

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
**d/b/a Family Wellness and Maternity Center**  
**(A Component Unit of Monroe County, Tennessee)**  
Madisonville, Tennessee

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
**d/b/a Family Wellness and Maternity Center**  
**(A Component Unit of Monroe County, Tennessee)**  
Madisonville, Tennessee  
June 30, 2015

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**WOMEN'S WELLNESS AND MATERNITY CENTER**  
**d/b/a Family Wellness and Maternity Center**  
**(A Component Unit of Monroe County, Tennessee)**  
Madisonville, Tennessee

INTRODUCTORY SECTION

For the Fiscal Year Ended June 30, 2015

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
**d/b/a Family Wellness and Maternity Center**  
**(A Component Unit of Monroe County, Tennessee)**  
Madisonville, Tennessee  
For the Fiscal Year Ended June 30, 2015

**ROSTER OF MANAGEMENT AND BOARD MEMBERS**

Medical Director	Walter Schoutko, MD
Chief Operations Officer	Amy Mason

Board Members:

President	Paulette Summey
Secretary	Carolyn Greenwood

Other Board Members:

Harold Hawkins  
Wanda Alexander  
Dr. Sigrid Johnson  
Shelia Gaia  
Laura Eichenberger  
Faye Green

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
**d/b/a Family Wellness and Maternity Center**  
**(A Component Unit of Monroe County, Tennessee)**  
Madisonville, Tennessee

FINANCIAL SECTION

For the Fiscal Year Ended June 30, 2015



Joe S. Ingram, CPA (1948 – 2011)  
Lonas D. Overholt, CPA  
Robert L. Bean, CPA

428 Marilyn Lane  
Alcoa, Tennessee 37701

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Women's Wellness and Maternity Center  
d/b/a Family Wellness and Maternity Center  
Madisonville, Tennessee

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Women's Wellness and Maternity Center, d/b/a Family Wellness and Maternity Center, a component unit of Monroe County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Center's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Women's Wellness and Maternity Center, d/b/a Family Wellness and Maternity Center, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The introductory section and supplemental section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental section on pages 22 through 25 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

*Ingram, Overholt & Bean, P.C.*

Alcoa, Tennessee  
December 10, 2015



## ***Family Wellness & Maternity Center***

December 10, 2015

Our discussion and analysis of the Women's Wellness and Maternity Center, d/b/a Family Wellness and Maternity Center's financial performance provides an overview of the Center's activities for the year ended June 30, 2015. 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 Position and the Statement of Revenues, Expenses, and Change in the Net Position provide information about the Center as a whole and present a long-term view of the Center's finances.

### **THE STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**

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 position and the Statement of Revenues, Expenses, and Change in Net Position 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 position and changes in them. You can think of the Center's net position – 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 position are one indicator of whether its financial health is improving or deteriorating.

### **FINANCIAL HIGHLIGHTS**

The operations of the Center (a component unit of Monroe County, Tennessee) are primarily funded as follows:

	<u>2015</u>	<u>2014</u>
Net patient service revenue	69%	67%
PPS payments (formerly Rural Health)	23%	25%
Contributions/Grants/Miscellaneous	8%	8%
Total funding	<u>100%</u>	<u>100%</u>

Operational costs for the Center were \$515,773 and \$584,380 for the fiscal years ended June 30, 2015 and 2014, respectively. The 12% decrease was chiefly the result of operating the Center on a 4 day weekly schedule.

## NET POSITION

The analysis below focuses on the net position and change in net position of the Center:

	<u>2015</u>	<u>2014</u>
Current assets	\$ 128,572	\$ 196,677
Non-current assets	<u>383,259</u>	<u>396,941</u>
Total Assets	<u>511,831</u>	<u>593,618</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Current liabilities	27,161	33,895
Non-current Liabilities	<u>322,787</u>	<u>328,261</u>
Total Liabilities	<u>349,948</u>	<u>362,156</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Net Position:		
Net investment in capital assets	54,998	63,427
Unrestricted	<u>106,885</u>	<u>168,035</u>
Total Net Position	<u>\$ 161,883</u>	<u>\$ 231,462</u>
Total Revenues	446,194	522,269
Total Expenses	<u>515,773</u>	<u>584,380</u>
Total Change in Net Position	<u>\$ (69,579)</u>	<u>\$ (62,111)</u>

Net position of the Center decreased 12% during the current year. Unrestricted net position, the part of the net position that can be used to finance day-to-day operations, decreased by 36%.

