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October 13, 2011

Board of Directors  
Johnson Nicholas Health Center, 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, 2008 to September 30, 2009. 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 Nicholas Health Center, Inc., as of September 30, 2009, 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, 2009

JOHNSON NICHOLS HEALTH CLINIC, INC.

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MEMBERS OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
INDIANA CERTIFIED PUBLIC  
ACCOUNTANTS SOCIETY

INDEPENDENT AUDITOR'S REPORT

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

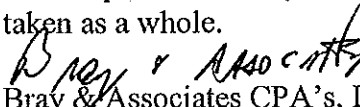
We have audited the accompanying statement of financial position of Johnson Nichols Health Clinic, Inc. (a nonprofit organization) as of September 30, 2009, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year ended. These financial statements 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, 2009, 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, LLC  
January 6, 2010

JOHNSON NICHOLS HEALTH CLINIC, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2009

ASSETS

|                           |    |                |
|---------------------------|----|----------------|
| Cash and Cash Equivalents | \$ | 52,429         |
| Grants Receivable         |    | 111,997        |
| Prepaid Insurance         |    | 1,155          |
| Other Miscellaneous       |    | <u>472</u>     |
| Total Assets              | \$ | <u>166,053</u> |

LIABILITIES AND NET ASSETS

Current Liabilities

|                           |    |                |
|---------------------------|----|----------------|
| Accounts Payable          | \$ | 19,233         |
| Due Center Stone          |    | <u>110,811</u> |
| Total Current Liabilities | \$ | 130,044        |

NET ASSETS

|                         |  |               |
|-------------------------|--|---------------|
| Unrestricted Net Assets |  | <u>36,009</u> |
|-------------------------|--|---------------|

|                                  |    |                |
|----------------------------------|----|----------------|
| Total Liabilities and Net Assets | \$ | <u>166,053</u> |
|----------------------------------|----|----------------|

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, 2009

UNRESTRICTED SUPPORT AND REVENUES

|  |    |                |
|--|----|----------------|
| Grants:  |    |                |
| Title V  | \$ | 120,174        |
| Title X  |    | 182,602        |
| Title XX   |    | 14,398         |
| Women, Infants and Children                          |    | 200,669        |
| Medicaid   |    | 9,832          |
| Prenatal Substance Use Prevention Program            |    | 39,545         |
| Community Health Center                              |    | 122,235        |
| Other  |    | 4,668          |
| Local Support:                                       |    |                |
| United Way   |    | 28,089         |
| Donations  |    | 4,704          |
| Interest   |    | 921            |
| Patient Fees   |    | 9,891          |
| Board of Health                                      |    | 7,000          |
| Other  |    | <u>842</u>     |
| Total Support and Revenue                            | \$ | <u>745,570</u> |
| <br>   |    |                |
| EXPENSES   |    |                |
| Maternal and Child Health (Title V) & Matching Funds | \$ | 170,288        |
| Title X  |    | 182,293        |
| Title XX   |    | 14,400         |
| Woman, Infants and Children                          |    | 200,624        |
| Prenatal Substance Use Prevention Program            |    | 39,544         |
| Community Health Center                              |    | 124,114        |
| Other  |    | <u>4,639</u>   |
| Total Expenses                                       | \$ | <u>735,902</u> |
| <br>   |    |                |
| Increase in Unrestricted Net Assets                  |    | 9,668          |
| Unrestricted Net Assets, Beginning of period         |    | <u>26,341</u>  |
| <br>   |    |                |
| Unrestricted Net Assets, End of period               | \$ | <u>36,009</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, 2009

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

|  |    |               |
|--|----|---------------|
| Change in Net Assets   | \$ | 9,668         |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |    |               |
| Increase Grant Receivable  | \$ | (40,693)      |
| Increase Miscellaneous   |    | (472)         |
| Decrease Prepaid Expenses  |    | 458           |
| Decrease Accounts Payable  |    | (9,651)       |
| Increase in Due Center Stone   |    | <u>10,364</u> |
| Net Cash Provided by Operating Activities  | \$ | (30,326)      |
| Net Increase in Cash   |    | (30,326)      |
| Cash and Cash Equivalents at<br>October 1, 2008  | \$ | <u>82,755</u> |
| Cash and Cash Equivalents at<br>September 30, 2009   | \$ | <u>52,429</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL  
PART OF THE FINANCIAL STATEMENTS

