

**FAITH FAMILY MEDICAL CLINIC, INC.**  
**Financial Statements**  
**December 31, 2010 and 2009**

**Contents**

	<b><u>Page</u></b>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-11

# Parker, Parker & Associates, PLC

Certified Public Accountants

1000 NORTHCHASE DRIVE - SUITE 260  
GOODLETTSVILLE, TN 37072

STEVEN B. PARKER, CPA  
CHARLES N. PARKER, CPA  
KAREN R. STEPHENS, CPA  
CATHY D. FISHER, CPA  
LAUREN S. ALLEN, CPA  
CARRIE E. DAWSON, CPA  
CHRISTOPHER E. JERNIGAN, CPA

TELEPHONE: 615-859-8800  
FAX: 615-859-8188  
WWW.PARKERCPA.NET

## *Independent Auditors' Report*

To the Board of Directors of  
Faith Family Medical Clinic, Inc.

We have audited the accompanying statements of financial position of Faith Family Medical Clinic, Inc. (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Faith Family Medical Clinic, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Parker, Parker & Associates*

March 18, 2011

**FAITH FAMILY MEDICAL CLINIC, INC.**  
**Statements of Financial Position**  
**December 31, 2010 and 2009**

	<b>2010</b>	<b>(Restated) 2009</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 565,524	\$ 398,874
Investments	1,526,203	1,366,435
Grants Receivable	123,773	162,332
Contributions Receivable	75,564	43,080
Accounts Receivable	4,220	1,333
Prepaid Expenses	26,287	17,014
Total Current Assets	<u>2,321,571</u>	<u>1,989,068</u>
<b>Property &amp; Equipment</b>		
Computer Equipment	63,590	40,677
Medical Equipment	11,070	11,070
Office Equipment	35,353	25,353
Building Improvements	140,354	108,850
Construction in Progress	-	120,042
	<u>250,367</u>	<u>305,992</u>
Less: Accumulated Depreciation	<u>(95,181)</u>	<u>(139,422)</u>
Total Property & Equipment	<u>155,186</u>	<u>166,570</u>
<b>Other Assets</b>		
Security Deposits	<u>995</u>	<u>995</u>
Total Assets	<u><u>\$ 2,477,752</u></u>	<u><u>\$ 2,156,633</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 49,820	\$ 18,879
Payable to State of Tennessee	-	44,725
Earned Time Off	<u>58,533</u>	<u>37,533</u>
Total Current Liabilities	<u>108,353</u>	<u>101,137</u>
<b>Long Term Liabilities</b>		
Note Payable	<u>171,000</u>	<u>-</u>
Total Long Term Liabilities	<u>171,000</u>	<u>-</u>
<b>Net Assets</b>		
Unrestricted	2,121,415	2,023,039
Temporarily Restricted	<u>76,984</u>	<u>32,457</u>
Total Net Assets	<u>2,198,399</u>	<u>2,055,496</u>
Total Liabilities and Net Assets	<u><u>\$ 2,477,752</u></u>	<u><u>\$ 2,156,633</u></u>

See notes to financial statements.

**FAITH FAMILY MEDICAL CLINIC, INC.**  
**Statements of Activities**  
**For the Years Ended December 31, 2010 and 2009**

	<b>2010</b>			<b>(Restated) 2009</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Revenue and Support</b>						
Medical Services, Net	\$ 264,845	\$ -	\$ 264,845	\$ 222,719	\$ -	\$ 222,719
Contributions	559,298	110	559,408	557,869	-	557,869
Grants	406,235	113,105	519,340	394,443	53,913	448,356
Investment Income (Loss), Net	160,980	-	160,980	282,981	-	282,981
Donated Professional Services	79,681	-	79,681	87,923	-	87,923
Donated Rent	61,200	-	61,200	61,200	-	61,200
Donated Equipment and Supplies	25,576	-	25,576	7,748	-	7,748
Interest and Other Income	25,952	-	25,952	16,940	-	16,940
Net Assets Released from Restrictions	68,688	(68,688)	-	32,279	(32,279)	-
Total Revenue and Support	1,652,455	44,527	1,696,982	1,664,102	21,634	1,685,736
<b>Expenses</b>						
<b>Program Expenses</b>	1,315,168	-	1,315,168	1,130,834	-	1,130,834
<b>Supporting Services</b>						
Management and General Expenses	152,797	-	152,797	79,874	-	79,874
Fundraising Expenses	86,114	-	86,114	80,454	-	80,454
Total Supporting Services	238,911	-	238,911	160,328	-	160,328
Total Expenses	1,554,079	-	1,554,079	1,291,162	-	1,291,162
<b>Change in Net Assets</b>	98,376	44,527	142,903	372,940	21,634	394,574
<b>Net Assets - Beginning of Year</b>	2,023,039	32,457	2,055,496	1,650,099	10,823	1,660,922
<b>Net Assets - End of Year</b>	\$ 2,121,415	\$ 76,984	\$ 2,198,399	\$ 2,023,039	\$ 32,457	\$ 2,055,496

See notes to financial statements.

