

**Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

**2009**

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

**A For the 2009 calendar year, or tax year beginning FEB 1, 2009 and ending JAN 31, 2010**

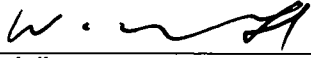
<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type <b>C Name of organization</b> <b>DAYSRING FAMILY HEALTH CENTER, INC.</b> Doing Business As Number and street (or P.O. box if mail is not delivered to street address) Room/suite <b>P.O. BOX 540, 107 SOUTH MAIN STREET</b> City or town, state or country, and ZIP + 4 <b>JELICO, TN 37762</b>	<b>D Employer identification number</b> <b>62-0984410</b>
	<b>F Name and address of principal officer:</b> <b>W. MARK WATT</b> <b>SAME AS C ABOVE</b>	<b>E Telephone number</b> <b>(423) 784-8492</b>
<b>I Tax-exempt status</b> <input checked="" type="checkbox"/> 501(c) ( 3 ) ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>G Gross receipts \$</b> <b>4,221,319.</b>
<b>J Website:</b> ▶ <b>HTTP://WWW.DAYSRINGFHC.COM/</b>		<b>H(a) Is this a group return for affiliates?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b) Are all affiliates included?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)
<b>K Form of organization:</b> <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L Year of formation:</b> 1976 <b>M State of legal domicile:</b> TN

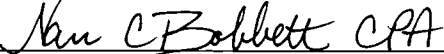
**Part I Summary**

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <b>TO PROVIDE RURAL APPALACHIAN COMMUNITIES ACCESS TO AFFORDABLE, QUALITY HEALTH CARE.</b>		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	11
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	11
	5	Total number of employees (Part V, line 2a)	5	62
	6	Total number of volunteers (estimate if necessary)	6	0
	7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	7a	0.
	7b	Net unrelated business taxable income from Form 990-T, line 34	7b	0.
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	1,129,148.	1,221,118.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,766,304.	2,913,983.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,830.	6,531.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	51,624.	79,687.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	3,951,906.	4,221,319.
	14	Benefits paid to or for members (Part IX, column (A), line 4)		
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	2,979,461.	3,061,371.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)		
	16b	Total fundraising expenses (Part IX, column (D), line 25) ▶		
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	1,213,174.	1,275,351.	
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	4,192,635.	4,336,722.	
19	Revenue less expenses. Subtract line 18 from line 12	<240,729.>	<115,403.>	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21	Total liabilities (Part X, line 26)	2,191,531.	2,023,564.
	22	Net assets or fund balances Subtract line 21 from line 20	392,821.	340,257.
		1,798,710.	1,683,307.	

**Part II Signature Block**

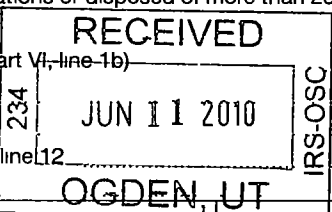
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here** ▶  Signature of officer Date **6/2/10**  
 ▶ **W. MARK WATT, CEO** Type or print name and title

<b>Paid Preparer's Use Only</b>	<b>Preparer's signature</b> ▶ 	<b>Date</b> <b>06/03/10</b>	<b>Check if self-employed</b> <input type="checkbox"/>	<b>Preparer's identifying number (see instructions)</b>
	<b>Firm's name (or yours if self-employed), address, and ZIP + 4</b> <b>COULTER &amp; JUSTUS, P.C.</b> <b>9717 COGDILL ROAD, SUITE 201</b> <b>KNOXVILLE, TN 37932</b>		<b>EIN</b> ▶	<b>Phone no.</b> ▶ <b>(865) 637-4161</b>

May the IRS discuss this return with the preparer shown above? (see instructions)  Yes  No

SCANNED JUL 27 2010



*Handwritten marks and initials at the bottom right corner.*

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission: TO PROVIDE RURAL APPALACHIAN COMMUNITIES ACCESS TO AFFORDABLE, QUALITY HEALTH CARE IN A FAIR AND GENTLE MANNER. TO PROMOTE THE PHYSICAL, MENTAL AND ECONOMIC HEALTH OF THE COMMUNITIES SERVED.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [ ] Yes [X] No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [ ] Yes [X] No

If "Yes," describe these changes on Schedule O.

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code ) (Expenses \$ 3,379,575. including grants of \$ 1,219,793. ) (Revenue \$ 2,913,983. ) THREE HEALTH CARE CLINICS PROVIDING PRIMARY HEALTHCARE SERVICES TO RURAL APPALACHIAN COMMUNITIES - 43,949 TOTAL VISITS TO PHYSICIANS, PHYSICIAN ASSOCIATES AND NURSE PRACTITIONERS

4b (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4c (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4d Other program services. (Describe in Schedule O.) (Expenses \$ including grants of \$ ) (Revenue \$ )

4e Total program service expenses \$ 3,379,575.

