

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)
Madisonville, Tennessee

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)

Madisonville, Tennessee

June 30, 2011

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WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)
Madisonville, Tennessee

INTRODUCTORY SECTION

For the Fiscal Year Ended June 30, 2011

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)
Madisonville, Tennessee
For the Fiscal Year Ended June 30, 2011

ROSTER OF MANAGEMENT AND BOARD MEMBERS

Center Director	Jill Alliman, CNM
Medical Director	Tracey Beverley, MD

Board Members:

President	Christa Sullins
Vice-president	Wes McNeal
Secretary/Treasurer	Janie Dacus

Other Board Members:

Harold Hawkins
Judy Lee
Nancy Cain
Wanda Alexander

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)
Madisonville, Tennessee

FINANCIAL SECTION

June 30, 2011



Joe S. Ingram, CPA
Lonas D. Overholt, CPA
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September 15, 2011

INDEPENDENT AUDITORS' REPORT

Board of Directors
Women's Wellness and Maternity Center
Madisonville, Tennessee

We have audited the accompanying financial statements of the Women's Wellness and Maternity Center (a component of Monroe County, Tennessee) as of June 30, 2011, and for the fiscal year then ended, as listed in the Table of Contents. These financial statements are the responsibility of the Women's Wellness and Maternity Center'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 the Women's Wellness and Maternity Center as of June 30, 2011, and the changes in its financial position and changes in cash flows for the fiscal year 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 September 15, 2011, on our consideration of the Women's Wellness and Maternity Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 5 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Women's Wellness and Maternity Center's basic financial statements. The introductory section and supplemental sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and supplemental sections have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ingram, Overholt & Bean, P.C.



September 15, 2011

Our discussion and analysis of the Women's Wellness and Maternity Center's financial performance provides an overview of the Center's activities for the year ended June 30, 2011. Please read it in conjunction with the Center's financial statements as described in the Table of Contents.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the Center as a whole and present a long-term view of the Center's finances.

THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

One of the most important questions asked about the Center's finances is "Is the Center better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Center and about its activities that help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the Center's net assets and changes in them. You can think of the Center's net assets – the difference between assets and liabilities – as one way to measure the Center's financial health, or financial position. Over time, increases or decreases in the Center's net assets are one indicator of whether its financial health is improving or deteriorating.

FINANCIAL HIGHLIGHTS

The operations of the Women's Wellness and Maternity Center (a component unit of Monroe County, Tennessee) are primarily funded as follows:

	<u>2011</u>	<u>2010</u>
Net patient service revenue	58%	55%
Rural Health Clinic	6%	6%
Contributions/Grants/Miscellaneous	<u>36%</u>	<u>39%</u>
Total funding	<u>100%</u>	<u>100%</u>

Operational costs for the Center were \$1,292,895 and \$1,326,702 for the fiscal years ended June 30, 2011 and 2010, respectively. The 2.5% decrease was chiefly the result of decreases in payroll and employee fringe benefits.

NET ASSETS

The analysis below focuses on the net assets and changes in net assets of the Center:

	<u>2011</u>	<u>2010</u>
Current assets	\$ 285,636	\$ 314,558
Depreciable capital assets	405,078	415,781
Total Assets	<u>\$ 690,714</u>	<u>\$ 730,339</u>
Current liabilities	<u>\$ 42,298</u>	<u>\$ 50,513</u>
Long-Term Liabilities	<u>343,392</u>	<u>348,035</u>
Net Assets:		
Invested in capital assets	57,043	63,290
Unrestricted/Temporarily Restricted	<u>247,981</u>	<u>268,501</u>
Total Net Assets	<u>305,024</u>	<u>331,791</u>
Total Liabilities and Net Assets	<u>\$ 690,714</u>	<u>\$ 730,339</u>

Net assets of the Center decreased .08% during the current year. Unrestricted net assets, the part of the net assets that can be used to finance day-to-day operations, decreased by .07%.