**FAITH FAMILY MEDICAL CLINIC, INC.**  
**Statements of Functional Expenses**  
**For the Years Ended December 31, 2010 and 2009**

	2010				(Restated) 12/31/2009			
	Supporting Services				Supporting Services			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Advertising	1,256	-	-	1,256	200	-	-	200
Bad Debt	585	929	-	1,514	323	1,035	-	1,358
Building Repairs and Maintenance	15,844	-	-	15,844	6,691	-	-	6,691
Compensation and Benefits	941,498	-	-	941,498	779,355	-	-	779,355
Contract Labor	21,383	-	-	21,383	41,039	-	-	41,039
Donated Services and Supplies	78,501	-	-	78,501	94,470	-	-	94,470
Dues and Subscriptions	-	6,678	-	6,678	-	3,768	-	3,768
Equipment Repairs and Maintenance	14,590	-	-	14,590	10,565	-	-	10,565
Fees and Licenses	2,689	-	-	2,689	2,167	-	-	2,167
Fundraising	-	-	86,114	86,114	-	-	80,454	80,454
Insurance	19,520	5,103	-	24,623	17,453	5,294	-	22,747
Lab Services	49,403	-	-	49,403	47,373	-	-	47,373
Loss on Disposal of Fixed Assets	-	21,110	-	21,110	-	1,578	-	1,578
Meals and Entertainment	-	2,382	-	2,382	-	2,839	-	2,839
Medical Subscription Fees	7,500	-	-	7,500	-	-	-	-
Miscellaneous	1,671	14,323	-	15,994	1,180	9,680	-	10,860
Postage and Handling	-	4,238	-	4,238	-	3,826	-	3,826
Professional Fees	31,858	29,293	-	61,150	33,804	17,845	-	51,649
Rent - Building	73,141	-	-	73,141	61,202	-	-	61,202
Rent - Equipment	2,502	-	-	2,502	3,411	-	-	3,411
Supplies - Medical	24,075	-	-	24,075	23,019	-	-	23,019
Supplies - Office	-	20,877	-	20,877	-	12,627	-	12,627
Utilities	12,764	-	-	12,764	8,582	-	-	8,582
Wellness	16,388	-	-	16,388	-	-	-	-
Total Before Depreciation	1,315,168	104,933	86,114	1,506,215	1,130,834	58,492	80,454	1,269,780
Depreciation	-	47,864	-	47,864	-	21,382	-	21,382
Total Expenses	\$ 1,315,168	\$ 152,797	\$ 86,114	\$ 1,554,079	\$ 1,130,834	\$ 79,874	\$ 80,454	\$ 1,291,162

See notes to financial statements.

**FAITH FAMILY MEDICAL CLINIC, INC.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2010 and 2009**

	<b>2010</b>	<b>(Restated) 2009</b>
<b>Cash Flows from Operating Activities</b>		
Increase in Net Assets	\$ 142,903	\$ 394,574
Adjustments to Reconcile Increase in Net Assets to Net		
Cash Provided by Operating Activities:		
Depreciation	47,864	21,382
Loss on Disposal of Fixed Assets	21,110	1,578
Donated Property and Equipment	(23,706)	(1,200)
Donated Investments	(9,298)	(1,631)
Loss on Sale of Investments	27,462	4,427
Unrealized Gain on Investments	(155,742)	(254,117)
(Increase) Decrease in Grants Receivable	38,559	(24,307)
(Increase) Decrease in Contributions Receivable	(32,484)	35,046
Increase in Accounts Receivable	(2,887)	(874)
Increase in Prepaid Expenses	(9,273)	(2,032)
Increase in Security Deposits	-	(995)
Increase (Decrease) in Accounts Payable	30,941	(10,308)
Decrease in Payable to State of Tennessee	(44,725)	(69,950)
Increase in Earned Time Off	21,000	2,267
Decrease in Deferred Revenue	-	(30)
Total Adjustments	(91,179)	(300,744)
Net Cash Provided by Operating Activities	51,724	93,830
<b>Cash Flows from Investing Activities</b>		
Proceeds from the Sale of Investments	264,066	206,579
Payments for the Purchase of Property and Equipment	(33,884)	(127,780)
Payments for the Purchase of Investments	(255,203)	(183,250)
Dividends (Re-Invested)	(31,053)	(27,659)
Net Cash Used by Investing Activities	(56,074)	(132,110)
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of Note Payable	171,000	-
Net Cash Provided by Financing Activities	171,000	-
<b>Net Increase (Decrease) in Cash</b>	166,650	(38,280)
<b>Cash - Beginning of Year</b>	398,874	437,154
<b>Cash - End of Year</b>	\$ 565,524	\$ 398,874

See notes to financial statements.