## 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 position 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>2015</u>	<u>2014</u>
Working Capital (the amount by which current assets exceed liabilities)	\$ 101,411	\$ 162,782
Current Ratio (compares current assets to liabilities – as an indicator of the ability to pay current obligations)	4.73	5.80
Days Cash and Investments (represents the number of days normal operations (4 per week) could continue with no revenue collections)	11	16
Return on Assets – illustrates to what extent there will be sufficient funds to replace assets in the future	(13.93)%	(8.79)%

## CAPITAL ASSETS

At the fiscal year ended June 30, 2015, the Center had \$383,259 invested in capital assets as outlined below:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 433,744	\$ 433,744
Equipment	167,865	167,865
Furniture	31,945	31,945
Alarm system	3,017	3,017
Linens	361	361
Accumulated depreciation	<u>(253,673)</u>	<u>(239,991)</u>
Totals	<u>\$ 383,259</u>	<u>\$ 396,941</u>

## DEBT

At the fiscal year end, the Center had outstanding notes payable to the USDA of \$328,261 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.

  
Amy Mason  
Chief Operations Officer

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
**d/b/a Family Wellness and Maternity Center**  
**(A Component Unit of Monroe County, Tennessee)**  
 Madisonville, Tennessee  
 STATEMENT OF NET POSITION  
 June 30, 2015

**ASSETS**

Current Assets:

Cash	\$ 27,505
Due from patients and third-party payers (Net of allowance for doubtful accounts of \$19,726)	91,753
Prepaid insurance	<u>9,314</u>
Total Current Assets	<u>128,572</u>

Non-Current Assets:

Capital Assets:

Depreciable capital assets:	
Leasehold improvements	433,744
Equipment	167,865
Furniture	31,945
Alarm system	3,017
Linens	<u>361</u>
	636,932

Less: Accumulated depreciation	<u>(253,673)</u>
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Net Capital Assets	<u>383,259</u>
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Total Assets	<u>511,831</u>
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DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>
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**LIABILITIES**

Current Liabilities:

Accounts payable	8,771
Current portion of long-term obligation	5,474
Accrued Expenses:	
Compensated absences	<u>12,916</u>
Total Current Liabilities	<u>27,161</u>

Non-Current Liabilities:

Non-current portion of long-term obligation	<u>322,787</u>
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Total Liabilities	<u>349,948</u>
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DEFERRED INFLOWS OF RESOURCES	<u>-</u>
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**NET POSITION**

Net investment in Capital Assets	54,998
Unrestricted	<u>106,885</u>
Total Net Position	<u>\$ 161,883</u>

See accompanying independent auditors' report and notes.

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
**d/b/a Family Wellness and Maternity Center**  
**(A Component Unit of Monroe County, Tennessee)**

Madisonville, Tennessee

STATEMENT OF REVENUES, EXPENSES,  
AND CHANGE IN NET POSITION  
For the Fiscal Year Ended June 30, 2015

OPERATING REVENUES:	
Net patient service revenue	\$ 307,622
PPS payments (formerly Rural Health)	100,684
Other Income	<u>783</u>
Total Operating Revenues	<u>409,089</u>
OPERATING EXPENSES:	
Salaries	272,097
Medical Director	19,111
Payroll Taxes	29,164
Continuing education	884
Employee Life and Health Insurance	23,770
Retirement	3,896
Office Supplies and Printing	3,974
Medical Supplies	2,467
Laboratory Supplies	993
Marketing	12,046
Drugs/Pharmacy	6,018
Building and Grounds Maintenance/Insurance	4,412
Housekeeping Supplies	2,504
Utilities and Garbage Service	13,567
Telephone	4,217
Professional fees	4,400
Malpractice Insurance	13,303
Workers Comp Insurance	1,716
Licenses, Fees and Dues	1,754
Rent	800
Accreditation	500
Food Expenses	332
Travel	3,784
Equipment Rental/Maintenance	8,003
Depreciation	13,682
Miscellaneous	12
Bank service charges	982
Contract Services:	
Payroll	3,664
Maintenance	2,399
Lab services	10,513
Newborn Screening	<u>2,050</u>
Total Operating Expenses	<u>467,014</u>
Operating Income (loss) before Non-operating Revenue (Expense)	<u>(57,925)</u>

(Continued)

See accompanying independent auditors' report and notes.

