

WORKING PEOPLE'S FREE CLINIC, INC.

dba COMMUNITY HEALTHWORX

FINANCIAL STATEMENTS

YEAR ENDED

JUNE 30, 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 20 2013**

M H EASLEY CONSULTING, LLC

ALEXANDRIA, LOUISIANA

WORKING PEOPLE'S FREE CLINIC, INC

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

December 28, 2012

The Working People's Free Clinic, Inc
Alexandria, Louisiana

I have audited the accompanying statement of financial position of Working People's Free Clinic ("WPFC," a Louisiana Nonprofit Corporation) as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of WPFC's management. My responsibility is to express an opinion on these financial statements based upon my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Audit Standards*, issued by Comptroller General of the United States. Those standards require that I 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, accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, WPFC receives support in the form of donated materials and supplies. These donated items are distributed to needy individuals as part of WPFC's regular program activities, however the value of donated items received, held in inventory and distributed is excluded from the accompanying financial statements. The effect of excluding donated materials and supplies from the accompanying financial statements is not reasonably determinable.

In my opinion, except for the omission of the materials and supplies noted in the preceding paragraph, the financial statements referred to in the first paragraph above, present fairly, in all material respects, the financial position of Working People's Free Clinic, Inc. as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, I have also issued my report dated December 28, 2012, on my consideration of WPFC's internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and to provide an opinion of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of my audit.

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¹ Certified in Financial Forensics (CFF) by the American Institute of Certified Public Accountants, Certified Valuation Analysts (CVA) by the National Association of CVAs, Certified Financial Planner (CFP) by the CFP board of standards, Certified Public Accountant (CPA) license by the state of Louisiana, Board Certified Fellow, American College of Healthcare Executives (FACHE) Board Certified Fellow, Healthcare Financial Management Association (HFMA)

Working People's Free Clinic, Inc.
Community Health Worx
Statement of Financial Position
June 30, 2012

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| | |
|---|--------------------------------|
| Assets | |
| Cash and cash equivalents | \$72,836 |
| Investments | 355,038 |
| Prepaid expenses | 2,029 |
| | |
| Furniture and equipment | 139,649 |
| Accumulated depreciation | <u>(103,075)</u> |
| Furniture and equipment, net | <u>36,574</u> |
| | |
| Deposits | <u>263</u> |
| | |
| Total assets | <u><u>466,740</u></u> |
| | |
| Liabilities | |
| Accounts payable | 4,151 |
| | |
| Payroll, taxes and benefits payable | 2,075 |
| | |
| Contingencies | <u>---</u> |
| | |
| Total liabilities | <u>6,226</u> |
| | |
| Net Assets | |
| Unrestricted | 460,514 |
| Temporarily restricted | <u>0</u> |
| | |
| Total net assets | <u>460,514</u> |
| | |
| Total liabilities and net assets | <u><u>\$466,740</u></u> |

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

**Working People's Free Clinic, Inc.
Community Health Worx
Statements of Activities and Change in Net Assets
For the Year Ended
June 30, 2012**

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Unrestricted Assets:

**Revenues, gains and
other support**

| | |
|--|-----------------------|
| Unrestricted Contributions-Trust | \$237,000 |
| Unrestricted Contributions-Foundations | 6,100 |
| Unrestricted Contributions-Gifts | 1,145 |
| Unrestricted Contributions-Other | 221,359 |
| Investment income | 2,762 |
| Total income | <u><u>468,366</u></u> |

Expenses

| | |
|------------------------------|-----------------------|
| Salaries | 325,441 |
| Payroll Taxes | 19,059 |
| Employee Benefits | 1,364 |
| Insurance | 12,853 |
| Janitorial and waste removal | 7,907 |
| Utilities | 21,086 |
| Rent | 45,158 |
| Repairs and Maintenance | 6,234 |
| Professional fees | 7,050 |
| Computer Support | 11,599 |
| Administrative and General | 14,207 |
| Supplies | 2,409 |
| Pharmacy | 35,130 |
| Dental | 15,616 |
| Volunteer Expenses | 7,432 |
| Fundraising | 9,198 |
| Depreciation | 12,546 |
| Total expenses | <u><u>554,289</u></u> |

| | |
|--|------------------------|
| Increase in unrestricted net assets | <u><u>(85,923)</u></u> |
| Unrestricted net assets-beginning of year | 468,948 |
| Transfers from temporarily restricted net assets | <u><u>77,489</u></u> |

