

**Southern Illinois Healthcare Foundation, Inc.,
Federally Qualified Health Center**

**FINANCIAL STATEMENTS
Years Ended December 31, 2011 and 2010**

**AND
INDEPENDENT AUDITOR'S REPORT**

AKS

**ALLISON KNAPP &
SIEKMANN, LTD.**

CERTIFIED PUBLIC ACCOUNTANTS

Southern Illinois Healthcare Foundation, Inc.,
Federally Qualified Health Center

FINANCIAL STATEMENTS

Years Ended December 31, 2011 and 2010

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CERTIFIED PUBLIC ACCOUNTANTS

April 11, 2012

Board of Directors
Southern Illinois Healthcare
Foundation, Inc.
St. Clair County, Illinois

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of financial position of Southern Illinois Healthcare Foundation, Inc., Federally Qualified Health Center (FQHC) (a nonprofit organization), as of December 31, 2011 and 2010, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of Southern Illinois Healthcare Foundation, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U. S. generally accepted auditing standards 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 audits provide a reasonable basis for our opinion.

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The financial statements exclude Touchette Regional Hospital, the controlled affiliate of Southern Illinois Healthcare Foundation, Inc. that, in our opinion, should be included in order to conform with U. S. generally accepted accounting principles. The effect of not including the controlled affiliate is not reasonably determinable.

In our opinion, except for the effect of not including the controlled affiliate of Southern Illinois Healthcare Foundation, Inc., the financial statements referred to above present fairly, in all material respects, the financial position of Southern Illinois Healthcare Foundation, Inc., FQHC, as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with U. S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2012, on our consideration of Southern Illinois Healthcare Foundation, Inc., FQHC's internal control over financial reporting and on 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 considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Southern Illinois Healthcare Foundation, Inc., FQHC taken as a whole. The summary of grants is presented for purposes of additional analysis and is not a required part of the financial statements of Southern Illinois Healthcare Foundation, Inc., FQHC. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional

procedures in accordance with U. S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Allison Knapp + Siekmann, Ltd.

		ASSETS	
		2011	2010
CURRENT ASSETS			
Cash and cash equivalents		\$ 2,688,712	\$ 4,330,868
Accounts receivable			
Patients	\$ 7,530,290		\$ 7,284,292
Grants	1,646,574		1,105,510
Other	264,294		94,647
Less allowance for doubtful accounts	<u>(1,732,504)</u>		<u>(2,215,507)</u>
Total accounts receivable		7,708,654	6,268,942
Accrued interest		1,514	1,121
Security deposit		1,000	1,000
Employee advance receivable		103	368
Prepaid expenses		101,908	95,099
Unexpired insurance		<u>57,074</u>	<u>44,586</u>
Total current assets		10,558,965	10,741,984
PROPERTY AND EQUIPMENT			
Land	386,773		206,155
Building	10,626,106		6,914,375
Furniture and equipment	3,016,191		2,935,977
Operating equipment	1,551,662		1,316,917
Vehicles	185,055		185,055
Construction in progress	3,839,996		2,149,214
	<u>19,605,783</u>		<u>13,707,693</u>
Less accumulated depreciation	<u>(7,516,863)</u>		<u>(6,798,933)</u>
Total property and equipment		12,088,920	6,908,760
INTANGIBLE ASSETS			
Medical practice		<u>168,065</u>	<u>168,065</u>
TOTAL ASSETS		<u><u>\$ 22,815,950</u></u>	<u><u>\$ 17,818,809</u></u>

The accompanying notes are an integral part of these financial statements.

Southern Illinois Healthcare Foundation, Inc.,
Federally Qualified Health Center

STATEMENTS OF FINANCIAL POSITION

December 31, 2011 and 2010

LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT LIABILITIES		
Accounts payable	\$ 3,022,194	\$ 1,877,069
Accrued payroll	656,699	585,340
Loans payable - current portion	1,184,938	159,496
Notes payable - current portion	57,617	65,237
Line-of-credit payable - current portion	1,800,000	2,000,000
Compensated absences payable	1,521,757	1,338,514
Real estate taxes payable	29,721	-
Deferred grant revenue	210,611	253,908
Deposits held	<u>308,000</u>	<u>308,000</u>
Total current liabilities	\$ 8,791,537	\$ 6,587,564
 LONG-TERM LIABILITIES		
Loans payable - net of current portion	1,449,754	1,807,365
Notes payable - net of current portion	<u>138,247</u>	<u>64,982</u>
Total long-term liabilities	<u>1,588,001</u>	<u>1,872,347</u>
Total liabilities	10,379,538	8,459,911
 NET ASSETS		
Unrestricted	<u>12,436,412</u>	<u>9,358,898</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 22,815,950</u>	<u>\$ 17,818,809</u>

EXHIBIT B

Southern Illinois Healthcare Foundation, Inc.,
Federally Qualified Health Center

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2011 and 2010

	2011	2010
UNRESTRICTED NET ASSETS		
Support		
Federal funds	\$ 13,128,413	\$ 12,869,541
State funds	705,169	693,789
Other grants	789,361	484,924
Total support	\$ 14,622,943	\$ 14,048,254
Patient services	54,045,196	49,587,531
Plus (less) disallowances, reductions, contractual allowances and sliding fee adjustment	(18,559,949)	(15,201,955)
Net patient services	35,485,247	34,385,576
Interest income	8,128	9,448
Other support	1,532,506	1,082,470
Total unrestricted support and patient services	51,648,824	49,525,748
Expenses		
Program services	44,645,039	43,224,745
Supporting services	8,049,706	8,007,621
Total expenses	52,694,745	51,232,366
Increase (decrease) in net assets before capital improvement grant	(1,045,921)	(1,706,618)
Capital improvement grant income		
Federal funds		
Capital Improvement Program	834,525	1,638,700
Affordable Care Act	3,288,910	422,361
Total capital improvement grant income	4,123,435	2,061,061
Increase in net assets	3,077,514	354,443
Net assets, beginning of year	9,358,898	9,004,455
NET ASSETS, END OF YEAR	\$ 12,436,412	\$ 9,358,898

The accompanying notes are an integral part of these financial statements.