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
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 Madisonville, Tennessee  
 STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGE IN NET POSITION (Continued)  
 For the Fiscal Year Ended June 30, 2015

NON-OPERATING REVENUES (EXPENSES):	
Interest Income	5
Interest expense	(13,659)
Grants/Foundation awards	35,100
Grant/Foundation expenses	(35,100)
Donations	<u>2,000</u>
Total Non-Operating Revenues (Expenses)	<u>(11,654)</u>
CHANGE IN NET POSITION	(69,579)
NET POSITION, July 1, 2014	<u>231,462</u>
NET POSITION, June 30, 2015	<u><u>\$ 161,883</u></u>

See accompanying independent auditors' report and notes.

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
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Madisonville, Tennessee

STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2015

CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:	
Collections from patients and third-party payers	\$ 360,939
Collections from PPS (formerly Rural Health Clinic)	100,684
Payments/benefits to employees	(343,672)
Payments to vendors	<u>(118,665)</u>
Total Cash Flows Used By Operating Activities	<u>(714)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES:	
Debt Principal Payments	(5,253)
Interest payment on debt	<u>(13,659)</u>
Total Cash Flows Used by Capital and Related Financial Activities	<u>(18,912)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Earned	<u>5</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Grants and Foundation awards	35,100
Donations	2,000
Grant/Foundation expenses	<u>(35,100)</u>
Total Cash Flows from Noncapital Financing Activities	<u>2,000</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,621)
CASH AND CASH EQUIVALENTS - July 1, 2014	<u>45,126</u>
CASH AND CASH EQUIVALENTS - June 30, 2015	<u>\$ 27,505</u>
RECONCILIATION OF NET INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:	
Operating Income (loss)	\$ (57,925)
Add non-cash items	
Depreciation	13,682
Changes in assets and liabilities:	
Accounts receivable	52,534
Accounts payable and accrued expenses	(6,955)
Prepaid insurance	<u>(2,050)</u>
Cash Flows Provided (Used) By Operating Activities	<u>\$ (714)</u>
SUPPLEMENTAL INFORMATION:	
Interest paid	<u>\$ 13,659</u>

See accompanying independent auditors' report and notes.

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
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 Madisonville, Tennessee  
**INDEX OF NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 For the Fiscal Year Ended June 30, 2015

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**WOMEN'S WELLNESS AND MATERNITY CENTER**  
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Madisonville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

**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. 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, d/b/a Family 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, d/b/a Family Wellness and Maternity Center a component unit of Monroe County, Tennessee, is governed by eight (8) 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 and GASB 61.

The financial statements of the 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 and No. 61 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.

(Continued)

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
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Madisonville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

**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 Position and Statement of Revenues, Expenses, and Change in Net Position 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 Position and the Statement of Revenues, Expenses, and Change in Net Position, fund 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, change in net position (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 position.

**Basis of Accounting**

In the Statement of Net Position and Statement of Revenues, Expenses, and Change in Net Position, 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 Position, “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.

(Continued)

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
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NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. ASSETS, LIABILITIES, AND EQUITY (Continued)**

**Receivables**

In the basic financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historic trends and the periodic aging of accounts receivable. Major receivable balances for the Center activities include patient service revenue.

**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 Revenues, Expenses, and Change in Net Position, with accumulated depreciation reflected in the Statement of Net Position. 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 after 6 months 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 accrues 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, 2015 is \$12,916.

(Continued)

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
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Madisonville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. ASSETS, LIABILITIES, AND EQUITY (Continued)**

*Sick Leave*

An employee accumulates paid sick days the same as annual leave is accrued for full and part-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.