FINANCIAL RATIOS

The ratios of Working Capital and Days Cash demonstrate the continuing ability to finance operations with cash. The stability of the current ratio and the liabilities to net assets ratio demonstrate that the Center has not financed its working capital and days cash with an increased proportion of debt. The following is a related schedule of ratios:

	<u>2011</u>	<u>2010</u>
Working Capital (the amount by which current assets exceed liabilities)	\$ 243,338	\$ 264,045
Current Ratio (compares current assets to liabilities – as an indicator of the ability to pay current obligations)	7	6
Days Cash and Investments (represents the number of days normal operations could continue with no revenue collections)	38	75
Return on Assets – illustrates to what extent there will be sufficient funds to replace assets in the future	(22%)	(22%)

CAPITAL ASSETS

At the fiscal year ended June 30, 2011, the Center had \$405,078 invested in capital assets as outlined below:

	<u>2011</u>	<u>2010</u>
Leasehold improvements	\$ 433,744	\$ 433,744
Equipment	151,228	151,228
Furniture	15,723	14,285
Alarm system	3,017	3,017
Linens	361	361
Accumulated depreciation	<u>(198,995)</u>	<u>(186,854)</u>
Totals	<u>\$ 405,078</u>	<u>\$ 415,781</u>

DEBT

At the fiscal year end, the Center had outstanding notes payable to the USDA of \$348,035 for construction improvements to the building.

BUDGETS

Budgets were approved and/or amended as necessary by the Board.

CONTACTING THE CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general view of the Center's finances and to show the Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Director of the Women's Wellness and Maternity Center, 3459 Hwy 68, Madisonville, TN 37354.



Jill Alliman
Director

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)

Madisonville, Tennessee
STATEMENT OF NET ASSETS
June 30, 2011

ASSETS

CURRENT ASSETS:

Cash	\$ 90,379
Due from patients and third-party payers (Net of allowance for doubtful accounts of \$16,171)	116,798
Due from grantor	63,170
Prepaid insurance	<u>15,289</u>
Total Current Assets	<u>285,636</u>

CAPITAL ASSETS:

Depreciable:	
Leasehold improvements	433,744
Equipment	151,228
Furniture	15,723
Alarm system	3,017
Linens	<u>361</u>
	604,073
Less: Accumulated depreciation	<u>(198,995)</u>
Net Capital Assets	<u>405,078</u>
Total Assets	<u>\$ 690,714</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 7,783
Note Payable – Current portion	4,643
Accrued Expenses:	
Salaries	13,261
Compensated absences	<u>16,611</u>
Total Current Liabilities	<u>42,298</u>

LONG-TERM LIABILITY – Note Payable 343,392

NET ASSETS:

Invested in Capital Assets, net of related debt	57,043
Unrestricted Net Assets	247,981
Temporarily Restricted Net Assets	<u>-</u>
Total Net Assets	<u>305,024</u>
Total Liabilities and Net Assets	<u>\$ 690,714</u>

See accompanying independent auditors' report and notes.

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)

Madisonville, Tennessee
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

OPERATING REVENUES:

Net patient service revenue	\$ 737,025
Rural Health Clinic	79,194
Other Income	<u>9,091</u>
Total Operating Revenues	<u>825,310</u>

OPERATING EXPENSES:

Salaries	452,709
Medical Director	35,000
Payroll Taxes	34,151
Continuing education	3,948
Employee Life and Health Insurance	20,904
Retirement	11,438
Office Supplies and Printing	12,917
Medical Supplies	8,803
Laboratory Supplies	3,537
Marketing	24,956
Drugs/Pharmacy	34,273
Building and Grounds Maintenance/Insurance	5,998
Housekeeping Supplies	1,943
Utilities and Garbage Service	12,462
Telephone	7,355
Professional fees	4,345
Malpractice Insurance	86,535
Workers Comp Insurance	518
Licenses, Fees and Dues	6,985
Rent	2,400
Bank Service Charge	540
Food Expenses	561
Travel	6,305
Equipment Rental/Maintenance	7,991
Depreciation	12,141
Miscellaneous	2,473
Contract Services:	
Computer Support	4,660
Payroll	3,087
Maintenance	7,667
Lab services	34,280
Physicians consultations	7,410
Ambulance	1,400
Newborn Screening	<u>5,925</u>
Total Operating Expenses	<u>865,617</u>

Operating Income (Loss) before Non-operating Revenue (Expense)	<u>(40,307)</u>
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(Continued)

See accompanying independent auditors' report and notes.