Southern Illinois Healthcare Foundation, Inc.,
Federally Qualified Health Center

STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Years Ended December 31, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 3,077,514	\$ 354,443
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	\$ 717,930	\$ 638,233
Provision for losses on accounts receivable	(483,003)	(504,314)
Changes in assets and liabilities		
(Increase) decrease in assets		
Accounts receivable	(956,709)	(888,941)
Accrued interest receivable	(393)	(157)
Employee advance receivable	265	(368)
Prepaid expense	(6,809)	22,565
Unexpired insurance	(12,488)	(9,057)
Increase (decrease) in liabilities		
Accounts payable	1,145,125	784,445
Accrued payroll	71,359	125,408
Accrued compensated absences	183,243	196,228
Deferred real estate taxes	29,721	-
Deposits held	-	152,000
Deferred revenue	(43,297)	16,953
	644,944	532,995
Total adjustments		
Net cash provided by operating activities	3,722,458	887,438
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,909,476)	(2,365,570)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line-of-credit	-	2,000,000
Payments on line-of-credit	(200,000)	-
Payments on notes	(77,969)	(60,982)
Payments on loans	(177,169)	(142,451)
	(455,138)	1,796,567
Net cash provided (used) by financing activities		

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STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
(continued)
Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Net increase (decrease) in cash and cash equivalents	(1,642,156)	318,435
Cash and cash equivalents, beginning of year	<u>4,330,868</u>	<u>4,012,433</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,688,712</u>	<u>\$ 4,330,868</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for Interest	<u>\$ 184,586</u>	<u>\$ 162,387</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of property and equipment with debt	<u>\$ 988,614</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Southern Illinois Healthcare Foundation, Inc.,
Federally Qualified Health Center

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2011 and 2010

	2011		
	Program Services	Supporting Services	Total
Personnel	\$ 29,000,001	\$ 4,092,594	\$ 33,092,595
Fringe benefits	4,377,176	844,003	5,221,179
Continuing education	357,155	10,274	367,429
Consultant services	203,006	-	203,006
Laboratory services	675,156	838	675,994
Professional fees	733,132	1,533,887	2,267,019
Temporary help	5,857	57,049	62,906
Registration and member fees	87,529	105,424	192,953
Advertising and promotion	109,451	37,010	146,461
Publications and subscriptions	107	696	803
Utilities	446,776	-	446,776
Rental expense	1,711,703	-	1,711,703
Insurance	204,488	30,080	234,568
Telephone	811,361	23,606	834,967
Postage and freight	7,120	88,589	95,709
Maintenance and repairs	832,836	-	832,836
Pharmaceuticals	663,899	125,637	789,536
Medical supplies	504,666	1,332	505,998
Office supplies	597,688	248,843	846,531
Dental supplies	161,031	-	161,031
Printing	115,917	143,128	259,045
Travel	194,720	302,342	497,062
Depreciation	717,930	-	717,930
Interest expense	184,586	-	184,586
Bad debt expense	1,464,516	-	1,464,516
Donations	-	1,000	1,000
Real estate taxes	-	117,331	117,331
Employee functions	-	18,798	18,798
Reimbursements	184,429	-	184,429
Miscellaneous expense	292,803	267,245	560,048
TOTALS	\$ 44,645,039	\$ 8,049,706	\$ 52,694,745

The accompanying notes are an integral part of these financial statements.

EXHIBIT D

2010		
Program Services	Supporting Services	Total
\$ 27,403,240	\$ 4,162,162	\$ 31,565,402
4,544,003	844,553	5,388,556
318,833	10,383	329,216
402,457	-	402,457
636,967	2,846	639,813
644,501	1,528,208	2,172,709
10,799	440	11,239
70,267	128,302	198,569
113,864	68,476	182,340
121	993	1,114
403,326	-	403,326
1,727,568	3,540	1,731,108
197,660	24,241	221,901
696,713	25,405	722,118
12,939	135,900	148,839
669,767	-	669,767
691,929	176,776	868,705
554,959	1,130	556,089
398,324	241,990	640,314
154,766	-	154,766
89,691	81,511	171,202
173,400	302,920	476,320
638,233	-	638,233
161,009	1,378	162,387
2,025,693	-	2,025,693
-	1,865	1,865
-	96,085	96,085
-	47,943	47,943
202,439	-	202,439
281,277	120,574	401,851
<u>\$ 43,224,745</u>	<u>\$ 8,007,621</u>	<u>\$ 51,232,366</u>

Southern Illinois Healthcare Foundation, Inc.,
Federally Qualified Health Center

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Note 1: Summary of Significant Accounting Policies

The Southern Illinois Healthcare Foundation, Inc., Federally Qualified Health Center's (FQHC), financial statements presented herein separately identifies FQHC activities. The FQHC is a private, non-profit organization dedicated to providing comprehensive primary health care services to residents of St. Clair, Madison, Fayette, Cumberland, Effingham, Macoupin and Marion counties in Illinois.

The FQHC is governed by a volunteer Board of Trustees, a group of local residents who lend their expertise in the areas of law, business, health care administration and as consumers. The Board also takes an active role in establishing the fee schedule and other policies used to manage the Center.

In addition to income generated from patient revenue, the FQHC is partially funded by grants from the Department of Health and Human Services, Illinois Department of Health and other agencies.

Basis of Presentation and Contributions

Net assets of the FQHC and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the FQHC considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Patients' Accounts Receivable - Allowance for Bad Debt

SIHF contracted for a study of revenue collections by financial classes. The purpose of the study was to determine if the current method of writing off bad debts was still realistic. Results of the study indicated that the portion of accounts receivables that are uncollectible varies by the financial class of the receivable. The study determined that percentages presented in the table below are more appropriate in determining the actual allowance for bad debt amount. The results of the study were presented to the Board of Directors who approved the change in the method of calculating the allowance for bad debt amount. The allowance for doubtful accounts for 2011 and 2010 reflects these percentages.

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NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2011

Note 1: Summary of Significant Accounting Policies (continued)

Patients' Accounts Receivable - Allowance for Bad Debt (continued)

<u>Financial Class</u>	<u>Uncollectible Percentage</u>
Agreements	10.00%
Dental - Insurance	35.00%
Dental - Self-Pay	80.00%
Dental - Medicaid	10.00%
Dental - Medicaid Fee For Service	10.00%
General Assistance	10.00%
Medicaid	10.00%
Medicaid Fee For Service	10.00%
Medicare	20.00%
Medicare Fee For Service	15.00%
Private Insurance	35.00%
Self-Pay	80.00%
Workers Compensation	35.00%

In 2011, SIHF commissioned a consulting firm to assist SIHF with a central business office reorganization and an accounts receivable project. As a result of working backlogged accounts, a one-time adjustment to accounts receivable was taken in 2011. This adjustment resulted in a \$912,025 reduction to patient services.

All patient account balances receive one statement every 28 days.

Patient account balances that are less than \$20 and greater than 180 days old are automatically written off as Small Balance Write-Off.

Patient account balances that are \$20 or more and greater than 90 days old from the date that the balance became patient responsibility are sent a letter requesting payment. If after 2-3 weeks there has been no response, the account is sent to a collection agency and written off to Bad Debt Agency Adjustment.