JOHNSON NIGROVES HEALTH CLINIC, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

| Program Expenses                             | Title V;<br>Maternal &<br>Child Health |                   | Title<br>X       | Title<br>XX       | Women,<br>Infants and<br>Children | State<br>PSupp    | Community<br>Health<br>Center Prog. | Geriatric<br>Health<br>Screening | Miscellaneous | Total |
|--|--|-------------------|------------------|-------------------|-----------------------------------|-------------------|-------------------------------------|----------------------------------|---------------|-------|
|  | Title<br>X                             | Title<br>XX       |                  |                   |                                   |                   |                                     |                                  |               |       |
| Contraceptive Supplies                       | \$ 1,520                               | \$ 13,160         | \$ 14,400        | \$ 118            | \$ 130                            | \$ 72             | \$ 3,419                            | \$ 32,499                        |               |       |
| Educational Supplies                         | 721                                    | 702               |                  | 2,200             |                                   | 1,794             |                                     | 1,041                            |               |       |
| Equipment Purchases                          | 23,179                                 | 3,084             |                  | 12,238            |                                   | 1,924             |                                     | 4,696                            |               |       |
| Fringe Benefits                              | 2,038                                  | 1,541             |                  | 2,227             |                                   | 1,580             |                                     | 42,183                           |               |       |
| Insurance                                    | 2,960                                  | 160               |                  |                   |                                   | 6,000             |                                     | 7,386                            |               |       |
| Medical                                      | 7,078                                  | 1,200             |                  |                   |                                   | 66                |                                     | 9,120                            |               |       |
| Out of Center Services                       | 6,850                                  | 1,339             |                  | 3,566             |                                   | 3,379             |                                     | 8,344                            |               |       |
| Supplies                                     | 74,720                                 | 130,281           |                  | 133,061           |                                   | 94,510            |                                     | 23,398                           |               |       |
| Payroll                                      | 5,943                                  | 10,382            |                  | 10,742            |                                   | 7,581             |                                     | 456,049                          |               |       |
| Payroll Taxes                                | 768                                    |                   |                  | 1,663             |                                   | 26                |                                     | 36,528                           |               |       |
| Postage                                      | 4,039                                  | 404               |                  | 3,791             |                                   | 141               |                                     | 2,847                            |               |       |
| Repairs & Maintenance                        | 5,984                                  | 653               |                  | 6,581             |                                   | 1,080             |                                     | 8,375                            |               |       |
| Rent & Utilities                             | 2,958                                  | 209               |                  | 5,295             |                                   | 963               |                                     | 15,378                           |               |       |
| Travel                                       | 943                                    | 78                |                  | 632               |                                   | 230               |                                     | 9,850                            |               |       |
| Waste Disposal                               |  |                   |                  |                   |                                   |                   |                                     | 1,883                            |               |       |
| Workshop Conferences                         | 514                                    |                   |                  |                   |                                   | 56                |                                     | 580                              |               |       |
| <b>Total</b>                                 | <b>\$ 140,215</b>                      | <b>\$ 163,193</b> | <b>\$ 14,400</b> | <b>\$ 182,114</b> | <b>\$ 36,184</b>                  | <b>\$ 119,412</b> | <b>\$ 4,304</b>                     | <b>\$ 660,157</b>                |               |       |
| <b>General &amp; Administrative Expenses</b> |  |                   |                  |                   |                                   |                   |                                     |                                  |               |       |
| Accounting                                   | \$ 1,578                               | \$ 150            | \$               | \$ 1,803          | \$ 880                            | \$ 1,200          | \$                                  | \$ 5,611                         |               |       |
| Audit Fees                                   | 2,008                                  | 560               |                  | 1,674             | 324                               | 1,434             |                                     | 6,000                            |               |       |
| Bank Charges                                 | 75                                     |                   |                  |                   |                                   |                   |                                     | 75                               |               |       |
| Fringe Benefits                              | 4,983                                  | 388               |                  | 969               | 86                                |                   |                                     | 6,426                            |               |       |
| Occupancy                                    | 665                                    | 73                |                  | 731               | 120                               | 120               |                                     | 1,709                            |               |       |
| Supplies Office                              | 594                                    | 57                |                  | 131               |                                   | 51                |                                     | 833                              |               |       |
| Payroll                                      | 16,065                                 | 16,433            |                  | 10,544            | 1,142                             |                   |                                     | 44,184                           |               |       |
| Payroll Taxes                                | 1,229                                  | 1,257             |                  | 807               | 88                                |                   |                                     | 3,381                            |               |       |
| Postage                                      | 85                                     |                   |                  | 185               | 43                                | 4                 |                                     | 317                              |               |       |
| Printing                                     | 429                                    |                   |                  |                   |                                   |                   |                                     | 429                              |               |       |
| Repairs & Maintenance                        | 449                                    | 45                |                  | 421               |                                   | 16                |                                     | 931                              |               |       |
| Telephone                                    | 1,913                                  | 137               |                  | 1,245             |                                   | 1,877             |                                     | 5,849                            |               |       |
| <b>Total Administrative</b>                  | <b>\$ 30,073</b>                       | <b>\$ 19,100</b>  | <b>\$ 0</b>      | <b>\$ 18,510</b>  | <b>\$ 3,360</b>                   | <b>\$ 4,702</b>   | <b>\$ 0</b>                         | <b>\$ 75,745</b>                 |               |       |
| <b>Total Expenses</b>                        | <b>\$ 170,288</b>                      | <b>\$ 182,293</b> | <b>\$ 14,400</b> | <b>\$ 200,624</b> | <b>\$ 39,544</b>                  | <b>\$ 124,114</b> | <b>\$ 4,304</b>                     | <b>\$ 735,902</b>                |               |       |