**Equity Classifications**

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

- a. Net position Invested in capital assets – 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 position – All other assets, liabilities, deferred outflows of resources, and deferred inflows of resources that do not meet the definition of “restricted” or “invested in capital assets” are classified as unrestricted.

Deferred inflows and deferred outflows of resources are attributable in the acquisition, construction or improvement of capital assets are also included as a component of net position invested in capital assets.

**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.

(Continued)

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
**d/b/a Family Wellness and Maternity Center**  
**(A Component Unit of Monroe County, Tennessee)**  
Madisonville, Tennessee  
**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2015

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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.

**G. IMPLEMENTATION OF ACCOUNTING STANDARDS**

The Governmental Accounting Standards Board (GASB) issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This Statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and also requires related disclosures. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

In addition, the GASB has issued Statement No. 65 "Items Previously Reported as Assets and Liabilities." This Statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources. Since this Statement closely correlates to Statement No. 63, the Center has elected to early implement the provisions of this statement.

(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, 2015

**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>2014</u>	Reclass- ifications/ <u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2015</u>
Depreciable:				
Leasehold improvements	\$ 433,744	\$ -	\$ -	\$ 433,744
Equipment	167,865	-	-	167,885
Furniture	31,945	-	-	31,945
Alarm System	3,017	-	-	3,017
Linens	<u>361</u>	<u>-</u>	<u>-</u>	<u>361</u>
Totals	<u>\$ 636,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 636,932</u>

	ACCUMULATED DEPRECIATION			
	Balance July 1, <u>2014</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2015</u>
Leasehold improvements	\$ 79,752	\$ 10,633	\$ -	\$ 90,385
Equipment	141,332	2,587	-	143,919
Furniture	15,529	462	-	15,991
Alarm System	3,017	-	-	3,017
Linens	<u>361</u>	<u>-</u>	<u>-</u>	<u>361</u>
Totals	<u>\$ 239,991</u>	<u>\$ 13,682</u>	<u>\$ -</u>	<u>\$ 253,673</u>

Depreciation expense for the fiscal year ended June 30, 2015, amounted to \$13,682.

**NOTE 3 – CASH**

In accordance with the Board of Director's approval, the 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, 2015 is \$27,505. Accounts on deposit with financial institutions are fully insured at June 30, 2015 or collateralized with securities held by the Tennessee Investment Collateral Pool.

(Continued)

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
**d/b/a Family Wellness and Maternity Center**  
**(A Component Unit of Monroe County, Tennessee)**  
 Madisonville, Tennessee  
 NOTES TO FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2015

**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 twenty-five (25) hours per week. Part-time employees working sixteen (16) or more hours weekly may contribute to the retirement plan, but no employer contributions will be made. 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, 2015, amounted to \$3,896.

**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>
2016	\$ 5,474	\$ 13,438	\$ 18,912
2017	5,704	13,208	18,912
2018	5,944	12,968	18,912
2019	6,194	12,718	18,912
2020	<u>6,454</u>	<u>12,458</u>	<u>18,912</u>
Subtotal	<u>29,770</u>	<u>64,790</u>	<u>94,560</u>
2021	6,725	12,187	18,912
2022	7,008	11,904	18,912
2023	7,303	11,609	18,912
2024	7,610	11,302	18,912
2025	<u>7,930</u>	<u>10,982</u>	<u>18,912</u>
Subtotal	<u>36,576</u>	<u>57,984</u>	<u>94,560</u>

(Continued)

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
**d/b/a Family Wellness and Maternity Center**  
**(A Component Unit of Monroe County, Tennessee)**  
 Madisonville, Tennessee  
 NOTES TO FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2015