**FAITH FAMILY MEDICAL CLINIC, INC.**  
**Notes to Financial Statements**  
**December 31, 2010 and 2009**

**Note 1. Summary of Significant Accounting Policies**

**A. Organization and Nature of Activities**

Faith Family Medical Clinic ("the Clinic") is organized under the laws of the State of TN to provide primary medical care and related healthcare services to working uninsured individuals and their families in the greater Nashville area. Faith Family is a 501(c)(3) organization and is not subject to federal income taxes. Faith Family funds its operations from patient fees, contributions, grants and investment income.

**B. Basis of Accounting**

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**C. Financial Statement Presentation**

Financial statement presentation is reported in accordance with the FASB Accounting Standards Codification for *Presentation of Financial Statements, Not-For-Profit Entities*. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

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

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Clinic pursuant to those stipulations or that expire by the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Clinic. Generally, the donors of such assets permit the Clinic to use all or part of the income earned on the assets.

**D. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**E. Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash includes cash on hand, demand deposits, money market, and investments with initial maturities of three months or less. There are no cash equivalents at December 31, 2010 and 2009.

**F. Contributions Receivable**

Contributions receivable are recorded at fair value for all unconditional promises to give. Management has evaluated the collectability of contributions receivable based on historical data and collections subsequent to year end and has determined that an allowance for uncollectible contributions is not necessary.

**G. Accounts Receivable**

Accounts receivable consists of amounts due from patients for services provided by the Clinic. An allowance for doubtful accounts is established based on review of collection history. Receivables are written off when a balance is determined to be uncollectible, generally when it is past due for more than one year. Management has determined that an allowance for uncollectible accounts is not necessary.

**H. Property and Equipment**

It is the Clinic's policy to capitalize property and equipment over \$1,000. Purchased property and equipment are recorded at cost if purchased or fair market value if donated. Depreciation is provided using the double-declining balance and straight-line methods over the estimated useful lives of the assets ranging from 3 to 10 years. Repairs and maintenance are expensed as incurred. Total depreciation expense for the years ended December 31, 2010 and 2009 is \$47,864 and \$21,382.

**FAITH FAMILY MEDICAL CLINIC, INC.**  
**Notes to Financial Statements - Continued**  
**December 31, 2010 and 2009**

**Note 1. Summary of Significant Accounting Policies – Continued**

**I. Fair Market Value**

Management has adopted the *Fair Value Measurements and Disclosures* topic of the FASB Accounting Standards Codification for determining fair value of financial assets and liabilities that are required to be carried at such amounts. Fair value is required to be evaluated and adjusted according to the following valuation techniques:

Level 1: Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2: Fair value is determined using quoted market prices in active markets for similar assets and liabilities.

Level 3: Fair value is determined using unobservable market prices in a market that is typically inactive.

**J. Earned Time Off**

Effective January 1, 2010 the Clinic implemented a new earned time off system that replaced all existing vacation, sick time, holiday time and personal days that had been allotted under prior policies. Under this new system, employees earn leave beginning with the pay period they are hired. Eligible part-time employees earn leave on a pro-rata basis based on the number of hours worked. Full-time employees earn leave as follows:

<u>Employees hired December 31, 2009 and prior:</u>	<u>Days per Year</u>
Up to five years consecutive service	30
Five to ten years consecutive service	35
Ten years of consecutive service and subsequent	40
 <u>Employees hired January 1, 2010 and subsequent:</u>	 <u>Days per Year</u>
Up to five years consecutive service	25
Five to ten years consecutive service	30
Ten years of consecutive service and subsequent	35

No more than one and one-half the amount of annual leave hours earned may accrue at any one time. At December 31, 2010 and 2009, earned time off is \$58,533 and \$37,533.

**K. Income Taxes**

The Clinic is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**L. Medical Services Revenue**

Medical services revenue is recorded at the Clinic's established rates with charity allowances deducted to arrive at net medical services revenue.

