



STATE OF INDIANA
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February 10, 2010

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

We have reviewed the audit report prepared by Bray & Associates, CPAs, LLC, Independent Public Accountants, for the period October 1, 2007 to September 30, 2008. 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 the Johnson Nichols Health Clinic, Inc., as of September 30, 2008, 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.

STATE BOARD OF ACCOUNTS

JOHNSON NICHOLS HEALTH CLINIC, INC.
Greencastle, Indiana

AUDIT REPORT
For the Year Ended
September 30, 2008

JOHNSON NICHOLS HEALTH CLINIC, INC.

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ACCOUNTANTS SOCIETY

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Johnson Nichols Health Clinic, Inc. (a nonprofit organization) as of September 30, 2008, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Johnson Nichols Health Clinic, Inc. as of September 30, 2008, and the changes in its net assets and its cash flows for the year 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 January 8, 2009, on our consideration of Johnson Nichols Health Clinic, Inc. 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 performed for the purpose of forming an opinion on the basic financial statements of Johnson Nichols Health Clinic, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bray & Associates CPA's
Bray & Associates CPA's, LLC

January 8, 2009

Page 1

JOHNSON NICHOLS HEALTH CLINIC, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2008

ASSETS

Cash and Cash Equivalents	\$	82,755
Grants Receivable		71,304
Prepaid Insurance		<u>1,613</u>
Total Assets	\$	<u>155,672</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$	28,884
Due Center Stone		<u>100,447</u>
Total Current Liabilities	\$	129,331

NET ASSETS

Unrestricted Net Assets		<u>26,341</u>
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Total Liabilities and Net Assets	\$	<u>155,672</u>
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THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

JOHNSON NICHOLS HEALTH CLINIC, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended September 30, 2008

UNRESTRICTED SUPPORT AND REVENUES

Grants:

Title V	\$	128,443
Title X		152,307
Title XX		14,396
Women, Infants and Children		189,911
Medicaid		9,056
Prenatal Substance Use Prevention Program		37,170
Community Health Center		164,152
Other		5,820

Local Support:

United Way		28,310
Donations		5,079
Interest		502
Patient Fees		11,967
Board of Health		5,000
Other		71

Total Support and Revenue	\$	<u>752,184</u>
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EXPENSES

Maternal and Child Health (Title V) & Matching Funds	\$	185,213
Title X		152,308
Title XX		15,490
Woman, Infants and Children		191,028
Prenatal Substance Use Prevention Program		37,171
Community Health Center		165,541
Other		4,706

Total Expenses	\$	<u>751,457</u>
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Increase in Unrestricted Net Assets	727
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Unrestricted Net Assets, Beginning of period	<u>25,614</u>
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Unrestricted Net Assets, End of period	\$ <u>26,341</u>
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THE ACCOMPANYING NOTES ARE AN INTEGRAL
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JOHNSON NICHOLS HEALTH CLINIC, INC.

STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2008

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

Change in Net Assets	\$	727
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Increase Grant Receivable	\$	(4,970)
Decrease Prepaid Expenses		1,761
Decrease Accounts Payable		(513)
Increase in Due Center Stone		<u>46,594</u>
Net Cash Provided by Operating Activities	\$	43,599
Cash Flow from Financing Activities		
Short Term Borrowings	\$	20,000
Short Term Payback		<u>(20,000)</u>
Net Cash from Financing		0.00
Net Increase in Cash		43,599
Cash and Cash Equivalents at October 1, 2007	\$	<u>39,156</u>
Cash and Cash Equivalents at September 30, 2008	\$	<u>82,755</u>
SUPPLEMENTAL DATA		
Interest Expense	\$	<u>0</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, 2008

