

Vera French
Community Mental Health Center, Inc.

Auditor's Report
Consolidated Financial Statements and
Supplemental Information

Year Ending June 30, 2013

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Vera French Community Mental Health Center, Inc.

Board Members

Name	Title	Term Expires
Robert Anderson, M.D.	President	2015
Jeff Lockwood	Vice President	2014
Kimball Thompson, MD	Treasurer	2015
Ethel Reynolds	Secretary	2014
James Anderson	Member	2014
Mary Dubert	Member	2013
Dennis Hittle	Member	2014
Mary Kellenberger	Member	2014
Karen Ott	Member	2016
Marie Rolling-Tarbox	Member	2015
David Turner	Member	2016
Suzanne Wiese	Member	2016



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Sheldon S. Sitrick, CPA (1954 - 1988)
John N. Sherrick, CPA
James K. Blake, CPA

Independent Auditor's Report

To The Board of Directors
Vera French Community Mental Health Center, Inc.
Davenport, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Vera French Community Mental Health Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vera French Community Mental Health Center, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Vera French Community Mental Health Center, Inc.'s 2012 financial statements, and our report dated August 31, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2013, on our consideration of Vera French Community Mental Health Center, Inc.'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 Vera French Community Mental Health Center, Inc.'s internal control over financial reporting and compliance.


SITRICK & ASSOCIATES, LLC
Certified Public Accountants

Bettendorf, Iowa
September 9, 2013

Vera French Community Mental Health Center, Inc.
Consolidated Statement of Financial Position
June 30, 2013 and 2012

Assets:	6/30/13	6/30/12
Current Assets:		
Cash on hand and in bank	\$ 4,963,263	\$ 2,938,116
Accounts receivable	1,162,732	656,145
Grants receivable	231,339	313,687
Prepaid expenses	80,834	121,073
Investments	<u>239,270</u>	<u>264,159</u>
Total Current Assets	<u>6,677,438</u>	<u>4,293,180</u>
Property and Equipment:		
Land	193,795	193,795
Furnishings and equipment	2,027,101	1,742,433
Buildings and improvements	<u>5,393,951</u>	<u>4,953,951</u>
Property and Equipment at Cost	7,614,847	6,890,179
Less: accumulated depreciation	<u>(4,581,529)</u>	<u>(4,235,697)</u>
Total Property and Equipment	<u>3,033,318</u>	<u>2,654,482</u>
Other Assets:		
Notes receivable	72,707	95,429
Investments and other	<u>8,755</u>	<u>11,470</u>
Total Assets	<u>\$ 9,792,218</u>	<u>\$ 7,054,561</u>
Current Liabilities:		
Accounts payable	\$ 76,785	\$ 95,977
Accrued wages and payroll taxes	514,998	297,588
Other accrued liabilities	320,900	258,749
Notes Payable	<u>76,839</u>	<u>6,553</u>
Total Current Liabilities	<u>989,522</u>	<u>658,867</u>
Long Term Liabilities:		
Notes Payable	<u>429,648</u>	<u>156,512</u>
Total Liabilities	<u>1,419,170</u>	<u>815,379</u>
Net Assets:		
Unrestricted	7,958,267	5,831,993
Temporarily Restricted	153,671	147,189
Permanently Restricted	<u>261,110</u>	<u>260,000</u>
Total Net Assets	<u>8,373,048</u>	<u>6,239,182</u>
Total Liabilities and Net Assets	<u>\$ 9,792,218</u>	<u>\$ 7,054,561</u>

The Notes to Financial Statements are an integral part of this financial statement

Vera French Community Mental Health Center, Inc.
Consolidated Statement of Activities
For the Year Ended June 30, 2013 and 2012