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)

Madisonville, Tennessee

STATEMENT OF ACTIVITIES (Continued)

For the Fiscal Year Ended June 30, 2011

NON-OPERATING REVENUES (EXPENSES):	
Interest Income	285
Interest expense	(14,457)
Giving Campaign	2,515
Grants/Foundation awards	436,488
Grant expenses – GET WITH IT/FAST	(378,009)
Other Grant/Foundation expenses	(34,812)
Donations	<u>1,530</u>
Total Non-Operating Revenues (Expenses)	<u>13,540</u>
CHANGE IN NET ASSETS	(26,767)
NET ASSETS, July 1, 2010	<u>331,791</u>
NET ASSETS, June 30, 2011	<u>\$ 305,024</u>

See accompanying independent auditors' report and notes.

**WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)**

Madisonville, Tennessee

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2011

CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:	
Collections from patients and third-party payers	\$ 720,258
Collections from Rural Health Clinic	79,194
Collections from Giving Campaign	2,515
Payments to employees and vendors	<u>(903,983)</u>
Total Cash Flows Used By Operating Activities	<u>(102,016)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES:	
Debt Principal Payments	(4,455)
Payments for acquisition of fixed assets	(1,438)
Interest payments on debt	<u>(14,457)</u>
Total Cash Flows from Capital and Related Financial Activities	<u>(20,350)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Earned	<u>285</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Grants and Foundation awards	436,488
Donations	1,530
Grant/Foundation expenses	<u>(412,821)</u>
Total Cash Flows from Noncapital Financing Activities	<u>25,197</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(96,884)
CASH AND CASH EQUIVALENTS - July 1, 2010	<u>187,263</u>
CASH AND CASH EQUIVALENTS - June 30, 2011	<u>\$ 90,379</u>
RECONCILIATION OF NET INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ (40,307)
Add non-cash items	
Depreciation	12,141
Changes in assets and liabilities:	
Accounts receivable	(94,228)
Accounts payable and accrued expenses	8,403
Prepaid insurance	<u>11,975</u>
Cash Flows Used By Operating Activities	<u>\$ (102,016)</u>
SUPPLEMENTAL INFORMATION:	
Interest paid	<u>\$ 14,457</u>

See accompanying independent auditors' report and notes.

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)
Madisonville, Tennessee
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

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**WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)**

Madisonville, Tennessee
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Center complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

A. REPORTING ENTITY

The Women's Wellness and Maternity Center, a component unit of Monroe County, Tennessee, is a not-for-profit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The corporation was formed in 1983 to provide prenatal care and counseling, to provide a lower cost option of delivery for a medically-indicated obstetrical group, and to increase community support and awareness of prenatal health care needs through community education. The Center is licensed by the State of Tennessee and accredited by the National Association of Childbearing Centers.

The Women's Wellness and Maternity Center, a component unit of Monroe County, Tennessee, is governed by seven (7) directors appointed by the Monroe County Board of County Commissioners. The Center leases its building facility from Monroe County, Tennessee, pursuant to an agreement dated December 1, 1983. Before the issuance of most debt instruments, the Center must obtain approval of the Monroe County Board of Commissioners. The Center's Board employs an administrator and staff to conduct the daily operations of the Center.

In evaluating how to define the government for financial reporting purposes, management has considered the primary government and all potential component units by applying the definitions and the criteria set forth by GASB Statement No. 14, as amended by GASB 39.

The financial statements of the Women's Wellness and Maternity Center (primary government) provide an overview of the entity based on financial accountability. The primary government consists of all the organizations that make up its legal entity – all funds, departments, and offices that are not legally separate.

A component unit is defined as a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the criteria applicable to GASB No. 39 for component units, the Center has no financial accountability for any component units. Therefore, the financial reporting entity is limited to those funds, departments, and offices, which comprise the Center's legally adopted jurisdictions.

**WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)**

Madisonville, Tennessee
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities in accordance with special regulations, restriction or limitation. The Statement of Net Assets and Statement of Activities display information about the reporting Center as a whole. Activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are financed primarily by user charges and the measurement of financial activity on net income measurement similar to the private sector.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the Statement of Net Assets and the Statement of Activities, activities are presented using the economic resources measurement focus as defined below.