**Part IV Checklist of Required Schedules**

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
2	Is the organization required to complete Schedule B, Schedule of Contributors?		X
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4	<b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities? <i>If "Yes," complete Schedule C, Part II</i>		X
5	<b>Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.</b> Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? <i>If "Yes," complete Schedule C, Part III</i>		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		X
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
11	Is the organization's answer to any of the following questions "Yes"? <i>If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable</i>	X	
	• Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i>		
	• Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i>		
	• Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i>		
	• Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i>		
	• Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i>		
	• Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? <i>If "Yes," complete Schedule D, Part X.</i>		
12	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i>	X	
12A	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional</i>		
		Yes	No
12A			X
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?		X
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? <i>If "Yes," complete Schedule F, Part I</i>		X
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Part II</i>		X
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Part III</i>		X
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		X
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X
20	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H</i>		X

**Part IV Checklist of Required Schedules** (continued)

	Yes	No
<b>21</b> Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		<b>X</b>
<b>22</b> Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		<b>X</b>
<b>23</b> Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>		<b>X</b>
<b>24a</b> Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>		<b>X</b>
<b>24b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
<b>24c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
<b>24d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
<b>25a</b> <b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		<b>X</b>
<b>25b</b> Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		<b>X</b>
<b>26</b> Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>		<b>X</b>
<b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>		<b>X</b>
<b>28</b> Was the organization a party to a business transaction with one of the following parties, (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
<b>28a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		<b>X</b>
<b>28b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		<b>X</b>
<b>28c</b> An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		<b>X</b>
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		<b>X</b>
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		<b>X</b>
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		<b>X</b>
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		<b>X</b>
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		<b>X</b>
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>		<b>X</b>
<b>35</b> Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		<b>X</b>
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		<b>X</b>
<b>37</b> Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		<b>X</b>
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19?	<b>X</b>	

**Note.** All Form 990 filers are required to complete Schedule O.

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable.		
1a	9		
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1b	0		
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
<b>2a</b>	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.		
2a	62		
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return. (see instructions)	X	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O		
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
<b>b</b>	If "Yes," enter the name of the foreign country: _____ See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
<b>c</b>	If "Yes," to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?		
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?		X
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year.		
7d			
<b>e</b>	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		
<b>g</b>	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?		
<b>h</b>	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?		
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		X
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b>	Did the organization make any taxable distributions under section 4966?		X
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?		X
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12		
10a			
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
10b			
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter		
<b>a</b>	Gross income from members or shareholders		
11a			
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
11b			
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
12b			

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

**Section A. Governing Body and Management**

		Yes	No
<b>1a</b>	Enter the number of voting members of the governing body		
<b>1b</b>	Enter the number of voting members that are independent		
<b>2</b>	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		<b>X</b>
<b>3</b>	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		<b>X</b>
<b>4</b>	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?		<b>X</b>
<b>5</b>	Did the organization become aware during the year of a material diversion of the organization's assets?		<b>X</b>
<b>6</b>	Does the organization have members or stockholders?		<b>X</b>
<b>7a</b>	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		<b>X</b>
<b>7b</b>	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		<b>X</b>
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>8a</b>	a The governing body?	<b>X</b>	
<b>8b</b>	b Each committee with authority to act on behalf of the governing body?	<b>X</b>	
<b>9</b>	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	<b>X</b>	

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
<b>10a</b>	Does the organization have local chapters, branches, or affiliates?		<b>X</b>
<b>10b</b>	b If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?		
<b>11</b>	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?		<b>X</b>
<b>11A</b>	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
<b>12a</b>	Does the organization have a written conflict of interest policy? If "No," go to line 13	<b>X</b>	
<b>12b</b>	b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	<b>X</b>	
<b>12c</b>	c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	<b>X</b>	
<b>13</b>	Does the organization have a written whistleblower policy?		<b>X</b>
<b>14</b>	Does the organization have a written document retention and destruction policy?	<b>X</b>	
<b>15</b>	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
<b>15a</b>	a The organization's CEO, Executive Director, or top management official	<b>X</b>	
<b>15b</b>	b Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions.)	<b>X</b>	
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		<b>X</b>
<b>16b</b>	b If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?		

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed **▶ TN**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.  
 Own website     Another's website     Upon request
- 19** Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization: **▶** \_\_\_\_\_  
**CENTRAL OFFICE - (423) 784-8492**  
**P.O. BOX 540, 107 SOUTH MAIN STREET, JELLYCO, TN 37762**

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors****Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons

Check this box if the organization did not compensate any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
SANDRA ALLEN VICE-PRESIDENT	1.00	X					0.	0.	0.	
MARK TIDWELL DIRECTOR	1.00	X					0.	0.	0.	
DONNA COLEGROVE DIRECTOR	1.00	X					0.	0.	0.	
STEPHEN GREEK PRESIDENT	1.00	X					0.	0.	0.	
LAMAR HAMILTON DIRECTOR	1.00	X					0.	0.	0.	
CRAIG MACK DIRECTOR	1.00	X					0.	0.	0.	
STEPHEN MEEKS DIRECTOR	1.00	X					0.	0.	0.	
DARLENE MUSE DIRECTOR	1.00	X					0.	0.	0.	
JUNE PYLE DIRECTOR	1.00	X					0.	0.	0.	
CAROLYN THOMAS DIRECTOR	1.00	X					0.	0.	0.	
JANE WHITAKER SECRETARY/TREASURER	1.00	X					0.	0.	0.	
JOHN BOLL, DO PHYSICIAN	45.00				X		116,662.	0.	4,666.	
CARENA CHAI, DO PHYSICIAN	40.00				X		129,885.	0.	5,195.	
JAMES KILLIAN, MD PHYSICIAN	45.00				X		135,312.	0.	5,412.	
MATTHEW RAFALSKI, MD PHYSICIAN	45.00				X		117,529.	0.	4,701.	
GEOGY THOMAS, MD PHYSICIAN	45.00				X		141,049.	0.	5,642.	