	2013			Total	2012 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support and Revenue:					
Scott County	\$ 4,515,682	\$ -	\$ -	\$ 4,515,682	\$ 2,485,107
Service Fees	2,314,871	-	-	2,314,871	1,584,537
Habitation	1,978,946	-	-	1,978,946	1,753,215
Contributions	(130,942)	306,280	1,110	176,448	241,628
Title XIX	1,678,382	-	-	1,678,382	2,219,793
SSI, SSDI, SSA	513,931	-	-	513,931	506,057
Grants	422,659	72,900	-	495,559	674,211
State Cases	576,880	-	-	576,880	449,129
Rents	287,655	-	-	287,655	278,172
Other	539,576	-	-	539,576	379,511
Restrictions released	372,698	(372,698)	-	-	-
Total Support	<u>13,070,338</u>	<u>6,482</u>	<u>1,110</u>	<u>13,077,930</u>	<u>10,571,360</u>
Expenses:					
Outpatient	4,844,917	-	-	4,844,917	4,469,616
Community Support	529,935	-	-	529,935	599,924
Partial Hospital	206,301	-	-	206,301	271,922
Supportive Employment	-	-	-	-	88,292
Supportive Living	333,590	-	-	333,590	348,961
Case Management	399,400	-	-	399,400	539,961
Grant Programs	138,145	-	-	138,145	180,752
Residential Programs	2,968,783	-	-	2,968,783	3,265,305
Housing Programs	498,606	-	-	498,606	462,922
Total Program Services	<u>9,919,677</u>	<u>-</u>	<u>-</u>	<u>9,919,677</u>	<u>10,227,655</u>
Supporting Services:					
General Administrative	942,531	-	-	942,531	924,342
Fundraising	81,856	-	-	81,856	112,145
Total Expenses	<u>10,944,064</u>	<u>-</u>	<u>-</u>	<u>10,944,064</u>	<u>11,264,142</u>
Change in Net Assets	<u>2,126,274</u>	<u>6,482</u>	<u>1,110</u>	<u>2,133,866</u>	<u>(692,782)</u>
Net Assets, Beginning of Year	<u>5,831,993</u>	<u>147,189</u>	<u>260,000</u>	<u>6,239,182</u>	<u>6,931,964</u>
Net Assets, End of Year	<u>\$ 7,958,267</u>	<u>\$ 153,671</u>	<u>\$ 261,110</u>	<u>\$ 8,373,048</u>	<u>\$ 6,239,182</u>

The Notes to Financial Statements are an integral part of this financial statement

Vera French Community Mental Health Center, Inc.
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2013 and 2012

	6/30/13	6/30/12
Cash Flows From Operating Activities:		
Change in net assets	\$ 2,133,866	\$ (692,782)
Revenues and expense items not requiring cash:		
Depreciation	345,832	371,509
Change in market value of investments	(8,560)	(1,803)
 (Increase) Decrease In:		
Accounts receivable	(424,239)	347,933
Prepaid expenses	41,504	22,222
Increase (Decrease) In:		
Accounts payable	(19,192)	39,267
Accrued and other liabilities	280,827	(136,878)
Unrealized gain on assets	-	-
Net cash provided by operating activities	2,350,038	(50,532)
 Cash Flows From Investing Activities:		
Purchases of fixed assets	(724,668)	(370,985)
Repayment of note receivable	22,722	56,171
Purchase of investments	(26,853)	(162,400)
Sale of investments	60,486	4,278
Net cash flows used by investing activities	(668,313)	(472,936)
 Cash Flows From Financing Activities:		
Repayment on notes payable	(20,878)	(6,508)
Issuance of notes payable	364,300	-
Net cash provide by financing activities	343,422	(6,508)
Net increase in cash	2,025,147	(529,976)
Cash at beginning of year	2,938,116	3,468,092
Cash at end of year	\$ 4,963,263	\$ 2,938,116
 Supplemental Cash Flow Disclosure		
Interest paid	\$ 4,157	\$ 1,256

The Notes to Financial Statements are an integral part of this financial statement

Vera French Community Mental Health Center, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2013