The fund utilizes an “economic resources” measurement focus. The accounting objective of this measurement focus is the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net assets.

Basis of Accounting

In the Statement of Net Assets and Statement of Activities, amounts are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Allocations of costs such as depreciation are recorded in the funds.

D. ASSETS, LIABILITIES, AND EQUITY

Cash

For the purpose of the Statement of Net Assets, “cash”, includes all demand, savings accounts, and certificates of deposits of the Center. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

**WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)**

Madisonville, Tennessee
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND EQUITY (Continued)

Capital Assets and Depreciation

In the basic financial statements, capital assets are accounted for and capitalized as capital assets. All capital assets are valued at historical costs or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Leasehold improvements/Building	40 years
Equipment	5 – 10 years
Furniture	5 – 10 years
Alarm system	10 years
Linens	5 years

Compensated Absences

Annual Leave

Full-time employees receive annual leave from the first year of employment at 1/2 day per month. Then a 1 day per month accrual is effective through year five (5) of employment. In years six (6) through ten (10), annual leave accrues at a rate of 1.42 days per month. In years ten (10) through twenty (20), annual leave accrued as a rate of 1.75 days per month. In year twenty (20) and beyond, the employee earns 2 days per month. Upon termination, the employee is paid for days remaining in the annual leave account (maximum 160 hours). Part-time permanent employees working at least 16 hours and no more than 36 hours per week will receive the same benefits, based on the percentage of their hours in relationship to full-time hours (37.5). The Center's liability for accrued compensated absences as of June 30, 2011 is \$16,611.

Sick Leave

An employee accumulates paid sick days according to the amount of sick leave time worked at the Center. Sick leave is accrued at the rate of one-half day (4 hours) per month for full-time employees. A maximum of 20 days of paid sick leave may be accrued. An employee resigning for reasons other than health-related will not receive payment for accumulated sick leave.

**WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)**

Madisonville, Tennessee
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND EQUITY (Continued)

Equity Classifications

Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in Capital assets, net of related debt.”

E. REVENUES AND EXPENSES

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities. Marketing expenditures are expensed as incurred.

Operating Revenues/Expenses

Operating revenues and expenses generally result from providing services in connection with the proprietary fund's ongoing operations. The principal operating revenue of the Center is revenue from services provided to patients for birthing services, prenatal care and counseling services.

Non-operating Revenues/Expenses

Non-operating revenues/expenses are all other revenues and expenses not meeting the definition of operating revenues/expenses above. The Center's principal non-operating revenues (expenses) are interest income (expense), contributions, grants, and foundation awards.

F. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Fund Accounting Requirements

The Center complies with all state and local laws and regulations pertaining to its fund accounting requirements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that 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.

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)
 Madisonville, Tennessee
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Advertising

Marketing costs are expensed as incurred.

Annual Budget

An annual budget is adopted by the Center and approved by the Board of Directors. The budget is based on expected expenses and estimated revenue resources. The budgetary basis is the accrual basis of accounting. If changes to estimated amounts become evident during the fiscal year, the Board may amend the budget. All budget items lapse at the end of the fiscal year.

NOTE 2 – CAPITAL ASSETS AND DEPRECIATION

All capital assets are valued at historical cost. Depreciation is provided over the assets estimated useful lives using the straight-line basis. Capital assets and depreciation are as follows:

	CAPITAL ASSETS			
	Balance July 1, <u>2010</u>	Reclass- ifications/ <u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2011</u>
Depreciable:				
Leasehold improvements	\$ 433,744	\$ -	\$ -	\$ 433,744
Equipment	151,228	-	-	151,228
Furniture	14,285	1,438	-	15,723
Alarm System	3,017	-	-	3,017
Linens	<u>361</u>	<u>-</u>	<u>-</u>	<u>361</u>
Totals	<u>\$ 602,635</u>	<u>\$ 1,438</u>	<u>\$ -</u>	<u>\$ 604,073</u>

	ACCUMULATED DEPRECIATION			
	Balance July 1, <u>2010</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2011</u>
Leasehold improvements	\$ 37,225	\$ 10,628	\$ -	\$ 47,853
Equipment	133,032	1,310	-	134,342
Furniture	13,219	203	-	13,422
Alarm System	3,017	-	-	3,017
Linens	<u>361</u>	<u>-</u>	<u>-</u>	<u>361</u>
Totals	<u>\$ 186,854</u>	<u>\$ 12,141</u>	<u>\$ -</u>	<u>\$ 198,995</u>

Depreciation expense for the fiscal year ended June 30, 2011, amounted to \$12,141.