**Part VIII Statement of Revenue**

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
<b>Contributions, gifts, grants and other similar amounts</b>	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	1210586.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	10,532.				
	g Noncash contributions included in lines 1a-1f \$						
	<b>h Total.</b> Add lines 1a-1f			<b>1,221,118.</b>			
<b>Program Service Revenue</b>	2 a <b>PROGRAM SERVICE REVENUE</b>	Business Code	621110	2,913,983.	2,913,983.		
	b						
	c						
	d						
	e						
	f All other program service revenue						
	<b>g Total.</b> Add lines 2a-2f			<b>2,913,983.</b>			
<b>Other Revenue</b>	3 Investment income (including dividends, interest, and other similar amounts)			6,531.		6,531.	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross Rents	(i) Real	800.				
		(ii) Personal					
		b Less: rental expenses					
		c Rental income or (loss)	800.				
	d Net rental income or (loss)			800.		800.	
	7 a Gross amount from sales of assets other than inventory	(i) Securities					
		(ii) Other					
		b Less. cost or other basis and sales expenses					
		c Gain or (loss)					
	d Net gain or (loss)						
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a					
		b Less: direct expenses	b				
c Net income or (loss) from fundraising events							
9 a Gross income from gaming activities. See Part IV, line 19	a						
	b Less direct expenses	b					
	c Net income or (loss) from gaming activities						
10 a Gross sales of inventory, less returns and allowances	a						
	b Less cost of goods sold	b					
	c Net income or (loss) from sales of inventory						
<b>Miscellaneous Revenue</b>		<b>Business Code</b>					
11 a <b>NON-PATIENT SERVICE RE</b>	812900	78,887.			78,887.		
b							
c							
d All other revenue							
e <b>Total.</b> Add lines 11a-11d			<b>78,887.</b>				
<b>12 Total revenue.</b> See instructions.			<b>4,221,319.</b>	<b>2,913,983.</b>	<b>0.</b>	<b>86,218.</b>	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21				
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	2,290,634.	1,828,995.	461,639.	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	83,778.	68,133.	15,645.	
9 Other employee benefits	522,564.	438,979.	83,585.	
10 Payroll taxes	164,395.	135,300.	29,095.	
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting	26,000.		26,000.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other				
12 Advertising and promotion				
13 Office expenses	102,830.	69,463.	33,367.	
14 Information technology				
15 Royalties				
16 Occupancy	46,733.	41,971.	4,762.	
17 Travel	76,704.	47,871.	28,833.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	17.		17.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	81,560.	65,252.	16,308.	
23 Insurance	34,578.	23,297.	11,281.	
24 Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a <b>SUPPLIES</b>	310,122.	281,885.	28,237.	
b <b>EQUIPMENT RENTAL &amp; MAIN</b>	170,624.	105,545.	65,079.	
c <b>PROVISIONS FOR BAD DEBT</b>	159,478.	100,478.	59,000.	
d <b>CONSULTANTS &amp; CONTRACTU</b>	143,909.	118,007.	25,902.	
e <b>DUES, FEES, ETC.</b>	36,370.	29,406.	6,964.	
f All other expenses	86,426.	24,993.	61,433.	
25 <b>Total functional expenses.</b> Add lines 1 through 24f	4,336,722.	3,379,575.	957,147.	0.
26 <b>Joint costs.</b> Check here <input type="checkbox"/> if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

**Part X Balance Sheet**

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash - non-interest-bearing	28,711.	<b>1</b>	51,758.
	<b>2</b> Savings and temporary cash investments	415,600.	<b>2</b>	306,377.
	<b>3</b> Pledges and grants receivable, net		<b>3</b>	
	<b>4</b> Accounts receivable, net	860,313.	<b>4</b>	816,988.
	<b>5</b> Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		<b>5</b>	
	<b>6</b> Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L		<b>6</b>	
	<b>7</b> Notes and loans receivable, net		<b>7</b>	
	<b>8</b> Inventories for sale or use	106,582.	<b>8</b>	114,082.
	<b>9</b> Prepaid expenses and deferred charges	50,576.	<b>9</b>	37,669.
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	<b>10a</b> 2,081,054.		
	<b>b</b> Less: accumulated depreciation	<b>10b</b> 1,407,725.	729,749.	<b>10c</b> 673,329.
	<b>11</b> Investments - publicly traded securities		<b>11</b>	
	<b>12</b> Investments - other securities See Part IV, line 11		<b>12</b>	
	<b>13</b> Investments - program-related See Part IV, line 11		<b>13</b>	
	<b>14</b> Intangible assets		<b>14</b>	
	<b>15</b> Other assets. See Part IV, line 11		<b>15</b>	23,361.
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34)		2,191,531.	<b>16</b>	2,023,564.
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses	304,477.	<b>17</b>	294,454.
	<b>18</b> Grants payable		<b>18</b>	
	<b>19</b> Deferred revenue		<b>19</b>	
	<b>20</b> Tax-exempt bond liabilities		<b>20</b>	
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D		<b>21</b>	
	<b>22</b> Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties	88,344.	<b>23</b>	45,803.
	<b>24</b> Unsecured notes and loans payable to unrelated third parties		<b>24</b>	
	<b>25</b> Other liabilities. Complete Part X of Schedule D		<b>25</b>	
	<b>26 Total liabilities.</b> Add lines 17 through 25		392,821.	<b>26</b>
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets	1,789,499.	<b>27</b>	1,672,120.
	<b>28</b> Temporarily restricted net assets	9,211.	<b>28</b>	11,187.
	<b>29</b> Permanently restricted net assets		<b>29</b>	
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds		<b>32</b>	
<b>33</b> Total net assets or fund balances		1,798,710.	<b>33</b>	1,683,307.
<b>34</b> Total liabilities and net assets/fund balances		2,191,531.	<b>34</b>	2,023,564.

**Part XI Financial Statements and Reporting**

- 1** Accounting method used to prepare the Form 990:  Cash  Accrual  Other \_\_\_\_\_  
 If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant?
- b** Were the organization's financial statements audited by an independent accountant?
- c** If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?  
 If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- d** If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both:  
 Separate basis  Consolidated basis  Both consolidated and separate basis
- 3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
- b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.

