427	7,680	24,263	62,645	-	86,908
Consultants	-	-	-	-	-	-	-	-	-	-	5,929	-	5,929
Office supplies	17,173	2,911	2,208	11,601	7,674	5,849	5,852	1,480	23,706	78,454	35,068	-	113,522
Travel and conferences	8,505	515	86	1,353	9,588	9,782	911	3,632	1,262	35,634	26,019	-	61,653
Marketing	-	-	-	-	-	-	-	-	-	-	6,352	-	6,352
Interest and bank charges	-	-	-	-	-	-	-	-	-	-	15,559	-	15,559
Bad debts	-	-	-	-	-	-	-	-	-	-	762	-	762
Total other expenses	<u>51,486</u>	<u>12,763</u>	<u>7,131</u>	<u>22,459</u>	<u>18,915</u>	<u>38,403</u>	<u>8,059</u>	<u>8,291</u>	<u>33,078</u>	<u>200,585</u>	<u>477,366</u>	<u>85,011</u>	<u>762,962</u>
Total other expenses before facilities and patient and clinical support allocations	<u>3,102,289</u>	<u>1,070,037</u>	<u>940,129</u>	<u>1,103,158</u>	<u>653,904</u>	<u>864,690</u>	<u>1,639,225</u>	<u>732,431</u>	<u>1,714,825</u>	<u>11,820,688</u>	<u>2,990,203</u>	<u>1,205,914</u>	<u>16,016,805</u>
<b>FACILITIES ALLOCATION</b>	261,582	54,591	36,394	58,048	109,182	86,436	108,363	72,788	181,969	969,353	236,561	(1,205,914)	-
<b>PATIENT AND CLINICAL SUPPORT ALLOCATION</b>	512,134	265,551	398,327	227,615	-	113,808	246,583	132,776	(1,896,794)	-	-	-	-
Total expenses	<u>\$ 3,876,005</u>	<u>\$ 1,390,179</u>	<u>\$ 1,374,850</u>	<u>\$ 1,388,821</u>	<u>\$ 763,086</u>	<u>\$ 1,064,934</u>	<u>\$ 1,994,171</u>	<u>\$ 937,995</u>	<u>\$ -</u>	<u>\$ 12,790,041</u>	<u>\$ 3,226,764</u>	<u>\$ -</u>	<u>\$ 16,016,805</u>

The accompanying notes are an integral part of these statements.

GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

**OPERATIONS**

Greater New Bedford Community Health Center, Inc. (the Health Center) is a nonprofit organization incorporated in 1981, which provides comprehensive medical, dental, community and social services to residents of New Bedford, Massachusetts, and its surrounding communities.

**NONPROFIT STATUS**

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

**SIGNIFICANT ACCOUNTING POLICIES**

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

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair market value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are charged to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	20 - 40 years
Furniture, fixtures and equipment	3 - 7 years
Computer equipment	3 - 5 years

Depreciation expense was \$670,675 and \$548,304 for the years ended September 30, 2012 and 2011, respectively.

Construction in Progress

Construction in progress at September 30, 2011, represents facility expansion and renovations which had not been depreciated since the renovations were not complete. The Health Center has received funds to expand the Health Center's facilities from the U.S. Department of Health and Human Services for two separate projects in the amounts of approximately \$5,331,000 and \$1,100,000. Construction began during fiscal year 2009 for the \$1,100,000 project and was completed in December, 2011. The Health Center incurred costs of approximately \$780,000 as of September 30, 2011. The remaining costs were incurred during fiscal year 2012 and construction in progress was placed into service during fiscal year 2012. There is no construction in progress at September 30, 2012.

GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011

(Continued)

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

**SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Construction in Progress (Continued)

Construction began during fiscal year 2010 for the \$5,331,000 project and was completed in December, 2011. The Health Center has incurred costs of approximately \$4,602,000 as of September 30, 2011. These amounts are shown as construction in progress on the accompanying 2011 statement of financial position. These amounts began depreciating in fiscal year 2012 as they were placed into service.