	Vera French Community Mental Health Programs	Pine Knoll Residential Programs	Grant Programs	Housing Programs	Management and General	Foundation Fundraising	2012 Total	
Salaries	\$ 4,560,013	\$ 1,944,109	\$ 68,259	\$ 162,291	\$ 625,422	\$ 39,065	\$ 7,399,159	\$ 7,466,341
Benefits	1,024,639	532,694	36,441	42,196	178,190	9,766	1,823,926	1,926,520
Occupancy	208,848	148,069	-	104,024	20,060	-	481,001	485,858
Communications	84,058	16,476	296	-	6,624	912	108,366	131,973
Supplies	68,470	167,953	11,635	80,921	19,523	2,150	350,652	282,714
Equipment Costs	65,252	23,154	-	-	2,626	899	91,931	88,182
Other Expenses	122,725	58,743	21,514	30,495	76,499	29,064	339,040	511,044
Interest	2,905	-	-	1,252	-	-	4,157	-
Depreciation	177,233	77,585	-	77,427	13,587	-	345,832	371,510
Total	\$ 6,314,143	\$ 2,968,783	\$ 138,145	\$ 498,606	\$ 942,531	\$ 81,856	\$ 10,944,064	\$ 11,264,142

The Notes to Financial Statements are an integral part of this financial statement

Vera French Community Mental Health Center, Inc.
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2013

Note 1 - Nature of Organization and Significant Accounting Policies:

The consolidated financial statement includes Vera French Community Mental Health Center (Center), Vera French Housing Corporation and Vera French Foundation.

The Vera French Community Mental Health Center, Inc. was formed in 1950 for the purpose of providing facilities and a complex of community mental health services offering professional consultation and care in coordination with other agencies of the community.

Vera French Housing Corporation provides housing and support services for mentally ill and low income people in Scott County, Iowa.

Vera French Foundation raises funds and community awareness to support the mission of the Vera French Community Mental Health Center.

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.

Date of Management's Review – Subsequent events were evaluated through September 9, 2013, which is the date the financial statements were available to be issued.

Financial Statement Presentation - The Center's Financial Statements are prepared in accordance with Accounting Standards Codification (ASC) 958-205, "Not-For-Profit Entities – Presentation of Financial Statements". The Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Center is required to present a statement of cash flows.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

Contributions - In accordance with ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under ASC 958-605, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction.

Vera French Community Mental Health Center, Inc.
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2013

Note 1 - Nature of Organization and Significant Accounting Policies:

Net Patient Revenue – Patient service revenue is reported at estimated net realizable amounts from patients, third party payers, and others for services rendered.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Income Taxes - The Center is exempt from income taxes as a non-profit organization under section 501(c)(3) of the Internal Revenue Code. The Center is also exempt from state income taxes.

Fixed Assets - Fixed assets are stated at cost and being depreciated over their estimated useful life using the straight-line method of depreciation. Fixed assets under \$ 1,000 are expensed in the current period. The following lives are currently used:

<u>Classification</u>	<u>Lives</u>
Furnishings and equipment	5 or 7 years
Buildings and improvements	5 - 30 years

Restricted Grants - Fixed assets acquired through restricted grant contributions are considered to be owned by the Center. Some funding sources may have a reversionary interest in the property as well as the determination of use of any proceeds from the sale of these assets.

Leased Assets - Equipment under capital leases are recorded as assets and obligations at amounts equal to the fair market values of the equipment at the beginning of the lease terms. Each lease payment is allocated between a reduction of the lease obligation and interest expense. The assets are being amortized using the straight-line method of depreciation.

Vera French Community Mental Health Center, Inc.
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2013

Note 2 – Investments:

Long-term investments are stated at fair market value and consist of common stocks. Fair values and unrealized appreciation at June 30, 2013 are summarized as follows:

	Cost	Fair Value	Unrealized Appreciation
Mutual Funds	<u>\$ 212,991</u>	<u>\$ 239,270</u>	<u>\$ 26,279</u>

Note 3 - Accounts Receivable:

Accounts receivable of the Center at June 30, 2013 totaled \$1,472,428. Based on past collection experience, management has provided for an allowance for doubtful accounts of \$309,696 of the receivable balance.