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)
 Madisonville, Tennessee
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2011

NOTE 3 – CASH

In accordance with the Board of Director's approval, the Women's Wellness and Maternity Center maintains checking and savings accounts to handle the day-to-day operations. Excess monies are invested in short term Certificates of Deposit.

Investments are carried at fair value.

The carrying amount of the Center's deposits at June 30, 2011 is \$90,379. Accounts on deposit with financial institutions are fully insured at June 30, 2011 or collateralized with securities held by the Tennessee Investment Collateral Pool.

NOTE 4 – EMPLOYEES' RETIREMENT PLAN

The Center has established a tax-deferred annuity plan on behalf of all eligible employees (after 90 days) working at least sixteen (16) hours per week. Section 403(b) of the Internal Revenue Code allows employees of a tax-exempt Sec. 501(c)(3) organization to exclude from gross income amounts applied to the tax deferred annuity plan. Contributions to the plan are made on a voluntary basis and full-time employees receive a 4% match from the Center. Retirement plan expense for the fiscal year ended June 30, 2011, amounted to \$11,438.

NOTE 5 – RISK FINANCING ACTIVITIES

It is the policy of the Center to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, worker's compensation, malpractice, and employee health insurance. Settled claims have not exceeded commercial coverage in any of the past three (3) fiscal years.

NOTE 6 – NOTE PAYABLE

In February 2008, the Center borrowed \$362,200 from the USDA Rural Development to be used for building construction/improvements. The note is payable at \$1,576 per month, including interest of 4.125%, and matures 2046. A schedule of future payments is as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Note</u> <u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 4,643	\$ 14,269	\$ 18,912
2013	4,838	14,074	18,912
2014	5,041	13,871	18,912
2015	5,253	13,659	18,912
2016	5,474	13,438	18,912
Subtotal	<u>25,249</u>	<u>69,311</u>	<u>94,560</u>
2017	5,704	13,208	18,912
2018	5,944	12,968	18,912
2019	6,194	12,718	18,912
2020	6,454	12,458	18,912
2021	6,725	12,187	18,912
Subtotal	<u>31,021</u>	<u>63,539</u>	<u>94,560</u>

(Continued)

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)
 Madisonville, Tennessee
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2011

NOTE 6 – NOTE PAYABLE (Continued)

Fiscal Year Ending	Note Principal	Interest	Total
2022	7,008	11,904	18,912
2023	7,303	11,609	18,912
2024	7,610	11,302	18,912
2025	7,930	10,982	18,912
2026	8,263	10,649	18,912
Subtotal	<u>38,114</u>	<u>56,446</u>	<u>94,560</u>
2027	8,610	10,302	18,912
2028	8,972	9,940	18,912
2029	9,350	9,562	18,912
2030	9,743	9,169	18,912
2031	10,152	8,760	18,912
Subtotal	<u>46,827</u>	<u>47,733</u>	<u>94,560</u>
2032	10,579	8,333	18,912
2033	11,024	7,888	18,912
2034	11,487	7,425	18,912
2035	11,970	6,942	18,912
2036	12,473	6,439	18,912
Subtotal	<u>57,533</u>	<u>37,027</u>	<u>94,560</u>
2037	12,998	5,914	18,912
2038	13,544	5,368	18,912
2039	14,113	4,799	18,912
2040	14,707	4,205	18,912
2041	15,325	3,587	18,912
Subtotal	<u>70,687</u>	<u>23,873</u>	<u>94,560</u>
2042	15,969	2,943	18,912
2043	16,641	2,271	18,912
2044	17,340	1,572	18,912
2045	18,069	843	18,912
2046	10,585	135	10,720
Subtotal	<u>78,604</u>	<u>7,764</u>	<u>86,368</u>
Total	<u>\$ 348,035</u>	<u>\$ 305,693</u>	<u>\$ 653,728</u>

Schedule of changes in long-term debt:

Beginning balance 7/1/10	\$ 352,490
Additions	-
Payments	<u>(4,455)</u>
Balance 6/30/11	<u>\$ 348,035</u>

(Continued)

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)
Madisonville, Tennessee
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE 7 – GRANT AND FOUNDATION AWARDS

The Center received the following grants and awards during the year:

Grants:	
Get With It	\$ 128,009
FAST	250,000
TN Women's Health	
Incentive Grant	44,979
Safety Net	12,000
Foundation:	
Kiwanis	<u>1,500</u>
 Total	 <u>\$ 436,488</u>

NOTE8 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2011, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is September 15, 2011, which is the date on which the financial statements were issued.