	Yes	No
<b>2a</b>		<b>X</b>
<b>2b</b>	<b>X</b>	
<b>2c</b>	<b>X</b>	
<b>3a</b>	<b>X</b>	
<b>3b</b>	<b>X</b>	

Form **990** (2009)



**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in)▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	1118960.	1101994.	1094804.	1129148.	1221118.	5666024.
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>4 Total.</b> Add lines 1 through 3	1118960.	1101994.	1094804.	1129148.	1221118.	5666024.
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
<b>6 Public support.</b> Subtract line 5 from line 4						5666024.

**Section B. Total Support**

Calendar year (or fiscal year beginning in)▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
<b>7</b> Amounts from line 4	1118960.	1101994.	1094804.	1129148.	1221118.	5666024.
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	16,059.	342.	14,665.	4,830.	6,531.	42,427.
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)	22,802.	8,447.	8,725.	51,624.	79,687.	171,285.
<b>11 Total support.</b> Add lines 7 through 10						5879736.
<b>12</b> Gross receipts from related activities, etc. (see instructions)					12	13,764,713.

**13 First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2009 (line 6, column (f) divided by line 11, column (f))	14	96.37 %
<b>15</b> Public support percentage from 2008 Schedule A, Part II, line 14	15	97.03 %
<b>16a 33 1/3% support test - 2009.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input checked="" type="checkbox"/>		
<b>b 33 1/3% support test - 2008.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
<b>17a 10% -facts-and-circumstances test - 2009.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
<b>b 10% -facts-and-circumstances test - 2008.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions <input type="checkbox"/>		

**Part III Support Schedule for Organizations Described in Section 509(a)(2)** (Complete only if you checked the box on line 9 of Part I.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in)▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6 Total.</b> Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
<b>c</b> Add lines 7a and 7b						
<b>8 Public support</b> (Subtract line 7c from line 6)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in)▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
<b>9</b> Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
<b>13 Total support</b> (Add lines 9, 10c, 11, and 12)						

**14 First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2009 (line 8, column (f) divided by line 13, column (f))	<b>15</b>	%
<b>16</b> Public support percentage from 2008 Schedule A, Part III, line 15	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2009 (line 10c, column (f) divided by line 13, column (f))	<b>17</b>	%
<b>18</b> Investment income percentage from 2008 Schedule A, Part III, line 17	<b>18</b>	%

**19a 33 1/3% support tests - 2009.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

**b 33 1/3% support tests - 2008.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

**20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Schedule D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12. Attach to Form 990. See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization: DAYSPRING FAMILY HEALTH CENTER, INC. Employer identification number: 62-0984410

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate contributions to (during year), 3 Aggregate grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors...?, 6 Did the organization inform all grantees...?

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply). 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution... Table with 2 columns: Held at the End of the Tax Year. Rows: 2a Total number of conservation easements, 2b Total acreage restricted by conservation easements, 2c Number of conservation easements on a certified historic structure included in (a), 2d Number of conservation easements included in (c) acquired after 8/17/06.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items. 1b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items: (i) Revenues included in Form 990, Part VIII, line 1 (ii) Assets included in Form 990, Part X 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items: a Revenues included in Form 990, Part VIII, line 1 b Assets included in Form 990, Part X

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** (continued)

**3** Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply).

- a**  Public exhibition
- b**  Scholarly research
- c**  Preservation for future generations
- d**  Loan or exchange programs
- e**  Other \_\_\_\_\_

**4** Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

**5** During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

**Part IV Escrow and Custodial Arrangements.** Complete if organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

**1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

**b** If "Yes," explain the arrangement in Part XIV and complete the following table:

- c** Beginning balance
- d** Additions during the year
- e** Distributions during the year
- f** Ending balance

	Amount
<b>1c</b>	
<b>1d</b>	
<b>1e</b>	
<b>1f</b>	

**2a** Did the organization include an amount on Form 990, Part X, line 21?  Yes  No

**b** If "Yes," explain the arrangement in Part XIV.

**Part V Endowment Funds.** Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
<b>1a</b> Beginning of year balance					
<b>b</b> Contributions					
<b>c</b> Net investment earnings, gains, and losses					
<b>d</b> Grants or scholarships					
<b>e</b> Other expenditures for facilities and programs					
<b>f</b> Administrative expenses					
<b>g</b> End of year balance					

**2** Provide the estimated percentage of the year end balance held as

- a** Board designated or quasi-endowment  \_\_\_\_\_ %
- b** Permanent endowment  \_\_\_\_\_ %
- c** Term endowment  \_\_\_\_\_ %

**3a** Are there endowment funds not in the possession of the organization that are held and administered for the organization by

- (i) unrelated organizations
- (ii) related organizations

	Yes	No
<b>3a(i)</b>		
<b>3a(ii)</b>		
<b>3b</b>		

**b** If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

**4** Describe in Part XIV the intended uses of the organization's endowment funds

**Part VI Investments - Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
<b>1a</b> Land		123,000.		123,000.
<b>b</b> Buildings		762,507.	409,214.	353,293.
<b>c</b> Leasehold improvements		442,627.	306,591.	136,036.
<b>d</b> Equipment		649,945.	606,266.	43,679.
<b>e</b> Other		102,975.	85,654.	17,321.
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				673,329.