Property and Equipment

Property and equipment with a cost of \$2,500 or more are presented at cost and depreciated using the straight-line method. Depreciation is calculated on 20 years useful life for all buildings and 10 years useful life for furniture and equipment. Donated assets are valued on the date of donation.

Compensated Absences

Employees can accumulate hours based upon unused annual vacation benefit and one-fourth of unused sick days. As of December 31, 2011 and 2010 this balance was computed at the current hourly rate per employee.

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NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2011

Note 1: Summary of Significant Accounting Policies (continued)

Tax Status

The FQHC is exempt from income taxes under Internal Revenue Code Section 501(c)(3) according to a determination letter dated May 6, 1986.

Concentration of Accounts Receivable

At December 31, 2011 the FQHC has concentrations in the accounts receivable balance of \$7,530,290 which includes \$3,992,672 representing amounts owed from the State of Illinois Medicaid program.

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 those estimates.

Charity Care

If patients are not covered by some type of aid or third-party coverage, the FQHC classifies these individuals as "self-pay". Based on their income and family size, the FQHC determines if the individual is eligible to receive a sliding fee.

Note 2: Retirement Plan

In a prior year the FQHC implemented a defined contribution pension plan. For the years ended December 31, 2011 and 2010 the Foundation contributions totaled \$844,818 and \$765,543, respectively. The plan is available to any full-time or part-time employee after a half year of employment. For eligible participating employees who have completed one year of service, the FQHC matches up to 4% of their salary.

Note 3: Grants

The FQHC received various grants as detailed in Schedule 1.

Note 4: Related Parties

Touchette Regional Hospital

Effective May 1, 1993 the FQHC Board of Directors became the sole corporate member of the corporation known as Touchette Regional Hospital (TRH) as provided in the TRH Bylaws. Southern

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NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2011

Note 4: Related Parties (continued)

Touchette Regional Hospital (continued)

Illinois Healthcare Foundation (SIHF) and Touchette Regional Hospital are separate legal entities, however, the SIHF Board of Directors, as sole member, reserves certain high-level approval rights over TRH.

The FQHC and Touchette Regional Hospital maintain several agreements where the FQHC performs certain services for TRH. For the years 2011 and 2010 the FQHC received \$902,551 and \$439,250, respectively, and had a current receivable of \$75,677 and \$16,759, respectively, from TRH for services performed.

The FQHC utilizes the services of certain TRH services/personnel. For the years 2011 and 2010 the FQHC reimbursed TRH \$2,684,322 and \$2,337,367, respectively, for those services. Included in accounts payable at December 31, 2011 and 2010 are \$1,003,180 and \$621,006, respectively, which represents amounts owed to TRH.

The FQHC has a rental agreement with TRH. See Note 15 for details.

During the year ended December 31, 2009, Kenneth Hall Regional Hospital combined into Touchette Regional Hospital.

The FQHC and TRH are presently shared services under a master services agreement to promote marketing activities.

Note 5: Long-Term Debt

The following is an analysis of loans payable at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Loan payable to a bank with interest at 6.00%, final payment due June 2012, monthly payments of \$14,277.14, collateralized by a building at 6000 Bond Avenue, East St. Louis, Illinois, equipment and accounts receivable.	\$ 798,436	\$ 917,245
Loan payable to a bank with interest at 4.280%, monthly payments of \$2,667.75, collateralized by a building at 1275 Hawthorne Drive, Salem, Illinois. A final payment estimated at \$338,588 is due October 19, 2013.	367,441	383,255
Loan payable to a bank with interest at 6.00%, monthly payments of \$2,453.13, collateralized by a building at 2900 Frank Scott Parkway West, Belleville, Illinois. A final payment estimated at \$312,888 is due November 16, 2012.	320,634	330,248

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NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2011

Note 5: Long-Term Debt (continued)

	<u>2011</u>	<u>2010</u>
Loan payable to a bank with interest at 4.220%, monthly payments of \$2,322.00, collateralized by a building at 7210 West Main Street, Belleville, Illinois. A final payment estimated at \$294,766 is due on December 3, 2013.	322,362	336,113
Loan payable to a bank with interest at 3.70%, monthly payments of \$951, collateralized by a property at 2119 Iowa, Granite City, Illinois. A final payment estimated at \$71,150 is due on May 26, 2014.	90,449	-
Loan payable to a bank with interest at 3.70%, monthly payments of \$4,427.00, collateralized by a building at 100 N. 8th St., East St. Louis, Illinois. A final payment estimated at \$675,307 is due on May 27, 2014.	<u>735,370</u>	<u>-</u>
	2,634,692	1,966,861
Less current portion	<u>1,184,938</u>	<u>159,496</u>
Long-term liabilities	<u>\$ 1,449,754</u>	<u>\$ 1,807,365</u>

Maturities of long-term loans payable as of December 31, 2011 and 2010:

<u>Year Ending December 31,</u>	<u>2011</u>	<u>2010</u>
2011	\$ -	\$ 159,496
2012	1,184,938	1,149,281
2013	694,387	658,084
2014	755,367	-
	<u>\$ 2,634,692</u>	<u>\$ 1,966,861</u>

Notes Payable

The following is an analysis of notes payable at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Note payable to medical office lessor with interest at 6.5%, final payment due July 2012, monthly payments of \$3,564.72.	\$ 17,023	\$ 57,263

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NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2011

Note 5: Long-Term Debt (continued)

Notes Payable (continued)

	<u>2011</u>	<u>2010</u>
Note payable to medical office lessor with interest at 8.5%, final payment due January 2014, monthly payments of \$1,805.26.	39,727	57,198
Note payable to medical office lessor with interest at 6.0%. During 2011, additional improvements were made at Site 16, thereby increasing the note payable by \$61,990, final payment due November 1, 2017, annual payments of \$14,063.	69,154	15,758
Note payable to medical office lessor with interest at 0%, final payment due January 31, 2017, monthly payments of \$972.	69,960	-
	<u>195,864</u>	<u>130,219</u>
Less current portion	<u>57,617</u>	<u>65,237</u>
Long-term liabilities	<u>\$ 138,247</u>	<u>\$ 64,982</u>

Maturities of long-term notes payable as of December 31, 2011 and 2010:

<u>Year Ending December 31,</u>	<u>2011</u>	<u>2010</u>
2011	\$ -	\$ 65,237
2012	57,617	44,015
2013	42,884	20,551
2014	22,803	416
2015	23,472	-
2016	24,180	-
2017	24,908	-
	<u>\$ 195,864</u>	<u>\$ 130,219</u>

SIHF has a line-of-credit with one bank in the amount of \$4,000,000. This line-of-credit is renewed each year in November. The present interest rate is prime plus 3.5%. The line-of-credit is secured by a lien on accounts receivable. The outstanding balance at December 31, 2011 and 2010 was \$1,800,000 and \$2,000,000, respectively.