Unrestricted Net Assets-end of year \$460,514

Temporarily Restricted Net Assets

| | |
|--------------------------------------|------------------------|
| Beginning of the year | <u><u>77,489</u></u> |
| Transfers to unrestricted net assets | <u><u>(77,489)</u></u> |

Temporarily Restricted Net assets, end of year \$0

The accompanying notes are an integral part of the financial statements

**Working People's Free Clinic, Inc.
Community Health Worx
Statement of Cash Flow
For the Year Ended
June 30, 2012**

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OPERATING

| | |
|-------------------------------------|-----------------|
| Net Income | (\$85,923) |
| Add depreciation | 12,546 |
| | <u>(73,377)</u> |
| Changes in working capital | |
| Investments | 110,313 |
| Prepaid expenses | (2,029) |
| Accounts payable | 4,151 |
| Payroll, taxes and benefits payable | 2,014 |
| | <u>114,449</u> |
| Operating Cash Flow | 41,072 |

INVESTING

| | |
|----------------------|---------|
| Capital expenditures | (8,462) |
|----------------------|---------|

FINANCING

0

CASH FLOW

32,610

BEGINNING CASH BALANCE

40,226

ENDING CASH BALANCE

\$72,836

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

Working People's Free Clinic, Inc.
Community Health Worx
Statement of Functional Expenses
For the Year Ended
June 30, 2012

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| | Total | Program | Management | Fund Raising |
|------------------------------------|---------|---------|------------|-----------------|
| Bank Service Charges | 164 | 146 | 14 | 4 |
| Bottled Water | 334 | 297 | 28 | 9 |
| Building Repairs | 4,695 | 4,174 | 399 | 122 |
| Cable | 906 | 805 | 77 | 24 |
| Computer Support | 11,599 | 10,312 | 986 | 301 |
| Copier Lease | 3,158 | 2,807 | 268 | 83 |
| Dental | 15,616 | 15,616 | 0 | 0 |
| Depreciation | 12,546 | 11,153 | 1,066 | 327 |
| Dues &Subscriptions | 701 | 623 | 60 | 18 |
| Equipment | 1,240 | 1,102 | 105 | 33 |
| Fundraising | 9,198 | 0 | 0 | 9,198 |
| Health Insurance | 1,364 | 1,266 | 91 | 7 |
| Insurance D & O | 1,870 | 0 | 1,870 | 0 |
| Insurance Liability | 6,067 | 5,394 | 516 | 157 |
| Insurance Work Comp | 4,916 | 4,561 | 327 | 28 |
| Janitorial | 4,210 | 3,743 | 358 | 109 |
| Lawn Service | 1,040 | 925 | 88 | 27 |
| Marketing | 704 | 704 | 0 | 0 |
| Net Internet Service | 900 | 800 | 77 | 23 |
| Other | 256 | 238 | 17 | 1 |
| Payroll Taxes FICA | 18,720 | 17,369 | 1,245 | 106 |
| Pest Control Service | 384 | 341 | 33 | 10 |
| Pharmacy Charges Medicine | 561 | 561 | 0 | 0 |
| Pharmacy Charges Morns & Dickson | 33,149 | 33,149 | 0 | 0 |
| Pharmacy Charges Supplies | 1,420 | 1,420 | 0 | 0 |
| Phone Service | 10,249 | 9,111 | 871 | 267 |
| Postage and Delivery | 3,551 | 3,157 | 302 | 92 |
| Printing and Reproduction | 2,165 | 1,925 | 184 | 56 |
| Professional Development | 864 | 864 | 0 | 0 |
| Professional Fees Accounting | 6,640 | 0 | 6,640 | 0 |
| Professional Fees Legal | 410 | 0 | 410 | 0 |
| Reference Materials | 66 | 66 | 0 | 0 |
| Rent | 42,000 | 37,338 | 3,570 | 1,092 |
| Repairs & Maintenance | 299 | 266 | 25 | 8 |
| Salaries | 325,441 | 301,958 | 21,645 | 1,838 |
| Storage | 489 | 435 | 42 | 12 |
| Supplies Kitchen/Other | 952 | 846 | 81 | 25 |
| Supplies Medical | 1,457 | 1,457 | 0 | 0 |
| Supplies Office | 4,662 | 0 | 4,662 | 0 |
| Travel | 740 | 658 | 63 | 19 |
| Unemployment Insurance | 339 | 315 | 23 | 1 |
| Utilities | 8,647 | 7,687 | 735 | 225 |
| Volunteer Expenses | 5,984 | 5,984 | 0 | 0 |
| Volunteer Expenses Mural Unveiling | 1,448 | 1,448 | 0 | 0 |
| Waste Removal | 2,168 | 1,927 | 184 | 57 |
| | 554,289 | 492,948 | 47,062 | 14,279 |