**Part VII Investments - Other Securities.** See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
Financial derivatives		
Closely-held equity interests		
Other		
<b>Total.</b> (Col (b) must equal Form 990, Part X, col (B) line 12.) ▶		

**Part VIII Investments - Program Related.** See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
<b>Total.</b> (Col (b) must equal Form 990, Part X, col (B) line 13.) ▶		

**Part IX Other Assets.** See Form 990, Part X, line 15

(a) Description	(b) Book value
<b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 15) ▶	

**Part X Other Liabilities.** See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Amount
Federal income taxes	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 25.) ▶	

2. FIN 48 Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48

**Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements**

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	4,221,319.
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	4,336,722.
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3	<115,403.>
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net). Add lines 4 through 8	9	0.
10	Excess or (deficit) for the year per audited financial statements Combine lines 3 and 9	10	<115,403.>

**Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

1	Total revenue, gains, and other support per audited financial statements	1	4,221,319.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV.)	2d	
e	Add lines 2a through 2d	2e	0.
3	Subtract line 2e from line 1	3	4,221,319.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	0.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5	4,221,319.

**Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

1	Total expenses and losses per audited financial statements	1	4,336,722.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	0.
3	Subtract line 2e from line 1	3	4,336,722.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	0.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5	4,336,722.

**Part XIV Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2; Part XI, line 8, Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

---



---



---



---



---



---



---



---



---



---



---

**SCHEDULE O**  
(Form 990)

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990**

Complete to provide information for responses to specific questions on  
Form 990 or to provide any additional information.  
▶ Attach to Form 990.

OMB No 1545-0047

**2009**

Open to Public  
Inspection

Name of the organization

DAYSPRING FAMILY HEALTH CENTER, INC.

Employer identification number

62-0984410

FORM 990, PART VI, SECTION B, LINE 11: THE FORM 990 IS REVIEWED BY THE  
FINANCIAL COORDINATOR AND THE CEO.

FORM 990, PART VI, SECTION B, LINE 12C: ALL EMPLOYEES AND DIRECTORS ARE  
REQUIRED TO RESPOND TO A QUESTIONNAIRE ON AN ANNUAL BASIS, WHICH ENSURES  
THE CONFLICT OF INTEREST POLICY HAS BEEN UPHELD TO THE ENTITY'S STANDARDS.

FORM 990, PART VI, SECTION B, LINE 15: THE ENTITY DETERMINES FAIR  
COMPENSATION FOR THE PHYSICIANS AND THE CEO BASED ON NATIONAL SURVEY DATA  
FOR SIMILARLY QUALIFIED PERSONS IN FUNCTIONALLY COMPARABLE POSITIONS AT  
SIMILARLY SITUATED ORGANIZATIONS.

FORM 990, PART VI, SECTION C, LINE 19: ALL ENTITIES PROVIDING GRANTS TO  
DAYSPRING ARE GIVEN ACCESS TO THE ORGANIZATION'S GOVERNING DOCUMENTS,  
CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS. IN ADDITION, THESE  
DOCUMENTS ARE MADE AVAILABLE TO THE GENERAL PUBLIC UPON REQUEST WHEN A  
LEGITIMATE PURPOSE IS PROVIDED.

FORM 990, PART VII CONTACT ADDRESSES FOR OFFICERS, DIRECTORS, ETC:

SANDRA ALLEN - P.O. BOX 165, JELICO, TN 37762

MARK TIDWELL - 434 HIGHCLIFF RD., JELICO, TN 37762

DONNA COLEGROVE - 949 PREWITT BEND RD., WILLIAMSBURG, KY 40769

STEPHEN GREEK - 5277 HWY 297, PIONEER, TN 37847

LHA For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule O (Form 990) 2009

**SCHEDULE O**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990**

Complete to provide information for responses to specific questions on  
Form 990 or to provide any additional information.  
▶ Attach to Form 990.

OMB No 1545-0047

**2009**

Open to Public  
Inspection

Name of the organization

**DAYSPRING FAMILY HEALTH CENTER, INC.**

Employer identification number

**62-0984410**

**LAMAR HAMILTON - 3398 5TH ST. RD., CORBIN, KY 40769**

**CRAIG MACK - 170 PRIMROSE LANE, WILLIAMSBURG, KY 40769**

**STEPHEN MEEKS - 5279 HWY 297, PIONEER, TN 37847**

**DARLENE MUSE - 264 OLD WOOLRIDGE PIKE, JELICO, TN 37762**

**JUNE PYLE - 1669 HWY 90 DUFF TN 37729**

**CAROLYN THOMAS - 5637 HWY 90 CLAIRFIELD TN 37715**

**JANE WHITAKER - 20 WASANO DRIVE, WILLIAMSBURG, KY 40769**

**FORM 990, PART XI, LINE 2C, EXPLANATION:**

**THE FINANCE COMMITTEE OF THE BOARD OF DIRECTORS IS RESPONSIBLE FOR THE  
OVERSIGHT OF THE AUDIT OF THE ORGANIZATION'S FINANCIAL STATEMENTS AND  
THE SELECTION OF AN INDEPENDENT ACCOUNTANT.**

Financial Statements  
and Other Financial Information

Dayspring Family Health Center, Inc.

*Years ended January 31, 2010 and 2009  
with Report of Independent Auditors*

Dayspring Family Health Center, Inc.

Financial Statements  
and Other Financial Information

Years ended January 31, 2010 and 2009

**Contents**

Report of Independent Auditors.....	1
Audited Financial Statements	
Statements of Financial Position.....	2
Statements of Activities .....	3
Statements of Cash Flows.....	4
Notes to Financial Statements.....	5
Other Financial Information	
Schedule of Expenditures of Federal Awards .....	11
Other	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	12
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	14
Schedule of Findings and Questioned Costs.....	16



## Report of Independent Auditors

Board of Directors  
Dayspring Family Health Center, Inc.  
Jellico, Tennessee

We have audited the accompanying statements of financial position of Dayspring Family Health Center, Inc. (the Corporation) as of January 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation'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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dayspring Family Health Center, Inc. at January 31, 2010 and 2009, and the results of its activities and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 25, 2010, on our consideration of the Corporation'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 on 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 performed for the purpose of forming an opinion on the basic financial statements of the Corporation taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Coulter & Justus, P.C.*

May 25, 2010

Dayspring Family Health Center, Inc.