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NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2011

Note 6: Operating Leases

The FQHC has operating leases for office equipment. For the years ended December 31, 2011 and 2010 the FQHC paid \$255,350 and \$226,137, respectively, under operating lease agreements for office equipment. Future minimum equipment lease payments under these leases are as follows:

<u>Year Ending December 31,</u>	<u>2011</u>	<u>2010</u>
2011	\$ -	\$ 136,562
2012	180,187	136,562
2013	152,433	117,141
2014	109,436	103,468
2015	-	-
2016	-	-
	<u>\$ 442,056</u>	<u>\$ 493,733</u>

The FQHC leases office space under various operating leases that expire at various dates through January 31, 2017.

The following is a schedule of future minimum office space lease payments as of December 31, 2011 and 2010:

<u>Year Ending December 31,</u>	<u>2011</u>	<u>2010</u>
2011	\$ -	\$ 1,388,702
2012	1,393,193	676,258
2013	861,341	536,130
2014	621,559	397,944
2015	620,355	361,944
2016	504,698	363,144
Thereafter	14,400	-
	<u>\$ 4,015,546</u>	<u>\$ 3,724,122</u>

The FQHC is also committed in leases for other office spaces that are on a month-to-month basis. For those leases there are no future minimum lease payments.

For the years ended December 31, 2011 and 2010 the FQHC paid \$1,456,354 and \$1,504,971, respectively, for the rental of office space.

Note 7: Advertising

Advertising costs are charged to operations when incurred. FQHC incurred advertising costs of \$146,461 and \$182,340 for the years ended December 31, 2011 and 2010, respectively.

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NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2011

Note 8: Fundraising Expenses

For the years ended December 31, 2011 and 2010 the Foundation had no fundraising costs.

Note 9: Concentrations

At December 31, 2011 the FQHC had \$3,586,227 on deposit at four banks, of which \$828,256 was covered by the Federal Deposit Insurance Corporation (FDIC). Of the remaining, \$2,505,771 is in a collateralized swap account and \$252,200 was not covered by the FDIC.

Note 10: Southern Illinois Healthcare Foundation Employee Health Plan

Effective April 1, 2006, SIHF began a self-pay health insurance program with its controlled affiliate TRH included. The objectives are to reduce costs to both the employer and employee and also try to generate more income by offering incentives to go to doctors within the SIHF and TRH network. For the period through December 31, 2011 and 2010 the Foundation contributed \$1,986,541 and \$2,312,170, respectively.

Note 11: Medical Practice

SIHF acquired a medical practice during 2008. Upon purchase SIHF paid the medical provider \$168,065 for goodwill, patient list, telephone and fax numbers, advertising and phone listing. Impairment losses are to be recorded when indicators of impairment are present and the carrying amount of a long-term asset exceeds its fair value. In addition, useful lives of long-lived assets such as goodwill are to be reviewed annually. At December 31, 2011 and 2010, SIHF did not have any indicators of impairment.

Note 12: Date of Management Evaluation

Management has evaluated subsequent events through April 11, 2012, the date on which the financial statements were available to be issued.

Note 13: Income Taxes

SIHF's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2011 the following tax years are subject to examination:

<u>Jurisdiction</u>	<u>Open Years For Filed Returns</u>	<u>Return to be Filed in 2012</u>
Federal	2008-2010	2011
Illinois	2008-2010	2011

(continued on next page)

NOTES TO FINANCIAL STATEMENTS
(continued)
December 31, 2011

Note 14: Litigation

In the normal course of business SIHF is a defendant in various litigation, which covers a number of matters. Management believes that the resolution of these matters will not have a material effect on the Foundation's statements of financial position or statements of activities.

Note 15: Rental Revenue

During May 2011, the Foundation purchased the Windsor Building from Touchette Regional Hospital. At that time Touchette Regional Hospital had four tenants renting office space from them. All lease agreements between TRH and the four tenants were assigned to the Foundation. Prior to year end, one of the tenants moved out of the building. All original agreements between TRH and the tenants have expired and now run on a month by month basis. From the three tenants that remain, the Foundation receives in total \$7,098 of rental income per month. The Foundation received \$62,412 in rental income for 2011.

Touchette Regional Hospital also rents space in the Windsor Building from the Foundation. The term of this lease began on June 1, 2011 and runs on a month to month basis. The Foundation receives \$3,680 per month in rental income from Touchette Regional Hospital. The Foundation received \$25,760 in rental income during 2011.

The Foundation rents two suites in the building located at 7210 West Main Street, Belleville, Illinois to a single tenant. The term of this lease is from April 1, 2011 through March 31, 2012. The Foundation receives \$1,723 a month in rental income from this tenant. For the years ended 2011 and 2010, the Foundation received \$20,444 and \$28,190, respectively.

	<u>Period</u>	<u>Award Amount</u>
Federal		
Community Health Center, Section 330	01/01/11-12/31/11	\$ 10,082,502
Community Health Center, Section 330	01/01/10-12/31/10	9,715,790
Healthy Start	06/01/09-05/31/10	900,000
Healthy Start	06/01/10-05/31/11	900,000
Healthy Start	06/01/11-05/31/12	900,000
Title III - Early Intervention	07/01/09-06/30/10	590,738
Title III - Early Intervention	07/01/10-06/30/11	590,738
Title III - Early Intervention	07/01/11-06/30/12	590,738
Increase Services to Health Centers	03/27/09-03/26/11	884,565
Family Planning	07/01/09-06/30/10	438,000
Family Planning	07/01/10-06/30/11	274,178
Family Planning	07/01/11-06/30/12	269,505
Male Involvement	07/01/10-06/30/11	117,499
Male Involvement	07/01/11-06/30/12	150,334
MAI Linkage	06/01/10-03/31/11	30,000
MAI Linkage	08/01/11-03/31/12	30,000
Ryan White Part A Case Management	03/01/09-02/28/10	38,624
Ryan White Part A Case Management	03/01/10-02/28/11	36,500
Ryan White Part A Case Management	03/01/11-02/29/12	62,929
Ryan White Part A Drug Reimbursement	03/01/09-02/28/10	31,199
Ryan White Part A Drug Reimbursement	03/01/10-02/28/11	43,019
Ryan White Part A Drug Reimbursement	03/01/11-02/29/12	60,000
Ryan White Part A Specialty Medicine Diagnostic Service	03/01/09-02/28/10	138,678
Ryan White Part A Specialty Medicine Diagnostic Service	03/01/10-02/28/11	162,918
Ryan White Part A Specialty Medicine Diagnostic Service	03/01/10-02/28/11	160,000
Ryan White Part B Case Management	04/01/09-03/31/10	95,136
Ryan White Part B Case Management	04/01/10-03/31/11	133,500
Ryan White Part B Case Management	04/01/11-03/31/12	140,008
Ryan White Part B Specialty Medicine Diagnostic Service	04/01/09-03/31/10	2,500
Ryan White Part B Specialty Medicine Diagnostic Service	04/01/10-03/31/11	15,000
Ryan White Part B Specialty Medicine Diagnostic Service	04/01/11-03/31/12	13,000
Ryan White Part B Outreach	04/01/09-03/31/10	19,087
Ryan White Part B Outreach	04/01/10-03/31/11	10,900
Ryan White Part B Outreach	04/01/11-03/31/12	8,475
Ryan White Part B Medical Transportation	04/01/11-03/31/12	11,900
Ryan White Part B Food Vouchers	04/01/11-03/31/12	8,200
Wise Woman	07/01/09-06/30/10	Based on Service
Wise Woman	07/01/10-06/30/11	Based on Service
Wise Woman	07/01/11-06/30/12	Based on Service