Subsequent Events

Subsequent events have been evaluated through December 19, 2012, which is the date the financial statements are available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

Allowance for Uncollectible Accounts

The Health Center records patient service receivables net of allowances for uncollectible accounts and contractual allowances. These allowances are recorded based upon reimbursement rates from third-party payors, historical collections on third-party receivables, as well as other factors.

Fair Value Measurements

The Health Center follows the *Fair Value Measurements and Disclosures* standards. These standards define fair value, establish a framework for measuring fair value under U.S. GAAP, and mandate disclosures about fair value measurements. These standards establish a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value. The Health Center values its qualifying assets and liabilities using Level I inputs. Level I inputs reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Advertising

The Health Center expenses advertising costs as they are incurred, which are shown as marketing expense in the accompanying statements of functional expenses.

Revenue Recognition

Contracts are recorded over the contract period as services are provided. Unrestricted grants, contributions and gifts are recorded as revenue when received or unconditionally pledged. Restricted grants and contributions are recorded as temporarily restricted revenues and net assets when received or unconditionally pledged. Transfers are made to unrestricted net assets as costs are incurred or time restrictions or program restrictions have lapsed. All other revenues are recorded when earned.

GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011  
(Continued)

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition (Continued)

Patient service revenue is recorded as services are provided. The Health Center establishes fees for services to patients based upon the patient's ability to pay for these services. Net patient service revenue reflects the amounts to be collected after provisions for contractual allowances and free care. Contractual allowances are accrued on an estimated basis in the period the related services are rendered. Net patient service revenue is adjusted as required based on final settlements. Contractual allowances were approximately \$3,506,000 and \$3,470,000 for the years ended September 30, 2012 and 2011, respectively.

During fiscal year 2012, the Health Center adopted the accounting standard related to *Measuring Charity Care for Disclosure* under U.S. GAAP. The Health Center has a policy of providing free care services to patients who are unable to pay. Such patients are identified based upon financial information obtained from the patient prior to services being rendered. The Health Center provided approximately \$2,267,000 and \$2,233,000 of free care during the years ended September 30, 2012 and 2011, respectively. The Health Center billed a third-party payor approximately \$1,838,000 and \$1,831,000 during the years ended September 30, 2012 and 2011, respectively, for free care services provided to eligible patients. The approximate cost of providing these services was \$1,895,000 and \$1,752,000 for the years ended September 30, 2012 and 2011, respectively. The cost of providing free care was calculated by multiplying the percentage of gross free care charges to gross patient charges by the total cost of providing patient services. The Health Center adjudicates claims for these services; therefore, charges for free care have been included in net patient service revenue in the accompanying statements of activities and changes in net assets.

Funding

The Health Center receives a significant portion of its total operating revenue and support (approximately 8% and 10% in fiscal years 2012 and 2011, respectively) from the U.S. Department of Health and Human Services. The Health Center also receives a significant portion of its total operating revenues and support (approximately 7% and 8% in fiscal years 2012 and 2011, respectively) from the Massachusetts Department of Public Health (DPH) under unit-rate and cost reimbursable contracts. These reimbursements are subject to possible final audit determination by these government agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Health Center as of September 30, 2012 and 2011, or on the changes in its net assets for the years then ended.

Approximately 98% and 91% of the Health Center's contracts, grants and other receivables at September 30, 2012 and 2011, respectively, are due from DPH.

GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011  
(Continued)

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

**SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Funding (Continued)

Charges made to most third-party payors for patient services are periodically reviewed and adjusted based upon the submission of cost reports and possible subsequent audits. In the opinion of management, the effects of such determinations or adjustments, if any, will not have a material effect on the financial position of the Health Center as of September 30, 2012 and 2011, or on the changes in its net assets for the years then ended.

