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August 25, 2016

Board of Directors
Johnson Nichols Health Clinic, Inc.
P.O. Box 393
Greencastle, IN 46135

We have reviewed the audit report prepared by Perishing & Company, Inc., for the period October 1, 2014 to September 30, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Johnson Nichols Health Clinic, Inc., as of September 30, 2015, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

Johnson Nichols Health Clinic, Inc.
Greencastle, Indiana

Audit Report
For the Year Ended
September 30, 2015

Johnson Nichols Health Clinic, Inc.

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Founder (1949-2010)

Brian R. Pershing, CPA
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Vice President



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Johnson Nichols Health Clinic, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Johnson Nichols Health Clinic, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Johnson Nichols Health Clinic, Inc. as of September 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements 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*, is presented for purposes 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 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2016, on our consideration of Johnson Nichols Health Clinic, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Johnson Nichols Health Clinic, Inc.'s internal control over financial reporting and compliance.

Pershing & Company, Inc.

Pershing & Company, Inc.

Greencastle, IN

February 19, 2016

JOHNSON NICHOLS HEALTH CLINIC, INC.
STATEMENT OF FINANCIAL POSITION
September 30, 2015

ASSETS

Cash and Cash Equivalents	\$	0
Accounts Receivable		<u>134,270</u>
Total Assets	\$	<u><u>134,270</u></u>

LIABILITIES

Accounts Payable	\$	5,694
Bank Overdrafts		47,214
Due Centerstone		<u>151,165</u>
Total Liabilities	\$	204,073

NET ASSETS

Unrestricted Net Assets		<u>(69,803)</u>
Total Liabilities and Net Assets	\$	<u><u>134,270</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

JOHNSON NICHOLS HEALTH CLINIC, INC.
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

UNRESTRICTED SUPPORT AND REVENUES

Grants:	
Title V	\$ 150,000
Title X & Family Planning	266,666
Women, Infants and Children	255,772
Medicaid	52,757
Community Health Center	116,981
Navigator	63,406
Local Support:	
United Way	23,625
Donations	2,219
Interest	137
Patient Fees	36,653
In-Kind	5,698
Other	12,199
Total Support and Revenue	<u>\$ 986,113</u>

EXPENSES

Maternal and Child Health	\$ 206,101
Title X & Family Planning	291,637
Women, Infants and Children	264,240
Community Health Center	232,054
Navigator	<u>63,407</u>
Total Expenses	<u>\$ 1,057,439</u>
Decrease in Unrestricted Net Assets	\$ (71,327)
Unrestricted Net Assets, Beginning of period	<u>1,524</u>
Unrestricted Net Assets, End of period	<u>\$ (69,803)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

JOHNSON NICHOLS HEALTH CLINIC, INC.
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (71,327)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Increase Accounts Receivable	(32,976)
Decrease Prepaid Expenses	772
Decrease Accounts Payable	(12,694)
Increase in Bank Overdraft	47,214
Increase in Due Centerstone	<u>3,216</u>
Net Cash Used by Operating Activities	(65,795)
Net Decrease in Cash	65,795
Cash and Cash Equivalents at October 1, 2014	<u>65,795</u>
Cash and Cash equivalents at September 30, 2015	<u><u>\$ 0</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

JOHNSON NICHOLS HEALTH CLINIC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Description	Title V; Maternal & Child Health	Title X & Family Planning	Women, Infants and Children	Health Center Program	Navigator	Total
Program Expenses						
Contraceptives	0	18,441	0	-	-	18,441
Contractuals	5,506	-	-	5,981	-	11,487
Educational Materials	0	61	1,334	-	492	1,887
Equipment Purchase	1,395	0	12,968	-	-	14,363
Fringe Benefits	24,453	21,176	18,349	9,118	5,229	78,325
Insurance	1,619	-	2,431	1,647	-	5,697
Medical	3,000	3,000	0	38,754	-	44,754
Out of Center Services	0	1,928	0	2,599	-	4,527
Other	550	458	481	57	137	1,683
Payroll	115,842	156,367	139,879	118,206	43,719	574,013
Payroll Taxes	8,503	11,516	10,313	8,741	3,345	42,418
Postage	97	1,177	540	214	655	2,683
Printing	104	0	0	0	0	104
Rent	1,836	9,509	13,803	12,719	4,452	42,319
Repairs & Maintenance	115	642	889	1,579	130	3,355
Supplies	1,227	7,825	9,701	4,685	94	23,532
Telephone	1,940	3,204	4,737	1,245	351	11,477
Travel	2,773	2,957	6,704	1,045	493	13,972
Utilities	107	935	1,226	2,252	108	4,628
Waste Disposal	524	964	1,469	930	-	3,887
Workshops	502	1,580	75	790	481	3,428
Total Programming	\$ 170,093	\$ 241,740	\$ 224,899	\$ 210,562	\$ 59,686	\$ 906,980
Administrative Expenses						
Fringe Benefits	7,304	6,325	5,481	2,723	1,562	23,395
Payroll	22,733	34,195	25,668	10,710	-	93,306
Payroll Taxes	1,739	2,616	1,964	819	-	7,138
Professional Fees	2,641	3,721	3,720	5,925	-	16,007
Supplies Office	1,551	2,828	2,203	1,009	2,066	9,657
Rent	37	194	282	260	91	864
Utilities	3	18	23	46	2	92
Total Administrative	\$ 36,008	\$ 49,897	\$ 39,341	\$ 21,492	\$ 3,721	\$ 150,459
Total Expenses	\$ 206,101	\$ 291,637	\$ 264,240	\$ 232,054	\$ 63,407	\$ 1,057,439