Southern Illinois Healthcare Foundation, Inc.,
Federally Qualified Health Center

SUMMARY OF GRANTS

Year Ended December 31, 2011

12/31/2011			12/31/2010		
Earned	Deferred Revenue	Receivable	Earned	Deferred Revenue	Receivable
\$ 10,082,502	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	9,715,790	-	-
-	-	-	373,460	-	-
417,879	-	-	482,121	-	32,122
435,136	-	60,137	-	-	-
-	-	-	300,656	-	-
333,651	-	-	257,087	-	2,087
229,868	20,132	-	-	-	-
67,817	-	-	589,732	-	46,748
-	-	-	182,804	-	67,517
93,934	-	-	159,517	-	-
169,416	-	44,873	-	-	-
52,430	-	-	-	39,300	-
29,537	2,964	-	-	-	-
20,265	-	-	9,715	-	1,748
8,059	-	2,391	-	-	-
-	-	-	5,880	-	-
4,076	-	-	32,420	-	4,681
41,013	-	15,170	-	-	-
-	-	-	5,757	-	-
1,833	-	-	41,185	-	21,225
48,424	-	4,226	-	-	-
-	-	-	29,506	-	-
15,215	-	-	146,666	-	35,951
125,462	-	29,397	-	-	-
-	-	-	17,748	-	-
49,759	-	-	84,129	-	30,370
95,092	-	9,599	-	-	-
-	-	-	872	-	-
9,980	-	-	5,000	-	48
11,114	-	282	-	-	-
-	-	-	9,411	-	-
7,171	-	-	3,654	-	192
3,152	-	620	-	-	-
2,923	-	825	-	-	-
2,000	-	-	-	-	-
-	-	-	-	-	-
3,090	-	-	4,856	-	-
2,183	-	-	-	-	-

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	Period	Award Amount
Federal (continued)		
BCCP	07/01/09-06/30/10	Based on Service
BCCP	07/01/10-06/30/11	Based on Service
BCCP	07/01/11-06/30/12	Based on Service
Teen Pregnancy	07/01/09-06/30/10	17,000
Regional Implementation	01/01/10-12/31/10	42,720
Regional Implementation	01/01/11-12/31/11	68,536
HIV ER Relief Project (Linkage to Care)	08/01/10-02/28/11	20,875
HIV ER Relief Project (Linkage to Care)	03/01/11-02/29/12	37,881
ILTREC Core	02/08/10-02/07/14	1,165,307
ILTREC Technical Assistance	02/08/10-02/07/12	-
ILTREC Supplemental	02/08/10-02/07/12	382,800
Noncash - Title X Family Planning		
Federal Construction		
Capital Improvement Program	06/29/09-06/28/11	2,500,000
Affordable Care Act	10/01/10-09/30/12	10,324,862
State		
Family Planning	07/01/09-06/30/10	438,000
Family Planning	07/01/10-06/30/11	274,178
Family Planning	07/01/11-06/30/12	269,505
Healthworks	07/01/09-06/30/10	147,560
Healthworks	07/01/10-09/30/10	36,499
DCFS Downstate Healthworks	10/01/10-06/30/11	116,063
DCFS Downstate Healthworks	07/01/11-06/30/12	154,750
Venice & Madison	07/01/09-06/30/10	157,500
Venice & Madison	07/01/10-06/30/11	87,500
Venice & Madison	07/01/11-06/30/12	129,938
Belleville Family Health Center	07/01/09-06/30/10	157,500
Belleville Family Health Center	07/01/10-06/30/11	87,500
Belleville Family Health Center	07/01/11-06/30/12	129,938
Start Now Communities of Color	12/01/09-06/30/10	25,000
Start Now Communities of Color	12/01/10-06/30/11	30,000
Genetics	07/01/09-06/30/10	10,500
Genetics	07/01/10-06/30/11	13,200
Genetics	07/01/11-06/30/12	13,200
HIV/AIDS Quality of Life	01/01/11-12/31/11	210,000

SUMMARY OF GRANTS
(continued)
Year Ended December 31, 2011

12/31/11			12/31/10		
Earned	Deferred Revenue	Receivable	Earned	Deferred Revenue	Receivable
-	-	-	20,885	-	-
31,415	-	-	14,367	-	-
23,997	-	-	-	-	-
-	-	-	2,537	-	-
-	-	-	42,720	-	9,486
55,289	-	19,191	-	-	-
10,115	-	-	10,744	-	10,744
32,008	-	13,618	-	-	-
164,108	-	51,727	155,222	-	54,564
375,700	-	153,000	141,100	-	134,500
72,800	-	30,800	24,000	-	-
<u>13,128,413</u>			<u>12,869,541</u>		
-			-		
<u>13,128,413</u>			<u>12,869,541</u>		
834,525	-	-	1,638,700	-	342,476
3,288,910	-	965,071	422,361	-	211,361
<u>4,123,435</u>			<u>2,061,061</u>		
-	-	-	29,000	-	-
20,727	-	-	-	-	-
921	-	-	-	-	-
-	-	-	84,329	-	-
-	-	-	36,499	-	36,499
73,575	-	-	42,488	-	42,488
76,379	-	50,587	-	-	-
-	-	-	78,750	-	-
87,500	-	-	-	-	-
68,195	-	68,195	-	-	-
-	-	-	78,750	-	-
87,500	-	-	-	-	-
64,125	-	64,125	-	-	-
-	-	-	21,871	-	-
28,792	-	-	-	-	-
-	-	-	4,198	-	-
7,787	-	-	5,413	-	5,413
6,590	-	3,293	-	-	-
116,846	-	44,257	-	-	-

(continued on next page)