The Health Center is entitled to receive settlements based upon the submission of cost reports. During the years ended September 30, 2012 and 2011, the Health Center received final settlements of \$107,694 and \$60,566 related to the cost reports filed for fiscal years 2010 and 2009, respectively, and is included in gifts, contributions, special event and other in the accompanying statements of activities and changes in net assets. Settlements are recorded when determinable. The Health Center has not recorded any settlement relating to the 2012 or 2011 cost reports.

Financing Fees and Amortization

Financing fees have been capitalized and amortized on the straight-line basis over the term of the note payable agreements of ten years (see Note 4).

Inventory

Inventory consists of pharmaceutical supplies. This inventory is accounted for at the lower of cost (as determined by the first-in, first-out (FIFO) method) or market.

Expense Allocation

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

Estimates

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

Donated Goods and Services

The Commonwealth provides vouchers to recipients of the Health Center's Women, Infant and Children program. The value of these vouchers for fiscal years 2012 and 2011 was \$2,939,753 and \$2,586,258, respectively. These amounts are not reflected in the accompanying financial statements.

**GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011  
(Continued)**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Tax Positions

The Health Center follows the *Accounting for Uncertainty in Income Taxes* standard, which requires the Health Center to report uncertain tax positions, related interest and penalties, and to adjust its assets and liabilities related to unrecognized tax benefits and accrued interest and penalties accordingly. As of September 30, 2012, the Health Center determined that there are no material unrecognized tax benefits to report. The Health Center is subject to regular audit by tax authorities. The Health Center believes it has appropriate support for the positions taken on its tax returns. The Health Center files informational returns in the United States (Federal) and Massachusetts (state) jurisdictions. The Health Center is no longer subject to examination for state or Federal filings prior to tax year 2009 for these informational returns.

**(2) SPECIAL EVENT REVENUE**

Special event revenue consists of the following for the years ended September 30:

	<u>2012</u>	<u>2011</u>
Special event revenue	\$41,234	\$20,035
Less - direct expenses	<u>20,977</u>	<u>21,193</u>
Special event revenue, net	<u>\$20,257</u>	<u>\$ (1,158)</u>

Special event revenue is included in gifts, contributions, special event and other in the accompanying statements of activities and changes in net assets. Direct expenses for the special event are included in other under general and administrative expenses in the accompanying statements of functional expenses for the years ended September 30, 2012 and 2011.

**(3) NET ASSETS**

Unrestricted Net Assets

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

**Operating net assets** represent funds available to carry on the operations of the Health Center.

**Property and equipment net assets** reflect and account for the activities relating to the Health Center's property and equipment and financing fees, net of related debt.

GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011  
(Continued)

(3) **NET ASSETS** (Continued)

Temporarily Restricted Net Assets

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

Temporarily restricted net assets at September 30, 2012 and 2011, of \$87,889 and \$60,806, respectively, were purpose restricted.

(4) **FINANCING FEES**

Financing fees in the accompanying statements of financial position are net of accumulated amortization of \$11,017 and \$22,034 at September 30, 2012 and 2011, respectively. The Health Center had incorrectly recorded amortization prior to fiscal year 2012, since it was recorded over a three-year period instead of a ten-year period. The Health Center corrected this during fiscal year 2012, which resulted in a credit of \$15,424 to amortization expense during fiscal year 2012. Amortization expense in fiscal years 2012 and 2011 was \$(11,017) (net of the \$15,424 correction) and \$14,690, respectively (see Note 1).