**M. Contributions**

Contributions are received and recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Clinic reports restricted gifts of cash and other assets as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.



**FAITH FAMILY MEDICAL CLINIC, INC.**  
**Notes to Financial Statements - Continued**  
**December 31, 2010 and 2009**

**Note 1. Summary of Significant Accounting Policies – Continued**

**M. Contributions - Continued**

Contributed goods and assets are recorded at fair market value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Contributed services are reflected in the financial statements at the fair value of the services received only when those services either (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

**N. Functional Expenses**

Expenses are charged directly to program, management and general, or fundraising based on a combination of specific identification and allocation by management.

**O. Advertising Costs**

Advertising costs are charged to operations when incurred. Advertising expense is \$1,256 and \$200 for the years ended December 31, 2010 and 2009.

**P. Reclassifications**

Certain reclassifications have been made to the 2009 financial statements to conform to the 2010 presentation.

**Note 2. Investments**

Investments at December 31, 2010 and 2009 are as follows:

<u>2010</u>			
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cumulative Unrealized Loss</u>
Equity Securities	\$ 907,924	\$ 901,505	\$ (6,419)
Corporate Bonds	626,216	624,698	(1,518)
	<u>\$ 1,534,140</u>	<u>\$ 1,526,203</u>	<u>\$ (7,937)</u>
<u>2009</u>			
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cumulative Unrealized Loss</u>
Equity Securities	\$ 995,270	\$ 844,080	\$ (151,190)
Corporate Bonds	534,843	522,354	(12,489)
	<u>\$ 1,530,113</u>	<u>\$ 1,366,435</u>	<u>\$ (163,679)</u>

Investment income for the years ended December 31, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Realized Loss, Net	\$ (27,462)	\$ (4,532)
Unrealized Gain, Net	155,742	254,117
Interest and Dividend Income	32,700	33,396
Total Investment Income	<u>\$ 160,980</u>	<u>\$ 282,981</u>

**FAITH FAMILY MEDICAL CLINIC, INC.**  
**Notes to Financial Statements - Continued**  
**December 31, 2010 and 2009**

**Note 3. Grants and Contributions Receivable and Temporarily Restricted Net Assets**

The amounts of grants and contributions receivable as of December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Unrestricted	\$ 122,353	\$ 172,955
Temporarily Restricted for Program Services	<u>76,984</u>	<u>32,457</u>
	199,337	205,412
Less:		
Discounts for the Time Value of Money	-	-
Grants and Contributions Receivable, Net	<u>\$ 199,337</u>	<u>\$ 205,412</u>

Future collections of grants and contributions as of December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Grants Receivable in Less than One Year	\$ 123,773	\$ 162,332
Contributions Receivable in Less than One Year	<u>75,564</u>	<u>43,080</u>
Receivable in Less than One Year	<u>\$ 199,337</u>	<u>\$ 205,412</u>

**Note 4. Fair Value Measurements**

The following assets carried at fair value are reviewed and adjusted on a recurring basis:

<u>Asset</u>	<u>Fair Value December 31, 2010</u>	<u>Quoted Prices in Active Markets for Identical Assts (Level 1)</u>
Investments	\$ 1,526,203	\$ 1,526,203

  

<u>Asset</u>	<u>Fair Value December 31, 2009</u>	<u>Quoted Prices in Active Markets for Identical Assts (Level 1)</u>
Investments	\$ 1,366,435	\$ 1,366,435

**Note 5. Conditional Promise to Give**

The Clinic has been awarded Health Care Safety Net Primary Care Service grants totaling \$273,300 and \$271,500 from the State of Tennessee, Department of Health for the years ended December 31, 2010 and 2009. Under these grants, the Clinic must provide an estimated 10,932 primary care medical encounters during the period from July 1, 2010 to June 30, 2011 and 10,860 primary care medical encounters during the period from July 1, 2009 to June 30, 2010 to uninsured adult Tennesseans nineteen through sixty-four years of age. As of December 31, 2010 and 2009, \$58,850 and \$124,875 of these grants have been earned and recorded as a receivable.

The Clinic has been awarded a Nutrition and Wellness, Project Diabetes reimbursement grant from the State of Tennessee, Department of Health for the year ended December 31, 2010. Under this grant, the Clinic must provide services of \$328,000 during the period from October 1, 2010 to June 30, 2011 to combat the proliferation of Type 2 diabetes and obesity within the State of Tennessee to receive \$181,000 in grant proceeds. As of December 31, 2010, \$32,206 of this grant has been earned and recorded as a receivable.