Statements of Financial Position

	January 31	
	2010	2009
<b>Assets</b>		
Current assets:		
Cash	\$ 358,134	\$ 444,311
Accounts receivable, less allowance for uncollectible accounts of \$326,784 in 2010 and \$298,295 in 2009	816,988	860,312
Prepaid expenses	37,669	50,576
Inventories	114,082	106,582
Total current assets	<u>1,326,873</u>	<u>1,461,781</u>
Property and equipment:		
Land	123,000	123,000
Buildings and improvements	762,508	762,508
Leasehold improvements	442,627	441,365
Equipment and furniture	752,920	738,033
Construction in progress	23,361	-
	<u>2,104,416</u>	<u>2,064,906</u>
Less accumulated depreciation	<u>(1,407,725)</u>	<u>(1,335,156)</u>
	696,691	729,750
Total assets	<u>\$ 2,023,564</u>	<u>\$ 2,191,531</u>
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 65,713	\$ 68,493
Accrued salaries and related expenses	228,741	235,984
Current portion of other liabilities	22,492	33,169
Total current liabilities	<u>316,946</u>	<u>337,646</u>
Other liabilities	23,311	55,175
Total liabilities	<u>340,257</u>	<u>392,821</u>
Net assets:		
Unrestricted	1,672,120	1,789,499
Temporarily restricted	11,187	9,211
Total net assets	<u>1,683,307</u>	<u>1,798,710</u>
Total liabilities and net assets	<u>\$ 2,023,564</u>	<u>\$ 2,191,531</u>

See accompanying Notes to Financial Statements

Dayspring Family Health Center, Inc.

Statements of Activities

	Year ended January 31	
	2010	2009
Unrestricted revenues and other support:		
Net patient service revenues	\$ 2,971,858	\$ 2,812,730
Federal grant revenues	1,038,400	939,619
State grant revenues	90,950	138,367
Other	92,940	56,435
Net assets released from restrictions	1,834	7,429
Total unrestricted revenues and other support	<u>4,195,982</u>	<u>3,954,580</u>
Expenses:		
Salaries, wages and benefits	3,061,370	2,979,459
Contractual services	169,908	195,547
Provision for bad debts	159,478	116,969
Supplies	310,123	297,569
Postage	26,390	26,815
Insurance	34,578	37,213
Telephone	76,440	68,142
Maintenance and repairs	132,254	134,188
Rent	38,371	28,224
Utilities	46,733	49,614
Travel and training	76,704	72,806
Dues, fees, taxes and licenses	36,371	36,964
Interest	17	346
Depreciation	81,560	81,074
Other	86,425	67,703
Total expenses	<u>4,336,722</u>	<u>4,192,633</u>
Operating loss	(140,740)	(238,053)
Other income:		
Federal grant revenues for capital	23,361	-
Decrease in unrestricted net assets	<u>(117,379)</u>	<u>(238,053)</u>
Changes in temporarily restricted net assets:		
Contributions	3,800	4,736
Interest income	10	17
Net assets released from restrictions	(1,834)	(7,429)
Increase (decrease) in temporarily restricted net assets	<u>1,976</u>	<u>(2,676)</u>
Decrease in net assets	(115,403)	(240,729)
Net assets at beginning of year	1,798,710	2,039,439
Net assets at end of year	<u>\$ 1,683,307</u>	<u>\$ 1,798,710</u>

See accompanying Notes to Financial Statements

Dayspring Family Health Center, Inc.

Statements of Cash Flows

	<b>Year ended January 31</b>	
	<u>2010</u>	<u>2010</u>
<b>Cash flows from operating activities</b>		
Decrease in net assets	\$ (115,403)	\$ (240,729)
Adjustments to reconcile the change in net assets to net cash (used) provided by operating activities:		
Depreciation	81,560	81,074
Changes in operating assets and liabilities:		
Accounts receivable	43,323	70,777
Other current assets	5,407	(24,586)
Accounts payable and accrued expenses	(10,022)	(74,756)
Other liabilities	(42,541)	61,021
Net cash used by operating activities	<u>(37,676)</u>	<u>(127,199)</u>
<b>Investing activities</b>		
Purchases of property and equipment	<u>(48,501)</u>	<u>(28,503)</u>
Decrease in cash	(86,177)	(155,702)
Cash at beginning of the year	444,311	600,013
Cash at end of year	<u>\$ 358,134</u>	<u>\$ 444,311</u>

*See accompanying Notes to Financial Statements*

# Dayspring Family Health Center, Inc.

## Notes to Financial Statements

January 31, 2010

### **1. Operations, Basis of Accounting and Significant Accounting Policies**

#### **Operations**

Dayspring Family Health Center, Inc. (the "Corporation") is a private not-for-profit corporation organized to provide primary healthcare services to Campbell and Claiborne Counties in Tennessee and Bell and Whitley Counties in Kentucky. The Corporation operates three community clinics in its service area.

#### **Basis of Accounting**

The financial statements of the Corporation are prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting.

#### **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 reported amounts of assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **Inventories**

Medical and pharmaceutical supply inventories are stated at the lower of cost or market and are valued principally by the first-in, first-out method.