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)
Madisonville, Tennessee

SUPPLEMENTAL INFORMATION

June 30, 2011

**WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)**

Madisonville, Tennessee

SCHEDULE OF INSURANCE IN FORCE

June 30, 2011

<u>Name of Company</u>	<u>Policy Number</u>	<u>Term of Policy</u>		<u>Coverage and Liability Limits</u>
		<u>From</u>	<u>To</u>	
Tennessee Risk Management Trust	TNRMT	7-01-10	7-01-11	Premises and medical operations liability – \$1,000,000
Lexington Insurance Company	CNM2227659	5-11-11	5-11-12	Professional liability \$1,000,000 per occurrence/per person; \$3,000,000 annual aggregate
Commerce and Industry Insurance Company	WC-895-82-96	3-29-11	3-29-12	Workers' Compensation – Statutory \$100,000
Tennessee Risk Management Trust	BM1098576895	7-01-10	7-01-11	Building and contents \$500,000

**WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)**

Madisonville, Tennessee

**SCHEDULE OF CAPITAL ASSETS
AND ACCUMULATED DEPRECIATION**

June 30, 2011

	CAPITAL ASSETS			ACCUMULATED DEPRECIATION				Net Book Value June 30, 2011	
	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011	Balance July 1, 2010	Additions	Retirements		Balance June 30, 2011
Depreciable:									
Leasehold improvements	\$ 433,744	\$ -	\$ -	\$ 433,744	\$ 37,225	\$ 10,628	\$ -	\$ 47,853	\$ 385,891
Equipment	151,228	-	-	151,228	133,032	1,310	-	134,342	16,886
Furniture	14,285	1,438	-	15,723	13,219	203	-	13,422	2,301
Alarm system	3,017	-	-	3,017	3,017	-	-	3,017	-
Linens	361	-	-	361	361	-	-	361	-
Total	\$ 602,635	\$ 1,438	\$ -	\$ 604,073	\$ 186,854	\$ 12,141	\$ -	\$ 198,995	\$ 405,078

See accompanying independent auditors' report and notes.

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)
 Madisonville, Tennessee
 SCHEDULE OF EXPENDITURES OF
 FEDERAL AND STATE AWARDS
 June 30, 2011

<u>Program</u>	<u>Grantor</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2011</u>
Safety Net Primary Care Services for Uninsured Adults	TN Dept. of Health	GR-09-27156-01	93.100	\$ -	\$ 12,000	\$ 12,000	\$ -
Problem of Infant Mortality	State Women's Health Incentive Grant	GR0823406	93.110	-	44,979	44,979	-
GET WITH IT (Getting East TN Women Involved in Their Health with Interactive Teaching)	Federal Office of Women's Health ASSIST 2010	GR-08-23406-00	93.088	-	128,008	128,008	-
FAST (Diabetes Prevention Grant)	Federal Office of Women's Health			-	<u>186,830</u>	<u>250,000</u>	<u>(63,170) (1)</u>
Totals				<u>\$ -</u>	<u>\$ 371,817</u>	<u>\$ 434,987</u>	<u>\$ (63,170)</u>

(1) Receivable

Notes to Schedule of Expenditures of Federal and State Awards:

Note A – Basis of Presentation – The schedule of expenditures of federal and state awards (the Schedule) includes the federal and state grant activity of Women's Wellness and Maternity Center for the year ended June 30, 2011. Because the Schedule presents only a selected portion of the operations of Women's Wellness and Maternity Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Women's Wellness and Maternity Center.

Note B – Summary of Significant Accounting Policies – Expenditures reported on the Schedule are reported on the accrual basis of accounting.