(5) **LONG-TERM DEBT**

The Health Center has a note payable to a bank, bearing interest at a fixed rate of 3.21%, through March, 2017. Thereafter, interest will be adjusted to 2.65% above the "Three-Year Classic Advance Rate" as published by the Federal Home Loan Bank Boston (FHLBB) every year until March, 2020 (the maturity date). Principal and interest are due in monthly installments of \$14,666, through March, 2017, based upon a twenty-five year amortization schedule. The monthly payment amount will be adjusted in April, 2017. This note is secured by a first mortgage on land, buildings and improvements, as well as an assignment of rents, furniture, fixtures and equipment. This note is cross-collateralized and cross-defaulted with the note payable to a bank described in Note 6. Interest expense for this note was \$92,812 and \$102,108 for the years ended September 30, 2012 and 2011, respectively, and is included in mortgage interest expense in the accompanying statements of functional expenses. If the Health Center prepays this note before March 4, 2017, there is a 10% penalty on the amount of principal prepaid. The principal balance outstanding on this note was \$2,805,254 and \$2,888,238 as of September 30, 2012 and 2011, respectively.

The Health Center is required to comply with certain covenants as described in the note payable agreements. These covenants include compliance with certain New Markets Tax Credits (NMTC) financing requirements. The Health Center was in compliance with these covenants at September 30, 2012 and 2011.

Aggregate maturities of long-term debt over the next five years are as follows:

2013	\$85,226
2014	\$88,497
2015	\$91,430
2016	\$94,460
2017	\$97,591

GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011

(Continued)

(6) NOTE PAYABLE TO A BANK

Through February 1, 2011, the Health Center had a \$400,000 line of credit agreement with a bank. During February, 2011, the line of credit agreement was increased to \$1,000,000. Borrowings under the agreement are due on demand and interest is payable monthly at the prime rate (3.25% at September 30, 2012 and 2011). The line of credit is cross-collateralized and cross-defaulted with another note payable (see Note 5). The line of credit is secured by a first mortgage on land and a building, as well as a first security interest in substantially all assets of the Health Center. The Health Center is required to have thirty consecutive days with no amounts outstanding under this agreement. The line of credit is subject to annual review beginning on February 1, 2012. There are no amounts outstanding at September 30, 2012 and 2011.

(7) CONTINGENCIES

The Health Center, from time to time, is the defendant in lawsuits. It is management's belief that the Health Center will prevail in these lawsuits. Accordingly, no amounts have been reflected in the accompanying financial statements for any potential liability resulting from these lawsuits. Management believes the Health Center is adequately insured through the Federal Torts Claims Act, malpractice and the Board of Directors' liability insurance.

(8) RENTAL INCOME

The Health Center rents space under lease agreements having initial terms from five to twenty-five years and expiring at various dates through December, 2031. Rental income totaled \$53,586 and \$48,545 for the years ended September 30, 2012 and 2011, respectively and is included in gifts, contributions, special event and other in the accompanying statements of activities and changes in net assets.

Minimum annual rentals expected to be received from these agreements over the next five years are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2013	\$12,276
2014	\$12,660
2015	\$13,032
2016	\$13,416
2017	\$13,824

(9) EMPLOYEE BENEFIT PLANS

The Health Center maintains a deferred annuity plan under IRC Section 403(b), whereby eligible employees may voluntarily contribute a percentage up to 100% of pre-tax annual compensation, subject to annual limitations including a catch up provision for those age 50 years or older. The Health Center may make a discretionary matching contribution which is determined annually. Participants are eligible to receive the Health Center's discretionary match once the participant has provided a year of service with the Health Center (1,000 hours of service) and is 21 years of age. The Health Center elected to make contributions of approximately \$236,000 for the year ended September 30, 2012. The Health Center did not elect to make any contributions for the year ended September 30, 2011.

GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011

(Continued)

(10) **OTHER RECEIVABLES WRITTEN OFF**

During fiscal year 2011, the Health Center wrote-off advances for \$84,200 that were made to a non-profit community foundation in prior fiscal years. The community foundation has been dissolved and this amount is no longer expected to be collected by the Health Center. The write-off is included in the accompanying statement of activities and changes in net assets for the year ended September 30, 2011.