**NOTE 6 – NOTE PAYABLE (Continued)**

Fiscal Year <u>Ending</u>	Note <u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	8,263	10,649	18,912
2027	8,610	10,302	19,912
2028	8,972	9,940	18,912
2029	9,350	9,562	18,912
2030	<u>9,743</u>	<u>9,169</u>	<u>18,912</u>
Subtotal	<u>44,938</u>	<u>49,622</u>	<u>94,560</u>
2031	10,152	8,760	18,912
2032	10,579	8,333	18,912
2033	11,024	7,888	18,912
2034	11,487	7,425	18,912
2035	<u>11,970</u>	<u>6,942</u>	<u>18,912</u>
Subtotal	<u>55,212</u>	<u>39,348</u>	<u>94,560</u>
2036	12,473	6,439	18,912
2037	12,998	5,914	18,912
2038	13,544	5,368	18,912
2039	14,113	4,799	18,912
2040	<u>14,707</u>	<u>4,205</u>	<u>18,912</u>
Subtotal	<u>67,835</u>	<u>26,725</u>	<u>94,560</u>
2041	15,325	3,587	18,912
2042	15,969	2,943	18,912
2043	16,641	2,271	18,912
2044	17,340	1,572	18,912
2045	<u>18,069</u>	<u>843</u>	<u>18,912</u>
Subtotal	<u>83,344</u>	<u>11,216</u>	<u>94,560</u>
2046	<u>10,586</u>	<u>135</u>	<u>10,721</u>
Total	<u>\$ 328,261</u>	<u>\$ 249,820</u>	<u>\$ 578,081</u>

Schedule of changes in long-term debt:

Beginning balance 7/1/14	\$ 333,514
Additions	-
Payments	<u>(5,253)</u>
Balance 6/30/15	<u>\$ 328,261</u>

(Continued)

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
**d/b/a Family Wellness and Maternity Center**  
**(A Component Unit of Monroe County, Tennessee)**  
Madisonville, Tennessee  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

**NOTE 7 – GRANT AND FOUNDATION AWARDS**

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

Grants:		
State of Tennessee:		
Safety Net	\$	7,000
Local:		
Donations		2,000
Strong Start		<u>28,100</u>
Total	\$	<u>37,100</u>

**NOTE 8 – SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2015, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is December 10, 2015, which is the date on which the financial statements were issued.

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
**d/b/a Family Wellness and Maternity Center**  
**(A Component Unit of Monroe County, Tennessee)**  
Madisonville, Tennessee

SUPPLEMENTAL INFORMATION

June 30, 2015

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
**d/b/a Family Wellness and Maternity Center**  
**(A Component Unit of Monroe County, Tennessee)**  
 Madisonville, Tennessee  
**SCHEDULE OF INSURANCE IN FORCE**  
 June 30, 2015

<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>	
Grange Insurance	8P2734843-04	10-08-14	10-08-15	Premises and medical operations liability – \$1,000,000 per occurrence; \$2,000,000 aggregate
Lexington Insurance Company	CNM2227659	5-11-15	5-11-16	Professional liability \$1,000,000 per occurrence/per person; \$3,000,000 annual aggregate
Travelers Insurance Company	IOUB-7676R86-2-13	10-01-15	10-01-16	Workers' Compensation – Statutory \$100,000 Employers Liability
Grange Insurance	BP2734843-04	10-08-15	10-08-16	Building \$860,000 Contents \$150,000

See accompanying independent auditors' report and notes.

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
**d/b/a Family Wellness and Maternity Center**  
**(A Component Unit of Monroe County, Tennessee)**  
 Madisonville, Tennessee  
 SCHEDULE OF CAPITAL ASSETS  
 AND ACCUMULATED DEPRECIATION  
 June 30, 2015

	CAPITAL ASSETS			ACCUMULATED DEPRECIATION			Net Book Value June 30, 2015		
	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Balance July 1, 2014	Additions		Retirements	Balance June 30, 2015
Depreciable:									
Leasehold improvements	\$ 433,744	\$ -	\$ -	\$ 433,744	\$ 79,752	\$ 10,633	\$ -	\$ 90,385	\$ 343,359
Equipment	167,865	-	-	167,865	141,332	2,587	-	143,919	23,946
Furniture	31,945	-	-	31,945	15,529	462	-	15,991	15,954
Alarm system	3,017	-	-	3,017	3,017	-	-	3,017	-
Linens	361	-	-	361	361	-	-	361	-
<b>Total</b>	<b>\$ 636,932</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 636,932</b>	<b>\$ 239,991</b>	<b>\$ 13,682</b>	<b>\$ -</b>	<b>\$ 253,673</b>	<b>\$ 383,259</b>

See accompanying independent auditors' report and notes.