Note C – Note Payable – At June 30, 2011, the Center has an outstanding note payable to USDA in the amount of \$348,035 payable \$1,576 per month, including interest at 4.125% maturing in 2046.

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)
 Madisonville, Tennessee
SCHEDULE OF GRANT EXPENDITURES COMPARED
TO BUDGET - GET WITH IT (Getting East Tennessee Women
 Involved In Their Health with Interactive Teaching)
 For the Fiscal Year Ended June 30, 2011

<u>Description</u>	<u>Budget</u>	<u>Actual Amount</u>	<u>Variance (Over) Under</u>
Salaries	\$ 49,992	\$ 49,992	\$ -
Fringe benefits	8,360	8,360	-
Travel	4,390	4,390	-
Office supplies and printing	1,126	1,126	-
Project supplies	2,864	2,864	-
Insurance	24,344	24,344	-
Contract labor	2,592	2,592	-
Miscellaneous	9,524	9,524	-
Childcare for classes	1,552	1,552	-
Contracted services	545	545	-
Technical Support	<u>22,719</u>	<u>22,719</u>	<u>-</u>
	<u>\$ 128,008</u>	<u>\$ 128,008</u>	<u>\$ -</u>

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)
 Madisonville, Tennessee
SCHEDULE OF GRANT EXPENDITURES COMPARED
TO BUDGET – FAST (Diabetes Prevention Grant)
 For the Fiscal Year Ended June 30, 2011

<u>Description</u>	<u>Budget</u>	<u>Actual Amount</u>	<u>Variance (Over) Under</u>
Salaries	\$ 146,078	\$ 146,078	\$ -
Fringe benefits	1,355	1,355	-
Payroll taxes	9,790	9,790	-
Project supplies	5,300	5,300	-
Childcare for classes	1,590	1,590	-
Office supplies and printing	6,715	6,715	-
Contract labor	191	191	-
Travel	7,000	7,000	-
Insurance	420	420	-
Payroll service	1,967	1,967	-
Technical support	38,000	38,000	-
Utilities/telephone	5,596	5,596	-
Rent	6,563	6,563	-
Health insurance	<u>19,435</u>	<u>19,435</u>	<u>-</u>
	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ -</u>

**WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)**

Madisonville, Tennessee
SCHEDULE OF NOTE PRINCIPAL
AND INTEREST EXPENSE
Requirements by Fiscal Year
June 30, 2011

<u>Fiscal Year</u> <u>Ending</u>	<u>Note</u> <u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 4,643	\$ 14,269	\$ 18,912
2013	4,838	14,074	18,912
2014	5,041	13,871	18,912
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Subtotal	<u>38,114</u>	<u>56,446</u>	<u>94,560</u>
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2032	10,579	8,333	18,912
2033	11,024	7,888	18,912
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2035	11,970	6,942	18,912
2036	12,473	6,439	18,912
Subtotal	<u>57,533</u>	<u>37,027</u>	<u>94,560</u>
2037	12,998	5,914	18,912
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2039	14,113	4,799	18,912
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2041	15,325	3,587	18,912
Subtotal	<u>70,687</u>	<u>23,873</u>	<u>94,560</u>
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2046	10,585	135	10,720
Subtotal	<u>78,604</u>	<u>7,764</u>	<u>86,368</u>
Total	<u>\$ 348,035</u>	<u>\$ 305,693</u>	<u>\$ 653,728</u>

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)
Madisonville, Tennessee

INDEPENDENT AUDITORS' 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*

June 30, 2011



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Lonas D. Overholt, CPA
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September 15, 2011

INDEPENDENT AUDITORS' 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*

Board of Directors
Women's Wellness and Maternity Center
(A Component Unit of Monroe County, Tennessee)
Madisonville, Tennessee

We have audited the financial statements of the Women's Wellness and Maternity Center (a component unit of Monroe County, Tennessee) as of and for the year ended June 30, 2011, and have issued our report thereon dated September 15, 2011. 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 Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be presented, 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be 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 Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, 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 governing body, management, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

Ingram, Overholt & Bean, PC

WOMEN'S WELLNESS AND MATERNITY CENTER
(A Component Unit of Monroe County, Tennessee)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

A. FINDINGS AND QUESTIONED COSTS

None.