JOHNSON NICHOLS HEALTH CLINIC, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

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, hence no depreciation is shown.

JOHNSON NICHOLS HEALTH CLINIC, INC.  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
September 30, 2009

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, 2009

Pension Plan

The organization has instituted an employee pension plan. The Johnson Nichols Health Clinic, Inc. matches up to 5% of an employee voluntary contribution to the plan. Cost for 2009 was \$ 12,918.

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, 2009

| <u>Pass-through Granter/<br/>Program Title<br/>PROGRAMS</u>  | <u>CFDA<br/>Number</u> | <u>Federal<br/>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                 | \$ 246,938                      |
| U.S. Department of Agriculture Passed through Indiana State Board of Health Special Supplemental Food Program for Women, Infants and Children          | 10.557                 | 200,669                         |
| U.S. Department of Health Indiana and Human Services Passed through State Board of Health Federal Abstinence Education Block Grant *                   | 93.217                 | 95,383                          |
| U.S. Department of Health and Human Services Passed through  | 93.667                 | <u>14,398</u>                   |
|  | Total                  | <u>\$557,388</u>                |

\*Program years differ from calendar years.

Expenditures are on the Accrual Method

THE ACCOMPANYING NOTES ARE AN INTEGRAL  
 PART OF THE FINANCIAL STATEMENTS

BRAY & ASSOCIATES C.P.A.'s, LLC  
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MEMBERS OF  
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CERTIFIED PUBLIC ACCOUNTANTS

INDIANA CERTIFIED PUBLIC  
ACCOUNTANTS SOCIETY

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, 2009, and have issued our report thereon dated January 6, 2010. 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 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 Johnson Nichols Health Clinic, Inc. internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 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 CPA*

Bray & Associates C.P.A.'s, LLC  
January 6, 2010

BRAY & ASSOCIATES C.P.A.'s, LLC  
CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION

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MEMBERS OF  
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CERTIFIED PUBLIC ACCOUNTANTS  
-----  
INDIANA CERTIFIED PUBLIC  
ACCOUNTANTS SOCIETY

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. (a non-profit organization) 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, 2009. 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, 2009.

## 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, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the 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 - Assoc. A., CPA*

Bray & Associates C.P.A.'s, LLC  
January 6, 2010

JOHNSON NICHOLS HEALTH CLINIC, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year Ended September 30, 2009

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 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.
7. The following programs were considered major programs.

|                           |        |
|---------------------------|--------|
|                           | CFDA   |
| Title V                   | 93.994 |
| Women, Infants & Children | 10.557 |

B. FINDINGS - FINANCIAL STATEMENTS

1. None

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

1. None