**WOMEN'S WELLNESS AND MATERNITY CENTER  
d/b/a Family Wellness and Maternity Center  
(A Component Unit of Monroe County, Tennessee)**

Madisonville, Tennessee

**SCHEDULE OF EXPENDITURES OF  
STATE AND LOCAL AWARDS**

June 30, 2015

<u>Program</u>	<u>Grantor</u>	<u>State Grant Number</u>	<u>CFDA Number</u>	<u>Balance July 1, 2014</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2015</u>
State: Safety Net Primary Care Services for Uninsured Adults	TN Dept. of Health	GR-13-3419700	N/A	\$ -	\$ 7,000	\$ 7,000	\$ -
Local: Strong Start	American Association of Birth Centers	N/A	N/A	-	28,100	28,100	-
Totals				<u>\$ -</u>	<u>\$ 35,100</u>	<u>\$ 35,100</u>	<u>\$ -</u>

(1) Receivable

**Notes to Schedule of Expenditures of State and Local Awards:**

**Note A – Basis of Presentation** – The schedule of expenditures of state and local awards (the Schedule) includes the state and local grant activity of Women's Wellness and Maternity Center for the year ended June 30, 2015. 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 position, 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, 2015, the Center has an outstanding note payable to USDA in the amount of \$328,261 payable \$1,576 per month, including interest at 4.125% maturing in 2046.

See accompanying independent auditors' report and notes.

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
**d/b/a Family 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, 2015

Fiscal Year Ending	Note Principal	Interest	Total
2016	\$ 5,474	\$ 13,438	\$ 18,912
2017	5,704	13,208	18,912
2018	5,944	12,968	18,912
2019	6,194	12,718	18,912
2020	<u>6,454</u>	<u>12,458</u>	<u>18,912</u>
Subtotal	<u>29,770</u>	<u>64,790</u>	<u>94,560</u>
2021	6,725	12,187	18,912
2022	7,008	11,904	18,912
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Subtotal	<u>36,576</u>	<u>57,984</u>	<u>94,560</u>
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Subtotal	<u>44,938</u>	<u>49,622</u>	<u>94,560</u>
2031	10,152	8,760	18,912
2032	10,579	8,333	18,912
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2034	11,487	7,425	18,912
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Subtotal	<u>55,212</u>	<u>39,348</u>	<u>94,560</u>
2036	12,473	6,439	18,912
2037	12,998	5,914	18,912
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2039	14,113	4,799	18,912
2040	<u>14,707</u>	<u>4,205</u>	<u>18,912</u>
Subtotal	<u>67,835</u>	<u>26,725</u>	<u>94,560</u>
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2042	15,969	2,943	18,912
2043	16,641	2,271	18,912
2044	17,340	1,572	18,912
2045	<u>18,069</u>	<u>843</u>	<u>18,912</u>
Subtotal	<u>83,344</u>	<u>11,216</u>	<u>94,560</u>
2046	<u>10,586</u>	<u>135</u>	<u>10,721</u>
Total	<u>\$ 328,261</u>	<u>\$ 249,820</u>	<u>\$ 578,081</u>

See accompanying independent auditors' report and notes.

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
**d/b/a Family 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, 2015



Joe S. Ingram, CPA (1948 - 2011)

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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  
d/b/a Family Wellness and Maternity Center  
(A Component Unit of Monroe County, Tennessee)  
Madisonville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Women's Wellness and Maternity Center, d/b/a Family Wellness and Maternity Center, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Women's Wellness and Maternity Center's basic financial statements, and have issued our report thereon dated December 10, 2015.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Ingram, Overholt & Bean, P C*

Alcoa, Tennessee

December 10, 2015

**WOMEN'S WELLNESS AND MATERNITY CENTER**  
**d/b/a Family Wellness and Maternity Center**  
**(A Component Unit of Monroe County, Tennessee)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2015

A. FINDINGS AND QUESTIONED COSTS

None.