	Period	Award Amount
State (continued)		
Women's Health	01/01/11-06/30/11	3,000
Gallatin Dental Clinic	06/24/11-05/31/13	100,000
Jail Project	01/01/10-06/30/10	19,150
Jail Project	03/01/11-06/30/11	19,150
PBM Settlement	07/01/09-06/30/12	200,000
Health Information Exchange	06/25/09-06/24/10	176,563
Victims of Violent Crimes	07/01/09-06/30/10	20,000
Victims of Violent Crimes	07/01/10-06/30/11	19,000
VOCA	10/01/09-09/30/10	32,441
VOCA	10/01/10-09/30/11	33,112
VOCA	12/01/11-11/30/12	36,334
Other		
Stand Against Cancer	07/01/09-06/30/10	30,000
Stand Against Cancer	07/01/10-06/30/11	45,000
Susan G. Komen For The Cure	04/01/10-03/31/11	154,505
Susan G. Komen For The Cure	04/01/11-03/31/12	229,478
Moving Families Forward (FACTS)	10/01/09-09/30/10	34,500
Moving Families Forward (FACTS)	10/01/10-09/30/11	34,602
Moving Families Forward (FACTS)	10/01/11-06/30/12	34,500
Integrated Dental	10/01/10-09/30/11	64,000
SHHS Case Management Services	11/01/10-10/31/11	100,000
Kresge Grant	01/01/10-09/30/10	75,000
Kresge Grant	05/01/11-04/30/12	50,000
SIU Violent Crimes Assistance (CMRN)	07/01/09-06/30/10	3,000
SIU Violent Crimes Assistance (CMRN)	07/01/10-06/30/11	3,000
SIU Violent Crimes Assistance (CMRN)	07/01/11-06/30/12	3,000
SIU Videoconferencing Equipment	01/01/11-12/31/11	12,523
SIU Rural Health Funds	01/01/11-12/31/11	30,000
SIU Olney Clinic	11/01/11-12/31/12	35,000
Empowerment Zone	03/01/10-06/30/10	9,000
Avon Foundation Breast Care	01/01/10-12/31/10	35,000
Avon Foundation Breast Care	01/01/11-12/31/11	39,500
Expanding Access to Oral Care	10/01/10-06/30/12	400,000
March of Dimes	12/15/10-12/31/11	1,300
IL Children's Healthcare Foundation - Touchette Hospital	10/01/09-12/31/10	39,195
IL Children's Healthcare Foundation - Effingham Dental	01/01/09-03/31/10	206,311

TOTAL

SUMMARY OF GRANTS
(continued)
Year Ended December 31, 2011

12/31/11			12/31/10		
Earned	Deferred Revenue	Receivable	Earned	Deferred Revenue	Receivable
2,991	-	-	-	-	-
-	70,000	-	-	-	-
-	-	-	19,150	-	-
18,893	-	-	-	-	-
-	-	-	130,611	-	-
-	-	-	129,056	-	-
-	-	-	5,243	-	-
10,039	-	-	8,961	540	-
-	-	-	17,946	-	-
31,588	-	-	1,524	-	1,524
2,721	-	2,721	-	-	-
<u>705,169</u>			<u>693,789</u>		
-	-	-	10,720	-	-
3,840	-	-	7,200	-	7,200
-	-	-	154,505	-	-
229,478	-	-	-	-	-
-	-	-	24,516	-	-
26,450	-	-	8,152	-	5,816
11,718	-	11,719	-	-	-
19,000	-	-	45,000	19,000	-
71,386	23,682	-	4,932	95,068	-
-	-	-	75,000	-	-
41,166	8,833	-	-	-	-
-	-	-	1,500	-	-
1,500	-	-	1,500	-	750
1,500	-	750	-	-	-
12,523	-	-	-	-	-
30,000	-	-	-	-	-
-	35,000	-	-	-	-
-	-	-	9,000	-	-
-	-	-	35,000	-	-
39,500	-	-	-	-	-
300,000	50,000	-	-	100,000	-
1,300	-	-	-	-	-
-	-	-	38,663	-	-
-	-	-	69,236	-	-
<u>789,361</u>			<u>484,924</u>		
<u>\$ 18,746,378</u>	<u>\$ 210,611</u>	<u>\$ 1,646,574</u>	<u>\$ 16,109,315</u>	<u>\$ 253,908</u>	<u>\$ 1,105,510</u>

Grantor and Program Title	Federal CFDA Number	Project or Grant Number	Award Period	
Cash Federal Financial Assistance				
<u>U. S. Department of Health and Human Services</u>				
Direct programs:				
Consolidated Health Centers				
(M)	Community Health Center, Section 330	93.224	6H80CS00195-10-01	01/01/11-12/31/11
Total for CFDA #93.224				
(M)	Healthy Start Initiative	93.926	5H49MC00049-10-00	06/01/10-05/31/11
(M)	Healthy Start Initiative	93.926	5H49MC00049-11-11	06/01/11-05/31/12
Total for CFDA #93.926				
(M)	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	5H76HA00579-11-00	07/01/10-06/30/11
(M)	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	2H76HA00579-12-00	07/01/11-06/30/12
Total for CFDA #93.918				
(M)	ARRA - Capital Improvement Program	93.703	1C81CS13475-1-00	06/29/09-06/28/11
(M)	ARRA - Increase Services to Health Centers	93.703	6H8BCS12132-01-01	03/27/09-03/26/11
Total for CFDA #93.703				
(M)	Affordable Care Act	93.526	1C8ACS21285-01-00	10/01/10-09/30/12
Total for CFDA #93.526				
Total direct programs				

Southern Illinois Healthcare Foundation, Inc.,
 Federally Qualified Health Center

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2011

<u>Grant Amount</u>	<u>Revenue Earned 2010</u>	<u>Revenue Earned 2011</u>	<u>Expenses 2010</u>	<u>Expenses 2011</u>	<u>Comment</u>
\$ 10,082,502	\$ -	\$ 10,082,502	\$ -	\$ 10,082,502	
	-	10,082,502	-	10,082,502	
900,000	482,121	417,879	482,121	417,879	
900,000	-	435,136	-	435,136	
	482,121	853,015	482,121	853,015	
590,738	257,087	333,651	257,087	333,651	
590,738	-	229,868	-	229,868	
	257,087	563,519	257,087	563,519	
2,500,000	1,638,700	834,525	1,638,700	834,525	
884,565	589,732	67,817	589,732	67,817	
	2,228,432	902,342	2,228,432	902,342	
10,324,862	422,361	3,288,910	422,361	3,288,910	
	422,361	3,288,910	422,361	3,288,910	
	3,390,001	15,690,288	3,390,001	15,690,288	