Note 4 – Notes Receivable:

The Organization's notes receivable are summarized as follows:

Vera French Manor – 1% interest	\$ 68,000
Vera French Terrace – 1% interest	37,549
Vera French Manor – Developer Fee with no interest	3,795
Total	109,344
Discount for less than market interest rate and collectability	(36,637)
Net receivable	<u>\$ 72,707</u>

Note 5 - Retirement Plan:

The Center has a defined contribution retirement plan for substantially all full time employees. The annual contribution to the plan equals approximately 4.5% of gross salary. The amount included in the expenses for the year ended June 30, 2013 is approximately \$251,262.

Vera French Community Mental Health Center, Inc.
Notes to Consolidated Financial Statements
For the Year Ended June 30, 2013

Note 6 - Leased Land:

The Center leases approximately four acres of land, upon which the Center's building is located, for an annual rental of \$1 plus the payment of any taxes and insurance. The lease agreement expires in May 2020 and provides that the Center will have the right of first refusal in the event of any sale of land by the lessor.

Note 7 - Contingent Liabilities:

According to the Center's employment policies, sick leave pay is forfeited upon termination and therefore has not been accrued.

Malpractice claims may be asserted arising from past service provided. Management believes that these claims, if asserted would be settled within the limits of insurance coverage.

Note 8 – Notes Payable:

The Center's notes payable are secured by real estate and summarized as follows:

<u>Vera French Housing:</u>	<u>Rate</u>	<u>Amount</u>
City of Davenport	0.00%	44,217
City of Davenport	1.50%	82,248
LHAP	1.00%	30,000
Humility of Mary	3.00%	183,222
Quad City Bank & Trust	2.75%	116,800
Wells Fargo line of Credit	6.25%	50,000
		<u>\$ 506,487</u>

The notes are due as follows:

	Total
2013	\$ 76,839
2014	27,513
2015	28,193
2016	28,917
2017	133,087
Thereafter	211,938
Total	<u>\$ 506,487</u>

Vera French Community Mental Health Center, Inc.
Notes to Consolidated Financial Statements
 For the Year Ended June 30, 2013

Note 9 - Pine Knoll Residential Center:

Vera French Community Mental Health Center entered into a leasehold agreement with Scott County, Iowa as of July 1, 1987. Under the terms of the lease, all administrative, programmatic and fiscal control of the operation known as "The Pine Knoll Health Care Facility" was given to Vera French Community Health Center for the consideration of \$1 per year. The property under lease is to remain a residential care facility, primarily for the care and treatment of the chronically mentally ill. The county remains responsible for insurance and maintenance of structural and mechanical features of the building. The Community Mental Health Center is responsible for routine maintenance inside the building, on personal property and outside grounds maintenance. However, Scott County maintains a landlord's lien and security interest on all personal property and substitutions. Therefore, no assets relating to the building at Pine Knoll are included in this report as property of Vera French Community Mental Health Center, Inc.

Note 10 – Revenue

Approximately 32 percent of 2013 revenue was derived under federal and state third-party reimbursement programs. These revenues are based in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries. Laws and regulations governing these programs are extremely complex and subject to interpretation. As a result there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Note 11 – Concentration of Credit Risk:

The agency maintains cash balances at a local bank in excess insured amounts. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Note 12 – Restricted Net Assets

Temporarily Restricted Net Assets consist of:

Restricted use for:

Building remodeling	\$ 86,302
Foundation programs	<u>67,369</u>
	<u><u>\$ 153,671</u></u>

Permanently Restricted Net Assets consist of:

Restricted for School Based Programs	<u><u>\$ 261,110</u></u>
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Sheldon S. Sitrick, CPA (1954 - 1988)
John N. Sherrick, CPA
James K. Blake, CPA

To the Board of Directors
Vera French Community Mental Health Center, Inc.
Davenport, Iowa

We have audited the financial statements of Vera French Community Mental Health Center, Inc. as of and for the year ended June 30, 2013, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Consolidating Statement of Financial Position, Consolidating Statement of Activities, and Consolidating Statement of Cash Flows are presented for the purpose of additional analysis and are not a required part of the 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sitrick & Associates
SITRICK & ASSOCIATES, LLC
Certified Public Accountants