(11) **RELATED PARTY TRANSACTIONS**

A member of the Health Center's management serves on the Board of Directors of one of the Health Center's funding sources. The Health Center received operating grants totaling approximately \$18,750 and \$25,000 from this funding source for the years ended September 30, 2012 and 2011, respectively. The Health Center also received approximately \$1,444,000 and \$1,701,000 for health care services from the funding source for the years ended September 30, 2012 and 2011, respectively. The Health Center also received incentive payments for approximately \$100,000 from the funding source during the year ended September 30, 2011.

(12) **RECLASSIFICATIONS**

Certain amounts in the 2011 financial statements have been reclassified to conform with the 2012 presentation.

**GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.**

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

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM CLUSTER OR TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>AGENCY OR PASS-THROUGH NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Direct Funding :			
Health Centers Cluster:			
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224	N/A	\$ 843,511
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	687,015
ARRA – Grants to Health Center Programs	93.703	N/A	882,313
Passed-through Commonwealth of Massachusetts, Department of Public Health -			
HIV Care Formula Grants	93.917	4943MM32001	101,793
Affordable Care Act: Childhood Obesity Research Demonstration	93.535	4123MM3W116	<u>27,807</u>
Total U.S. Department of Health and Human Services			<u>2,542,439</u>
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Commonwealth of Massachusetts, Department of Public Health -			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Program)	10.557	3500J10601011047	*2,939,753
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Program)	10.557	3502M03700915069	<u>501,624</u>
Total U.S. Department of Agriculture			<u>3,441,377</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$5,983,816</u></b>

**GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.**  
**SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS –**  
**NOT-FOR-PROFIT ORGANIZATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**  
(Continued)

**NOTE 1: BASIS OF PRESENTATION**

The accompanying Supplementary Schedule of Expenditures of Federal Awards includes the Federal assistance activity of the Health Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**NOTE 2: WIC VOUCHERS**

\*This represents the WIC voucher amount. For purposes of the accompanying financial statements the related revenue and expense amounts have been shown net.

*Where Every Client Is A Valued Client*

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

To the Board of Directors of  
Greater New Bedford Community Health Center, Inc.:

We have audited the financial statements of Greater New Bedford Community Health Center, Inc. (the Health Center) as of and for the year ended September 30, 2012, and have issued our report thereon dated December 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

### Compliance and Other Matters

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

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

  
Westborough, Massachusetts  
December 19, 2012

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

**Independent Auditor's Report**

To the Board of Directors of  
Greater New Bedford Community Health Center, Inc.:

**Compliance**

We have audited Greater New Bedford Community Health Center Inc.'s (the Health Center) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Health Center's major Federal programs for the year ended September 30, 2012. The Health Center's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs are the responsibility of the Health Center's management. Our responsibility is to express an opinion on the Health Center's compliance based on our audit.

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

In our opinion, Greater New Bedford Community Health Center, 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 September 30, 2012.

**Internal Control Over Compliance**

Management of the Health Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the Health Center's internal control over compliance with the requirements that could have a direct and material effect on 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 the Health Center's internal control over compliance.

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

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

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

*Alexander, Ahrens, Finning & Co., P.C.*

Westborough, Massachusetts  
December 19, 2012

**GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2012**

**I. SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

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

Internal control over financial reporting:

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

*Federal Awards*

Internal control over major programs:

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

An unqualified opinion was issued on compliance for major programs.

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

Identification of major programs:

<u>Program or Cluster Title</u>	<u>Federal CFDA Number</u>
ARRA – Grants to Health Center Programs	93.703
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Program)	10.557

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

Auditee qualified as low-risk auditee?     Yes         No

**II. FINANCIAL STATEMENT FINDINGS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

None

**GREATER NEW BEDFORD COMMUNITY HEALTH CENTER, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2012**

(Continued)

**III. FINDINGS AND QUESTIONS COSTS FOR FEDERAL AWARDS**

None