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

Johnson Nichols Health Clinic, Inc.
Notes to Financial Statement
September 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Johnson Nichols Health Clinic, Inc. (a non-profit Organization) was created to:

- 1) establish, maintain, operate and administer one or more separate out-patient clinics to provide preventative health care services for those who cannot afford these from their family doctors and to employ professional personnel of proper qualifications to carry out this purpose.
- 2) cooperate and consult with agencies concerned with the health of underprivileged citizens in Putnam and Owen counties, Indiana; and,

Effective October 1, 2007 Johnson Nichols Health Clinic, Inc. became a subsidiary of Centerstone. The purpose was to allow Johnson Nichols to expand services locally and provide for greater financial resources. No major changes are anticipated locally. Centerstone is an IRS 501©(3) entity.

B. Method of Accounting

The records are maintained on the accrual basis of accounting. Financial statement presentation follows the recommendations of the American Institute of Certified Public Accountants. Cash is held in interest bearing checking accounts.

Property and Equipment

The Johnson Nichols Health Clinic, Inc., maintains a record of fixed assets but does not record them in the financial records because all fixed assets remain the property of the Indiana State Board of Health and Indiana Family Health Council, Inc. are expensed when purchased, hence no Depreciation is shown.

Johnson Nichols Health Clinic, Inc.
Notes to Financial Statements
Continued
September 30, 2015

Functional 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 benefitted.

Support and Revenue

The Organization receives grants from the Indiana State Department of Health Indiana Family Health Council and Indiana Family and Social Service Administration. The organization receives patient fees, Medicaid income, and local contributions.

Income Tax

The Johnson Nichols Health Clinic, Inc., is a tax exempt organization under section 501©(3) of the Internal Revenue Code and, therefore, no provision for Federal or Indiana income tax is included in these financial statements. The Internal Revenue Service has not examined the Organizations income tax Returns within the last 3 years, hence these years are still open. Management has no reason to believe that they are not in compliance with this purpose and have not made provisions for taxes during those years.

Estimates

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

Donated Services

No amounts have been reported in the financial statements for donated services because they do not meet the requirement to be included in the financial statement.

Risk

The Organization must continue to rely on assistance from Centerstone and renewals funding to continue in operation as net assets are low and the Organization have had losses the last few years.

Johnson Nichols Health Clinic, Inc.
Notes to Financial Statement
Continued
September 30, 2015

Net Assets

All donation are used as matching funds and all net assets are considered unrestricted to the purpose of the organization. No donations are restricted per donor request at year end.

Pension Plan

The Organization has instituted and employee pension through Centerstone. The Johnson Nichols Health Clinic, Inc. matches up to 3% of an employee voluntary contribution to the plan. Cost for year ending September 30, 2015 was \$ 17,054.

Cash Equivalents

Cash equivalents consist of demand deposits.

Accounts Receivable

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contacts, Medicaid/Medicare, and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. Changes in the valuation allowance have not been material to the financial statements, hence no allowance is provided for.

Advertising Costs

The Organization incurs various advertising costs. These costs are expensed as incurred. For the year ended September 30, 2015, advertising costs were \$0.

Subsequent Events

Management has evaluated subsequent events through February 19, 2016, the date of which the financial statements were available to be issued. The Organization moved from their long time Greencastle, Indiana facility to space at the local hospital. They anticipate this will generate more business and provide a better facility for the health of their patients.

Johnson Nichols Health Clinic, Inc.
Notes to Financial Statements
September 30, 2015

1) UNRESTRICTED NET ASSETS

Unrestricted amounts represent all contributions other than endowments that are available for various activities, including:

- Operational and administrative functions.
- Support of community activities and charitable activities at the discretion of the Board of Directors.
- Contributions with donor-imposed restrictions that are met during the same year as the contribution is made are included in unrestricted support that increases unrestricted net assets.

2) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted amounts represent gifts that are subject to donor-imposed restriction, either for a specific purpose or subject to the passage of time. Temporarily restricted amounts also include earnings on permanently restricted endowments that are absent of explicit donor stipulations and that have not yet been appropriated for expenditure by the Organization. When the restriction expires, these net assets are reclassified to unrestricted net assets.

3) PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted amounts represent those assets contributed to the Organization where the original dollar value is to remain in perpetuity as a permanent endowment of the Organization. While the Organization's bylaws and fund agreements provide for variance power, which, under certain unanticipated circumstances allows for the modification of restrictions, management believes that such variance power applies only to the use of the income and investment appreciation of endowment funds. Not expenditure or disbursement of the original gift. Accordingly the Organization has recorded such amounts as a component of permanently restricted net assets.

It is also the Organization's policy that permanently restricted assets are reported at their original value at the time of the gift. Management keeps the original gift and realized and unrealized gains and losses on those assets linked for determining the fair value of the fund for administrative purposes. Investment income and realized and unrealized gains and losses on those assets are recorded as temporarily restricted assets until appropriated, and do not impact the amount of the permanently restricted assets.

Johnson Nichols Health Clinic, Inc.
Notes to Financial Statements
September 30, 2015
(Continued)

4) LEASE COMMITMENTS

The Organization leases facilities under an operating lease with an unrelated party which required monthly lease payments of \$1,000. This lease expires in October, 2017. Additionally, the Organization rented facilities under a month to month lease.

Rental expense under all operating leases for the year ended December 31, 2014 was \$42,000.

Future minimum lease payments under all operating leases are as follows:

<u>Year ended</u> <u>December 31,</u>	
2016	\$12,000
2017	<u>9,000</u>
	<u>\$21,000</u>

JOHNSON NICHOLS HEALTH CLINIC, INC.
SCHEDULE OF FEDERAL FINANCIAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Program Title <u>PROGRAMS</u>	<u>CFDA Number</u>	<u>Maternal Child</u>	<u>Family Planning</u>	<u>WIC</u>	<u>Navigator</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture Passed through Indiana State Board of Health Special Supplemental Food Program for Women, Infants and Children (WIC)	10.557			\$ 255,772		\$ 255,772
U.S. Department of Health and Human Services (HHS) Passed through Indiana State Board of Health Maternal & Child Health Services Block Grant (Title V)	93.994	150,000				150,000
U.S. Department of Health and Human Services Passed through Indiana Family Health Council (Title X) Family Planning	93.217		151,474			151,474
U.S. Department of Health and Human Services Passed through IFHC (Indiana Family Health Council, Inc.)	93.332				63,403	63,403
U.S. Department of Health and Human Services Passed through IFHC (Indiana Family Health Council, Inc.)	93.667		9,930			9,930
U.S. Department of Health and Human Services Passed through IFHC (Indiana Family Health Council, Inc.)	93.558		32,561			32,561
Expenditures are on the Accrual Method		<u>\$ 150,000</u>	<u>\$ 193,965</u>	<u>\$ 255,772</u>	<u>\$ 63,403</u>	<u>\$ 663,140</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

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

To the Board of Trustees of
Johnson Nichols Health Clinic, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Johnson Nichols Health Clinic, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 19, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Johnson Nichols Health Clinic, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Johnson Nichols Health Clinic, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Johnson Nichols Health Clinic, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Johnson Nichols Health Clinic, Inc.'s financial statements are free from 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*.

Purpose of this Report

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

Pershing & Company, Inc

Greencastle, IN
February 19, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees of
Johnson Nichols Health Clinic, Inc.

Report on Compliance for Each Major Federal Program

We have audited Johnson Nichols Health Clinic, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Johnson Nichols Health Clinic, Inc.'s major federal programs for the year ended September 30, 2015. Johnson Nichols Health Clinic, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Johnson Nichols Health Clinic, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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 Johnson Nichols Health Clinic, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Johnson Nichols Health Clinic, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Johnson Nichols Health Clinic, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

Johnson Nichols Health Clinic, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Johnson Nichols Health Clinic, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Johnson Nichols Health Clinic, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Johnson Nichols Health Clinic, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Johnson Nichols Health Clinic, Inc.'s internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Pershing & Company, Inc

Greencastle, IN
February 19, 2016

JOHNSON NICHOLS HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2015

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the Financial statements of Johnson Nichols Health Clinic, Inc.
2. No instances of noncompliance material to the financial Statements of Johnson Nichols Health Clinic, Inc. were disclosed during the audit.
3. The auditor's report on compliance for the major federal financial assistance programs for Johnson Nichols Health Clinic, Inc. expresses an unqualified opinion.
4. Audit findings relative to the major federal financial assistance programs for Johnson Nichols Health Clinic, Inc. were reported in Part C. of this schedule.
5. The threshold for distinguishing Types A and B programs was \$ 300,00.
6. Johnson Nichols Health Clinic, Inc. was determined to be a low-risk auditee.
7. The following programs were considered major programs.

CFDA

Women, Infants & Children 10.557

B. FINDINGS -- FINANCIAL STATEMENTS

1. None

C. FINDINGS AND QUESTIONED COSTS- Major federal financial assistance audit.

1. None