Bettendorf, Iowa
September 9, 2013

Vera French Community Mental Health Center, Inc.
Consolidating Statement of Financial Position
For the Year Ended June 30, 2013

	Vera French CMHC	Vera French Housing	Vera French Foundation	Consolidated
Assets:				
Current Assets:				
Cash on hand and in bank	\$ 4,504,601	\$ 318,342	\$ 140,320	\$ 4,963,263
Accounts receivable	1,162,663	69	-	1,162,732
Grants receivable	-	86,302	145,037	231,339
Prepaid expenses	69,196	10,373	1,265	80,834
Investments	-	-	239,270	239,270
Total Current Assets	<u>5,736,460</u>	<u>415,086</u>	<u>525,892</u>	<u>6,677,438</u>
Property and Equipment:				
Land	-	193,795	-	193,795
Furnishings and equipment	1,996,381	30,720	-	2,027,101
Buildings and improvements	3,474,644	1,919,307	-	5,393,951
Property and Equipment at Cost	5,471,025	2,143,822	-	7,614,847
Less: accumulated depreciation	(3,654,736)	(926,793)	-	(4,581,529)
Total Property and Equipment	<u>1,816,289</u>	<u>1,217,029</u>	<u>-</u>	<u>3,033,318</u>
Other Assets:				
Notes receivable	-	72,707	-	72,707
Investments and other	-	300	8,455	8,755
Total Assets	<u>\$ 7,552,749</u>	<u>\$ 1,705,122</u>	<u>\$ 534,347</u>	<u>\$ 9,792,218</u>
Liabilities and Net Assets:				
Current Liabilities:				
Accounts payable	\$ 68,752	\$ 8,033	\$ -	\$ 76,785
Accrued wages and payroll taxes	493,558	21,440	-	514,998
Other accrued liabilities	290,792	30,108	-	320,900
Notes Payable	17,631	59,208	-	76,839
Total Current Liabilities	<u>870,733</u>	<u>118,789</u>	<u>-</u>	<u>989,522</u>
Long Term Liabilities:				
Notes Payable	165,591	264,057	-	429,648
Total Liabilities	<u>1,036,324</u>	<u>382,846</u>	<u>-</u>	<u>1,419,170</u>
Net Assets:				
Unrestricted	6,516,425	1,235,974	205,868	7,958,267
Temporarily Restricted	-	86,302	67,369	153,671
Permanently Restricted	-	-	261,110	261,110
Total Net Assets	<u>6,516,425</u>	<u>1,322,276</u>	<u>534,347</u>	<u>8,373,048</u>
Total Liabilities and Net Assets	<u>\$ 7,552,749</u>	<u>\$ 1,705,122</u>	<u>\$ 534,347</u>	<u>\$ 9,792,218</u>

Vera French Community Mental Health Center, Inc.
Consolidating Statement of Activities
For the Year Ended June 30, 2013

	<u>Vera French CMHC</u>	<u>Vera French Housing</u>	<u>Vera French Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
Support and Revenue:					
Scott County	\$4,515,682	\$ -	\$ -	\$ -	\$ 4,515,682
Service Fees	2,314,871	-	-	-	2,314,871
Habilitation	1,978,946	-	-	-	1,978,946
Contributions	221,066	-	424,505	(469,123)	176,448
Title XIX	1,678,382	-	-	-	1,678,382
SSI, SSDI, SSA	513,931	-	-	-	513,931
Grants	312,882	182,677	-	-	495,559
State Cases	576,880	-	-	-	576,880
Rents	-	287,655	-	-	287,655
Other	444,835	80,500	14,241	-	539,576
	<u>12,557,475</u>	<u>550,832</u>	<u>438,746</u>	<u>(469,123)</u>	<u>13,077,930</u>
Total Support					
Expenses:					
Outpatient	4,844,917	-	-	-	4,844,917
Community Support	529,935	-	-	-	529,935
Partial Hospital	206,301	-	-	-	206,301
Supportive Employment	-	-	-	-	-
Supportive Living	333,590	-	-	-	333,590
Case Management	399,400	-	-	-	399,400
Grant Programs	138,145	-	-	-	138,145
Residential Programs	2,968,783	-	-	-	2,968,783
Housing Programs	-	498,606	-	-	498,606
Foundation Programs	-	-	469,123	(469,123)	-
	<u>9,421,071</u>	<u>498,606</u>	<u>469,123</u>	<u>(469,123)</u>	<u>9,919,677</u>
Total Program Services					
Supporting Services:					
General Administrative	841,051	101,480	-	-	942,531
Fundraising	-	-	81,856	-	81,856
	<u>10,262,122</u>	<u>600,086</u>	<u>550,979</u>	<u>(469,123)</u>	<u>10,944,064</u>
Total Expenses					
Change in Net Assets	2,295,353	(49,254)	(112,233)	-	2,133,866
Net Assets, Beginning of Year	<u>4,221,072</u>	<u>1,371,530</u>	<u>646,580</u>	<u>-</u>	<u>6,239,182</u>
Net Assets, End of Year	<u>\$6,516,425</u>	<u>\$1,322,276</u>	<u>\$ 534,347</u>	<u>\$ -</u>	<u>\$ 8,373,048</u>