#### **Property and Equipment**

Property and equipment is stated at cost or fair market value if contributed. Routine maintenance and repair costs are expensed as incurred. The costs of major additions, replacements and improvements are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Dayspring Family Health Center, Inc.  
Notes to Financial Statements (continued)

**1. Operations, Basis of Accounting and Significant Accounting Policies (continued)**

**Property and Equipment (continued)**

The Federal government has an interest in land, buildings and building improvements that have a net book value of \$270,296 at January 31, 2010. These assets were purchased in part with Federal grant funds. The Federal interest in the property places certain restrictions on the use of the property and requires approval from the U.S. Department of Health and Human Services in the event the Corporation seeks to sell, transfer or otherwise dispose of the properties.

**Medical Liability Insurance**

The Corporation, its officers, governing board members, employees and contractors who are physicians or health care practitioners are covered under the Federal Tort Claims Act (FTCA). FTCA provides liability protection for personal injury, including death, resulting from the performance of medical, surgical, dental and related actions and is exclusive of any other civil action or proceeding. In general, there is the potential for claims from known and unknown incidents, all of which arise from providing medical services to patients. Management believes that the liability, if any, for claims or incidents through January 31, 2010, would be covered within the limits of the FTCA.

**Income Taxes**

The Corporation is classified as an organization exempt from income tax under Internal Revenue Code Section 501(c)(3) as other than a private foundation and, accordingly, no provision for income taxes has been included in the accompanying financial statements.

**Net Patient Service Revenues and Receivables**

Net patient service revenues are reported at the estimated net realizable amounts from patients and third-party payors for services rendered. Accounts receivable are reduced to a net expected reimbursement through the allowances for contractual adjustments and uncollectible accounts. The allowances are estimated based on historical collection rates, and uncollectible accounts are written off after collection efforts have been extinguished. Patient accounts are considered past due if no payment has been received in the past 30 days. The Corporation's policies do not require collateral or security for services provided to its patients, and most of the Corporation's patients are covered under the Medicare, TennCare and Kentucky Medicaid programs (*Note 2*). Retroactively calculated third-party settlements are estimated and recorded in the period the related services are rendered and net patient service revenues are adjusted in subsequent periods based on final settlements

Dayspring Family Health Center, Inc.  
Notes to Financial Statements (continued)

**1. Operations, Basis of Accounting and Significant Accounting Policies (continued)**

**Charity Care**

The Corporation provides healthcare services at no charge or discounted charges to patients who are unable to pay the established charges. Such patients are identified and reduced charges are calculated using a sliding fee schedule based on financial information obtained from the patient and subsequent analysis. The portion of gross patient service charges that are written off based on the sliding fee schedule is excluded from net patient service revenue. State and federal grants partially fund these services.

**Grants**

In July 2005, the State of Tennessee discontinued eligibility for certain TennCare enrollees. To assist providers during this transition, the State of Tennessee provided certain grants and the Corporation has recorded grant revenues of \$90,950 and \$138,367 in 2010 and 2009, respectively.

In 2010 and 2009, the Corporation received grants from the U.S. Department of Health and Human Services for the purpose of funding a portion of the Corporation's cost of providing healthcare services to medically underserved populations. The grantor retains an interest in equipment and real property funded in whole or part by the grant program. Also, costs incurred under the grant program are subject to audit at the discretion of the grantor and, accordingly, may be subject to disallowance. There have been no questioned costs for the years ended January 31, 2010 and 2009.

**Contributions and Temporarily Restricted Net Assets**

The Corporation periodically receives contributions from individuals and organizations to support its mission. Temporarily restricted net assets are those whose use by the Corporation has been limited by donors to a specific purpose (primarily women's health services and emergency relief assistance). Temporarily restricted net assets are released from restriction when the donor-imposed restriction has been met, either by the passage of time or by performance. At January 31, 2010 and 2009, cash equal to temporarily restricted net assets is donor restricted.

**Subsequent Events**

In preparation of the accompanying financial statements, management has evaluated subsequent events that have occurred since January 31, 2010 through May 25, 2010, the date the financial statements were available for issuance.

Dayspring Family Health Center, Inc.  
Notes to Financial Statements (continued)

**2. Net Patient Service Revenues and Receivables**

A reconciliation of the amount of services provided to patients at established rates to net patient service revenues as presented in the statements of activities is as follows.

	<b>Year ended January 31</b>	
	<b>2010</b>	<b>2009</b>
Gross patient service charges	<b>\$4,251,366</b>	\$4,115,033
Less:		
Contractual adjustments and other discounts	<b>687,152</b>	749,093
Charity care	<b>592,356</b>	553,210
	<b>1,279,508</b>	1,302,303
Net patient service revenues	<b>\$2,971,858</b>	\$2,812,730

The Corporation renders services to patients under contractual arrangements with the Medicare, TennCare and Kentucky Medicaid programs as well as private insurance companies. Contractual adjustments and discounts are recorded as the services are rendered to reflect the difference between the Corporation's established rates and the amounts received under these arrangements.

Amounts earned under these contractual arrangements are subject to review and final determination by fiscal intermediaries and other appropriate authorities or their agents. In the opinion of management, adequate provision has been made in the financial statements for any adjustments which may result from such reviews

The Corporation receives enhanced payments from TennCare and has recorded reductions in contractual adjustments of \$289,234 and \$239,389 in 2010 and 2009, respectively.