**FAITH FAMILY MEDICAL CLINIC, INC.**  
**Notes to Financial Statements - Continued**  
**December 31, 2010 and 2009**

**Note 6. Donated Property, Equipment and Services**

Donated property, equipment and services are used in the ongoing operations of the Clinic. The value of donated property, equipment and services included in the financial statements and the corresponding expenditure or asset capitalization for the years ended December 31, 2010 and 2009 are as follows:

<u>Revenues</u>	<u>2010</u>	<u>2009</u>
Donated Professional Services	\$ 79,681	\$ 87,923
Donated Equipment and Supplies	25,576	7,748
Donated Rent	61,200	61,200
	<u>\$ 166,458</u>	<u>\$ 156,870</u>
<u>Expenses and Assets</u>	<u>2010</u>	<u>2009</u>
Donated Professional Services	\$ 79,681	\$ 87,923
Donated Property and Equipment	23,706	1,200
Donated Supplies	1,870	6,548
Donated Rent	61,200	61,200
	<u>\$ 166,458</u>	<u>\$ 156,870</u>

The Clinic receives donated pharmaceutical samples from various sources. These samples are dispensed at the Clinic to patients. The value of these donated samples has not been determined or recorded in the financial statements.

**Note 7. Long-Term Debt**

The Clinic has a promissory note payable with the Joe C. Davis Foundation established in conjunction with the purchase of an electronic medical records system. Principal payments of \$57,000 are due annually beginning on December 31, 2012. The note bears interest at 7.5% only when principal payments are not made timely. Future principal payments are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2012	\$ 57,000
2013	57,000
2014	57,000
	<u>\$ 171,000</u>

**Note 8. Pension Plan**

The Clinic has a simplified employee pension plan (SEP) for the benefit of its employees who have attained the age of eighteen and been employed with the Clinic for one year. The plan provides for discretionary contributions by the Clinic determined annually by the Board. Contributions to the plan are made in accordance with the Internal Revenue Service limits. For the years ended December 31, 2010 and 2009, the Clinic funded 6% of compensation for eligible employees for a total of \$38,680 and \$33,020.

**Note 9. Operating Leases**

The Clinic leases a medical office building from Baptist Hospital. The building is located at 326 21st Avenue North in Nashville, Tennessee. The building consists of 3,400 square feet. The Clinic has negotiated a five year lease expiring on December 31, 2012 for \$1 per year. The fair market retail value for the years ended December 31, 2010 and 2009 of the building is \$18 per square foot or \$61,200 per year.

In December 2009, the Clinic negotiated a lease on an apartment that will serve as additional office space. The lease commenced January 2010 and expires in December 2012. Rent expense for the year ended December 31, 2010 is \$995 per month and increases incrementally each year thereafter.

**FAITH FAMILY MEDICAL CLINIC, INC.**  
**Notes to Financial Statements - Continued**  
**December 31, 2010 and 2009**

**Note 9. Operating Leases - Continued**

The following is a schedule of future year's minimum rental payments required under operating leases that have initial or remaining noncancelable base terms in excess of one year as of December 31, 2010:

<u>Year Ending December 31</u>	<u>Amount</u>
2011	\$ 12,541
2012	13,141
Total	<u>\$ 25,682</u>

Rental expense for all operating leases for the years ended December 31, 2010 and 2009 is \$73,141 and \$61,202.

**Note 10. Concentration of Risk**

The Clinic holds cash with one financial institution in Nashville, Tennessee. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2010 and 2009, the Clinic's cash accounts exceeded the insurance coverage by \$247,160 and \$102,421. The Clinic believes it is not exposed to any significant credit risk on cash and equivalents.

The Clinic has a concentration of risk related to revenue. Revenue earned from one source during the years ended December 31, 2010 and 2009 was 18% and 15% of total revenue.

**Note 11. Related Party**

The Clinic uses a board member's insurance agency to obtain health insurance. The total insurance expense paid for the year ended December 31, 2010 and 2009 was \$59,052 and \$51,164.

During the year ended December 31, 2009, a company managed by a board member of the Clinic donated patient assessment services valued at \$27,285.

**Note 12. Correction of an Error**

During the year ended December 31, 2010, an error was discovered affecting grant revenue. Net assets at January 1, 2009 were decreased \$44,725 and the change in net assets for the year ended December 31, 2009 decreased \$44,725.

During the year ended December 31, 2009, an error was discovered affecting grant revenue. Net assets at January 1, 2008 were decreased \$114,675 and the change in net assets for the year ended December 31, 2008 decreased \$44,925.

**Note 13. Subsequent Events**

The Clinic has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2010 through March 18, 2011, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.