Program Expenses	Title V; Maternal & Child Health		Women, Infants and Children		State PSupp	Community Health	Other	Total
	Title X	Title XX	\$	\$				
Advertising	\$ 13,695	\$ 1,221	\$ 68	\$		\$ 277	\$	\$ 345
Contraceptive Supplies	74	7,231	66			67	4,000	26,147
Dues & Fees	561				327	397	310	207
Educational Supplies			8,370			41,334		1,595
Equipment Purchases			9,603		1,266	709		49,704
Fringe Benefits	8,891		3,512		77	2,422		20,469
Insurance	6,453	406				6,000		12,870
Medical	2,960							9,120
Miscellaneous	16							16
Occupancy (Rent & Util.)	6,406		6,873		1,140	1,140		16,046
Out of Center Services	9,655							11,319
Supplies	13,119	248	4,127		5,070	2,741	28	26,086
Payroll	68,921	115,231	115,875		24,165	98,572	341	426,880
Payroll Taxes	5,423	9,063	9,377		1,945	7,864	27	34,021
Travel	3,226	76	3,750		109	167		8,058
Waste Disposal	1,204		829			453		2,486
Workshop Conferences	872		232			614		1,718
Total	\$ 141,476	\$ 126,245	\$ 162,682	\$ 34,099	\$ 162,757	\$ 4,706	\$	\$ 647,087
Administrative Expenses								
Accounting & Audit	\$ 3,948	\$	\$ 3,199	\$ 1,128	\$ 2,155	\$	\$	\$ 10,430
Bank Charges	10				10			
Fringe Benefits	3,185		834					4,019
Occupancy	337	26	362	60	60	60		845
Office Supplies	988		319		66			1,373
Payroll	24,685	24,211	10,061	968	968			59,925
Payroll Taxes	1,888	1,852	770	74	74			4,584
Postage	1,446		291	209	209			2,069
Printing	829		263					1,277
Repairs & Maintenance	4,204		11,062	8	8	180		15,454
Telephone	2,217		1,185	625	625	323		4,384
Total Administrative	\$ 43,737	\$ 26,063	\$ 28,346	\$ 3,072	\$ 2,784	\$ 0	\$	\$ 104,370
Total Expenses	\$ 185,213	\$ 152,308	\$ 191,028	\$ 37,171	\$ 165,541	\$ 4,706	\$	\$ 751,457

JOHNSON NICHOLS HEALTH CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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,
- 3) conduct research relating to health problems of underprivileged children and adults in the Putnam and Owen Counties, Indiana, area.

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

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 are expensed when purchased.

JOHNSON NICHOLS HEALTH CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
September 30, 2008

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(c)(3) of the Internal Revenue Code and, therefore, no provision for Federal or Indiana income tax is included in these financial statements.

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 no objective basis is available to measure the value of such services. The value of these services is not used as matching funds nor material in nature.

Net Assets

All donations 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.

JOHNSON NICHOLS HEALTH CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

(CONTINUED)

September 30, 2008

Pension Plan

The organization has instituted an elective employee pension plan. This program allows the employees to make personal contribution to the plan. The Johnson Nichols Health Clinic, Inc. has no liability to fund nor make contributions to the plan.

Cash Equivalents

Cash equivalents consists 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, contracts, 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.

JOHNSON NICHOLS HEALTH CLINIC, INC.
 SCHEDULE OF FEDERAL FINANCIAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

<u>Pass-through Granter/ Program Title PROGRAMS</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
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	\$ 251,974
U.S. Department of Agriculture Passed through Indiana State Board of Health Special Supplemental Food Program for Women, Infants and Children	10.557	188,938
U.S. Department of Health and Human Services Passed through State Board of Health Federal Abstinence Education Block Grant *	93.217	59,111
U.S. Department of Health and Human Services	93.959	<u>6,539</u>
	Total	<u>\$506,562</u>

*Program years differ from calendar years.

Expenditures are on the Accrual Method

THE ACCOMPANYING NOTES ARE AN INTEGRAL
 PART OF THE FINANCIAL STATEMENTS

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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 the financial statements of Johnson Nichols Health Clinic, Inc. (a non-profit organization) as of and for the year ended September 30, 2008, and have issued our report thereon dated January 8, 2009. 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 Johnson Nichols Health Clinic, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, Indiana State Board of Accounts, 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.

Bray & Associates C.P.A.'s, LLC
 Bray & Associates C.P.A.'s, LLC
 January 8, 2009

BRAY & ASSOCIATES C.P.A.'s, LLC
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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of Johnson Nichols Health Clinic, Inc. with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended September 30, 2008. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Johnson Nichols Health Clinic, Inc.'s management. Our responsibility is to express an opinion on Johnson Nichols Health Clinic, Inc. 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 Johnson Nichols Health, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Johnson Nichols Health Clinic, Inc. compliance with those requirement.

In our opinion, Johnson Nichols Health Clinic, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

Internal Control Over Compliance

The management of Johnson Nichols Health Clinic, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Johnson Nichols Health Clinic, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Indiana Board of Accounts, 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.

Bray & Associates CMA

Bray & Associates C.P.A.'s, LLC

January 8, 2009

JOHNSON NICHOLS HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year Ended September 30, 2008

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. are reported in Part C. of this Schedule.
5. The programs tested as major programs included:
 - a. US HHS CFDA # 93.217 Family Planning Service
 - b. US HHS CFDA # 93.994 Maternal and Child Health Services
5. The threshold for distinguishing Types A and B programs was \$ 300,000.
6. Johnson Nichols Health Clinic, Inc. Was determined to be a high-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS

1. None

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

1. None