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<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Project or Grant Number</u>	<u>Award Period</u>
Cash Federal Financial Assistance (continued)			
<u>U. S. Department of Health and Human Services (continued)</u>			
Pass-through programs from:			
<u>State of Illinois Department of Human Services</u>			
(NON) Social Services Block Grant (Family Planning)	93.217	11GM468000	07/01/10-06/30/11
(NON) Social Services Block Grant (Family Planning)	93.217	11GQ00468	07/01/11-06/30/12
(NON) Male Involvement	93.217	11GM48000	07/01/10-06/30/11
(NON) Male Involvement	93.217	11GQ01043	07/01/11-06/30/12
Total for CFDA #93.217			
(NON) Social Services Block Grant (Family Planning)	93.667	11GM468000	07/01/10-06/30/11
(NON) Social Services Block Grant (Family Planning)	93.667	11GQ00468	07/01/11-06/30/12
Total for CFDA #93.667			
(NON) Social Services Block Grant (Family Planning)	93.994	11GM468000	07/01/10-06/30/11
Total for CFDA #93.994			
<u>IL Public Health Association</u>			
(NON) Regional Implementation Grant	93.944	FY 11 1175406	01/01/11-12/31/11
Total for CFDA #93.944			
<u>St. Clair County Health Department</u>			
(NON) Illinois Breast & Cervical Cancer	93.283	FY 11	07/01/10-06/30/11
(NON) Illinois Breast & Cervical Cancer	93.283	FY 12	07/01/11-06/30/12
(NON) Wise Woman	93.283	FY 11	07/01/10-06/30/11
(NON) Wise Woman	93.283	FY 12	07/01/11-06/30/12
Total for CFDA #93.283			

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 (continued)
 Year Ended December 31, 2011

<u>Grant Amount</u>	<u>Revenue Earned 2010</u>	<u>Revenue Earned 2011</u>	<u>Expenses 2010</u>	<u>Expenses 2011</u>	<u>Comment</u>
274,178	139,080	13,730	139,080	13,730	Grant reimburses patient services provided
269,505	-	152,810	-	152,810	
117,499	-	52,430	-	52,430	
150,334	-	29,537	-	29,537	
	<u>139,080</u>	<u>248,507</u>	<u>139,080</u>	<u>248,507</u>	
-	20,437	76,223	20,437	76,223	
-	-	16,606	-	16,606	
	<u>20,437</u>	<u>92,829</u>	<u>20,437</u>	<u>92,829</u>	
-	-	3,981	-	3,981	
	-	3,981	-	3,981	
68,536	-	55,289	-	55,289	
	-	55,289	-	55,289	
Service Based	14,367	31,415	14,367	31,415	
Service Based	-	23,997	-	23,997	
Service Based	4,856	3,090	4,856	3,090	
Service Based	-	2,183	-	2,183	
	<u>19,223</u>	<u>60,685</u>	<u>14,367</u>	<u>60,685</u>	

(continued on next page)

Grantor and Program Title	Federal CFDA Number	Project or Grant Number	Award Period
Cash Federal Financial Assistance (continued)			
<u>U. S. Department of Health and Human Services (continued)</u>			
Pass-through programs from (continued):			
<u>St. Clair County Health Department</u>			
(NON) Ryan White Part B Case Management	93.917	FY 10	04/01/10-03/31/11
(NON) Ryan White Part B Case Management	93.917	FY 11	04/01/11-03/31/12
(NON) Ryan White Part B Specialty Medical	93.917	FY 10	04/01/10-03/31/11
(NON) Ryan White Part B Specialty Medical	93.917	FY 11	04/01/11-03/31/12
(NON) Ryan White Part B Outreach	93.917	FY 10	04/01/10-03/31/11
(NON) Ryan White Part B Outreach	93.917	FY 11	04/01/11-03/31/12
(NON) Ryan White Part B Medical Transportation	93.917	FY 11	04/01/11-03/31/12
(NON) Ryan White Part B Food Vouchers	93.917	FY 11	04/01/11-03/31/12
<u>IL Dept of Public Health</u>			
(NON) Minority Aids Initiative	93.917	FY 11 00180158	06/01/10-03/31/11
(NON) Minority Aids Initiative	93.917	FY 12 20180012PBC65305	08/01/11-03/31/12
Total for CFDA #93.917			
<u>St. Clair County Health Department</u>			
(NON) HIV Care Consortium Ryan White CARE Services - Part A	93.914	FY 10	03/01/10-02/28/11
(NON) HIV Care Consortium Ryan White Care Services - Part A	93.914	FY 11	03/01/11-02/29/12
(NON) Ryan White Part A - Specialty Medical Diagnostic Services	93.914	FY 10	03/01/10-02/28/11
(NON) Ryan White Part A - Specialty Medical Diagnostic Services	93.914	FY 11	03/01/11-02/29/12
(NON) Ryan White Part A Drug Reimbursement	93.914	FY 10	03/01/10-02/28/11
(NON) Ryan White Part A Drug Reimbursement	93.914	FY 11	03/01/11-02/29/12
<u>City of St. Louis Department of Public Health</u>			
(NON) Linkage to Care STL	93.914	FY 11	08/01/10-02/28/11
(NON) Linkage to Care STL	93.914	FY 12	03/01/11-02/29/12
Total for CFDA #93.914			

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(continued)
Year Ended December 31, 2011

Grant Amount	Revenue Earned 2010	Revenue Earned 2011	Expenses 2010	Expenses 2011	Comment
133,888	84,129	49,759	84,129	49,759	
140,008	-	95,092	-	95,092	
15,000	5,000	9,980	5,000	9,980	
13,000	-	11,114	-	11,114	
10,900	3,654	7,171	3,654	7,171	
8,475	-	3,152	-	3,152	
11,900	-	2,923	-	2,923	
8,200	-	2,000	-	2,000	
30,000	9,715	20,265	9,715	20,265	
30,000	-	8,059	-	8,059	
	<u>102,498</u>	<u>209,515</u>	<u>102,498</u>	<u>209,515</u>	
36,500	32,420	4,076	32,420	4,076	
62,929	-	41,013	-	41,013	
164,743	146,666	15,215	146,666	15,215	
160,000	-	125,462	-	125,462	
43,019	41,185	1,833	41,185	1,833	
60,000	-	48,424	-	48,424	
20,875	10,744	10,115	10,744	10,115	
37,881	-	32,008	-	32,008	
	<u>231,015</u>	<u>278,146</u>	<u>231,015</u>	<u>278,146</u>	

(continued on next page)

<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Project or Grant Number</u>	<u>Award Period</u>
Cash Federal Financial Assistance (continued)			
<u>U. S. Department of Health and Human Services (continued)</u>			
Pass-through programs from (continued):			
<u>Northern Illinois University</u>			
(M) ILTREC Core	93.718	FY 12 90RC0023101	02/08/10-02/07/12
(M) ILTREC Technical Assistance	93.718	FY 12 90RC0023101	02/08/10-02/07/12
(M) ILTREC Supplemental	93.718	FY 12 90RC0023101	02/08/10-02/07-12
Total for CFDA #93.718			
Total pass-through programs			
Total U. S. Department of Health and Human Services			
TOTAL FEDERAL FINANCIAL ASSISTANCE			