The percentage of gross patient service charges from significant payors are estimated as follows for the years ended January 31:

	<b>2010</b>	<b>2009</b>
State health insurance plans (TennCare and Kentucky Medicaid)	<b>44%</b>	45%
Private pay	<b>16%</b>	16%
Medicare	<b>11%</b>	11%
Others	<b>29%</b>	28%

Dayspring Family Health Center, Inc.  
Notes to Financial Statements (continued)

**2. Net Patient Service Revenues and Receivables (continued)**

Accounts receivable include \$137,359 and \$165,592 at January 31, 2010 and 2009, respectively, due from enhanced TennCare payments described above. Accounts receivable from other payors, before allowances for uncollectible accounts and contractual adjustments, consist of the following approximate percentages at January 31:

	2010	2009
Private pay	61%	49%
Kentucky Medicaid	16%	19%
TennCare	5%	10%
Others	18%	22%

**3. Other Liabilities**

An area health care provider loans the Corporation funds to reimburse certain expenses related to establishing and maintaining additional family practice physicians in the local community. The loan agreements provide for the forgiveness of principal and interest on the loans over a four-year period provided the physicians practice in the community and meet certain other terms. If the physicians cease practicing under the stated conditions, the Corporation must pay the remaining principal balance plus interest at a national bank's prime rate plus 1% over the remaining period of the four-year term. At January 31, 2010, these physicians were practicing in the community under the specified terms. The Corporation received no new physician loans during 2010 and recorded other income and reductions to the outstanding loan balances of \$54,887 and \$25,799 during 2010 and 2009, respectively. The remaining loan balance totaled \$45,803 at January 31, 2010 and \$88,344 at January 31, 2009. The loan agreements are collateralized by the Corporation's accounts receivable related to services provided by the additional physicians. During 2010 and 2009, an officer of the lending health care provider was a member of the Corporation's board of directors.

**4. Leases**

The Corporation leases corporate office space in Jellico, Tennessee from the City of Jellico. The lease, which bears an annual rental rate of \$10, is for a period of twenty-five years and began in 1994. Building and improvements include approximately \$117,000 related to renovations of the property and the Corporation pays for all property-related operating costs.

Dayspring Family Health Center, Inc.  
Notes to Financial Statements (continued)

**4. Leases (continued)**

The Corporation also leases equipment and office space under various operating leases. Future minimum rental payments required under noncancelable lease terms in excess of one year at January 31, 2010, are as follows:

2011	\$23,147
2012	17,472
	<u>\$40,619</u>

**5. Employee Benefit Plans**

The Corporation has a defined contribution retirement program consisting of a tax sheltered annuity plan which covers all employees who meet eligibility requirements and elect to participate in the program. The Corporation makes monthly contributions to the plan based on four percent of the employee's compensation. Total pension expense for the years ended January 31, 2010 and 2009 was \$83,778 and \$82,318, respectively.

**6. Functional Expenses**

Expenses of the Corporation classified by function are as follows for the years ended January 31

	2010	2009
Healthcare services	\$3,211,598	\$3,202,876
General and administrative	1,125,124	989,757
	<u>\$4,336,722</u>	<u>\$4,192,633</u>

Dayspring Family Health Center, Inc.  
 Schedule of Expenditures of Federal Awards  
 Year ended January 31, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
US Department of Health and Human Services Community Health Centers	93.224	\$ 970,762
US Department of Health and Human Services ARRA- Health Center Integrated Services Department	93.703	<u>90,999</u> <u>\$1,061,761</u>

**Notes to Schedule of Expenditures of Federal Awards**

**1. Basis of Presentation**

The schedule of expenditures of federal awards includes the federal grant activity of Dayspring Family Health Center, Inc. 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*.



---

Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Board of Directors  
Dayspring Family Health Center, Inc  
Jellico, Tennessee

We have audited the financial statements of Dayspring Family Health Center, Inc. (the Corporation) as of and for the year ended January 31, 2010, and have issued our report thereon dated May 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation'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 Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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.

Board of Directors  
Dayspring Family Health Center, Inc

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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*.

\*\*\*\*\*

This report is intended solely for the information and use of the Board of Directors, management, and the U.S. Department of Health and Human Services and is not intended to be and should not be used by anyone other than these specified parties.

*Coulter & Justus, P. C.*

May 25, 2010



Report on Compliance with Requirements Applicable to  
Each Major Program and on Internal Control Over Compliance in  
Accordance with OMB Circular A-133

Board of Directors  
Dayspring Family Health Center, Inc.  
Jellico, Tennessee

Compliance

We have audited the compliance of Dayspring Family Health Center, Inc. (the Corporation) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended January 31, 2010. The Corporation's major federal program is identified in the Summary of Auditor Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Corporation's management. Our responsibility is to express an opinion on the Corporation's compliance based on our audit.

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

In our opinion, the Corporation complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended January 31, 2010.

Internal Control Over Compliance

The management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 the Corporation's internal control over compliance.

Board of Directors  
Dayspring Family Health Center, Inc.

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 the Board of Directors, management, and the U.S. Department of Health and Human Services and is not intended to be and should not be used by anyone other than these specified entities.

*Coulter & Justus, P.C.*

May 25, 2010

Dayspring Family Health, Center, Inc.  
Schedule of Findings and Questioned Costs  
Year ended January 31, 2010

*Section I-Summary of Auditor Results*

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(s) identified that are not considered to be material weaknesses? reported  Yes  None

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(s) identified that are not considered to be material weaknesses? reported  Yes  None

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  Yes  No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.224	Community Health Centers

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

Dayspring Family Health, Center, Inc.  
Schedule of Findings and Questioned Costs (continued)  
Year ended January 31, 2010

*Sections II and III*

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*

There were no internal control or compliance findings, questioned costs or fraud reported related to either the financial statements or federal awards which meet the criteria specified in Section 510(a) of OMB Circular A-133