Vera French Community Mental Health Center, Inc.
Consolidating Statement of Cash Flows
For the Year Ended June 30, 2013

	Vera French CMHC	Vera French Housing	Vera French Foundation	Consolidated
Cash Flows From Operating Activities:				
Change in net assets	\$ 2,295,353	\$ (49,254)	\$ (112,233)	\$ 2,133,866
Revenues and expense items not requiring cash:				
Depreciation	268,405	77,427	-	345,832
Change in market value of investments			(8,560)	(8,560)
 (Increase) Decrease In:				
Accounts receivable	(481,361)	(14,091)	71,213	(424,239)
Prepaid expenses	47,902	(6,398)	-	41,504
Increase (Decrease) In:				
Accounts payable	(1,337)	(1,525)	(16,330)	(19,192)
Accrued and other liabilities	270,529	9,032	1,266	280,827
 Net cash provided by operating activities	<u>2,399,491</u>	<u>15,191</u>	<u>(64,644)</u>	<u>2,350,038</u>
 Cash Flows From Investing Activities:				
Purchases of fixed assets	(556,930)	(167,738)	-	(724,668)
Repayment of note receivable	-	22,722	-	22,722
Purchase of investments	-	-	(26,853)	(26,853)
Sale of investments	-	-	60,486	60,486
 Net cash flows used by investing activities	<u>(556,930)</u>	<u>(145,016)</u>	<u>33,633</u>	<u>(668,313)</u>
 Cash Flows From Financing Activities:				
Repayment on notes payable	(14,278)	(6,600)	-	(20,878)
Issuance of notes payable	197,500	166,800	-	364,300
 Net cash provide by financing activities	<u>183,222</u>	<u>160,200</u>	<u>-</u>	<u>343,422</u>
 Net increase (decrease) in cash	2,025,783	30,375	(31,011)	2,025,147
Cash at beginning of year	<u>2,478,818</u>	<u>287,967</u>	<u>171,331</u>	<u>2,938,116</u>
 Cash at end of year	<u>\$ 4,504,601</u>	<u>\$ 318,342</u>	<u>\$ 140,320</u>	<u>\$ 4,963,263</u>



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John N. Sherrick, CPA
James K. Blake, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To The Board of Directors
Vera French Community Mental Health Center, Inc.
Davenport, Iowa

We have audited the financial statements of Vera French Community Mental Health Center, Inc. (a nonprofit organization) as of and for the year ended June 30, 2013, and have issued our report thereon dated September 9, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Vera French Community Mental Health Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Vera French Community Mental Health Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A 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.

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

We noted certain matters that we reported to management of Vera French Community Mental Health Center, Inc. in a separate letter dated September 9, 2013.

This report is intended solely for the information and use of the board of directors, management, others within the organization 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.

Sitrick & Associates
SITRICK & ASSOCIATES, LLC
Certified Public Accountants

Bettendorf, Iowa
September 9, 2013

Vera French Community Mental Health Center, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

There were no audit findings or questioned costs.