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 (continued)
 Year Ended December 31, 2011

<u>Grant Amount</u>	<u>Revenue Earned 2010</u>	<u>Revenue Earned 2011</u>	<u>Expenses 2010</u>	<u>Expenses 2011</u>	<u>Comment</u>
1,165,308	155,222	164,108	155,222	164,108	
Service Based	141,100	375,700	141,100	375,700	
Service Based	24,000	72,800	24,000	72,800	
	<u>320,322</u>	<u>612,608</u>	<u>320,322</u>	<u>612,608</u>	
	<u>262,821</u>	<u>1,561,560</u>	<u>262,821</u>	<u>1,561,560</u>	
	<u>3,652,822</u>	<u>17,251,848</u>	<u>3,652,822</u>	<u>17,251,848</u>	
	<u><u>\$3,652,822</u></u>	<u><u>\$ 17,251,848</u></u>	<u><u>\$ 3,652,822</u></u>	<u><u>\$ 17,251,848</u></u>	

(M) Major program
 (NON) Nonmajor program

Southern Illinois Healthcare Foundation, Inc.,
Federally Qualified Health Center

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2011

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes federal grant activity of Southern Illinois Healthcare Foundation, Inc., Federally Qualified Health Center (FQHC), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

Note 2: Grants

See grants as listed on Schedule of Expenditures of Federal Awards.

Note 3: Loans and Loan Guarantees

The FQHC has no federal loans or loan guarantees outstanding as of December 31, 2011.

Note 4: Noncash Assistance

The FQHC has received the following federal sponsored noncash assistance from the Illinois Department of Human Services:

Pharmaceutical supplies	<u>\$ -</u>
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Note 5: Subrecipients

Washington University in St. Louis, Missouri is a subrecipient of the Title III - Early Intervention grant. SIHF paid them \$184,429 during the year ending December 31, 2011.

Note 6: Federal Insurance

No federal insurance was in effect during the year.



ALLISON KNAPP &
SIEKMANN, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

April 11, 2012

Board of Directors
Southern Illinois Healthcare
Foundation, Inc.
St. Clair County, Illinois

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

We have audited the financial statements of Southern Illinois Healthcare Foundation, Inc., Federally Qualified Health Center (FQHC) (a nonprofit organization), as of and for the year ended December 31, 2011, and have issued our report thereon dated April 11, 2012. Our report disclosed that the financial statements include only the financial activities of Southern Illinois Healthcare Foundation, Inc., FQHC and that the financial activities of the controlled affiliates are not included. We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

Management of FQHC is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Southern Illinois Healthcare Foundation, Inc., FQHC'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 Southern Illinois Healthcare Foundation, Inc., FQHC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Southern Illinois Healthcare Foundation, Inc., FQHC'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 and correct 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 prevented, or detected and corrected on a timely basis.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Southern Illinois Healthcare Foundation, Inc., FQHC'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 *Government Auditing Standards*.

We noted certain matters that we reported to management of Southern Illinois Healthcare Foundation, Inc., FQHC in a separate letter dated April 11, 2012.

This report is intended solely for the information and use of management, others within the Foundation, the Board of Directors, Department of Health and Human Services, 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.

Allison Knapp + Siekmann, Ltd.



CERTIFIED PUBLIC ACCOUNTANTS

April 11, 2012

Board of Directors
Southern Illinois Healthcare
Foundation, Inc.
St. Clair County, Illinois

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited Southern Illinois Healthcare Foundation, Inc., Federally Qualified Health Center's (FQHC) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Southern Illinois Healthcare Foundation's major federal programs for the year ended December 31, 2011. Southern Illinois Healthcare Foundation, Inc., FQHC'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 Southern Illinois Healthcare Foundation, Inc., FQHC's management. Our responsibility is to express an opinion on Southern Illinois Healthcare Foundation, Inc., FQHC's compliance based on our audit.

We conducted our audit of compliance in accordance with U. S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; 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 the Southern Illinois Healthcare Foundation, Inc., FQHC'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 Southern Illinois Healthcare Foundation, Inc., FQHC's compliance with those requirements.

In our opinion, Southern Illinois Healthcare Foundation, Inc., FQHC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

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Internal Control Over Compliance

Management of Southern Illinois Healthcare Foundation, Inc., FQHC is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Southern Illinois Healthcare Foundation, Inc., FQHC's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southern Illinois Healthcare Foundation, Inc., FQHC's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 management, others within the Foundation, the Board of Directors, Department of Health and Human Services, 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.

Allison Knapp + Siekmann, Ltd.

Southern Illinois Healthcare Foundation, Inc.,
Federally Qualified Health Center

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

Section I - Summary of Auditor's Results

1. We have audited the financial statements of Southern Illinois Healthcare Foundation, Inc., Federally Qualified Health Center (FQHC), which excludes a controlled affiliate, as of and for the year ended December 31, 2011. Southern Illinois Healthcare Foundation, Inc., FQHC's policy is to prepare its financial statements under U. S. generally accepted accounting principles. The audit report expresses a qualified opinion on the financial statements of Southern Illinois Healthcare Foundation, Inc., FQHC, which excludes a controlled affiliate.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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.
3. The 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 disclosed no instances of noncompliance.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. We have audited the compliance of Southern Illinois Healthcare Foundation, Inc., FQHC, with the types of compliance requirements described in the *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 December 31, 2011, and issued our unqualified opinion thereon dated April 11, 2012.
6. Our audit did not disclose any findings which are required to be reported under Section 510(a) of OMB Circular A-133.
7. The following programs were identified as major programs in accordance with requirements described in Section 520 of the *U. S. Office of Management and Budget (OMB) Circular A-133*:

	<u>CFDA No.</u>
Consolidated Health Centers	93.224
Healthy Start	93.926
Early Intervention Services	93.918
ARRA - Capital Improvement Program	93.703
ARRA - Increase Services to Health Centers	93.703
Affordable Care Act	93.526
ILTREC Core	93.718
ILTREC Supplemental	93.718
ILTREC Technical Assistance	93.718

(continued on next page)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued)
Year Ended December 31, 2011

Section I - Summary of Auditor's Results (continued)

8. The threshold for distinguishing type A and B programs was \$517,555.
9. The auditee did qualify as a low-risk auditee.

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings nor questioned costs for the year ended December 31, 2011.

Southern Illinois Healthcare Foundation, Inc.,
Federally Qualified Health Center

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2011

There were no prior year audit findings.