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

**Working People's Free Clinic
Community HealthWorx
Notes to Financial Statements
Year Ended June 30, 2012**

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NOTE 1 NATURE OF ORGANIZATION

On September 23, 1998, The Rapides Foundation made a \$300,000 grant to the Shepherd Ministries, Inc to support the development and start-up operations of a free clinic as a means of delivering healthcare services for the working uninsured residents of central Louisiana. As a result, Working Peoples' Free Clinic, Inc ("WPFC" or the "Clinic") was incorporated on February 15, 2000.

The WPFC is a Louisiana non-stock, nonprofit corporation which is operated by a board of directors who are elected by its Members. The Board members and the corporation's Members are the same individuals.

WPFC does business as Community HealthWorx ("CHWX").

CHWX provides the following services for working people who cannot afford health insurance, special needs children, homeless persons referred by a social services agency, persons experiencing an emergency situation and seniors living on fixed income who are not participating in Medicare part D:

- Doctor's clinics for basic medical services and well women's screening programs
- Pharmacy services
- Dental Services
- Specialized referrals

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles.

As required by Statement of Financial Accounting Standards ("SFAS") No. 117, net assets and activities are classified in the following manner:

Unrestricted. Net assets that are not subject to donor imposed restrictions.

Temporarily Restricted: Net assets subject to certain donor imposed restrictions and restrictions imposed by grant agreements. Temporary restrictions apply when the restriction can be fulfilled by specific actions or by the passage of time.

Permanently Restricted: Net assets subject to donor imposed restrictions that required these assets to be maintained in a perpetual manner.

Satisfaction of temporary restrictions is presented in the accompanying financial statements as net assets released from restrictions. This process simultaneously increases unrestricted net assets and decreases temporarily restricted net assets. Expenses are presented as decreases in unrestricted net assets.

Use of Estimates

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

Income Taxes

The Clinic was granted tax-exempt/non-private foundation status due to it meeting the IRS definition of a "Hospital" under section 501(c)(3) of the Internal Revenue Code on April 13, 2000. Accordingly, it is not required to pay federal or state income taxes on its earnings.

Promises to Give

Unconditional promises to give are reported as receivables and revenues when the promise is made. Conditional promises to give are recognized as revenue when the necessary conditions are fulfilled.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as unrestricted.

Cash and Cash Equivalents

Cash and cash equivalents represent bank deposits (unless permanently restricted) including checking accounts and any cash on hand.

Investments

Investments include certificates of deposit.

Furniture and Equipment

Furniture and equipment are recorded at cost as of the date of acquisition. Donated furniture and equipment is recorded at the estimated fair value upon receipt. The cost of purchased furniture and equipment or the fair market value on the date of donations are received is depreciated using the straight line method over the estimated useful lives of the assets (generally 3 to 7 years). The organization's policy is to capitalize assets with a cost of \$1,000 or more.

Assets donated with explicit restrictions regarding their use and contributions of cash earmarked to acquire property and equipment are reported as temporarily restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Clinic reports expirations of donor restrictions when the donated or acquired assets are placed in service. Temporarily restricted net assets are reclassified to unrestricted net assets at that time.

Donated Supplies and Services

Volunteers are utilized extensively for both program and supporting services. Contributed services are recognized as contributions and expense when they require specialized skills and the Clinic would be required to purchase these services if they were not available (as required by generally accepted accounting principles).

The Clinic receives various donated pharmacy supplies which are provided to patients in need. Pharmacy services is an important and significant component of the Clinic's program activities, however, it is not considered practical to measure the value of pharmacy supplies received, distributed or held in inventory at year end (as required by generally accepted accounting principles).

The Clinic facility is provided to the Clinic without charge. Also in accordance with generally accepted accounting principles, the fair market value of the related rent is reported as donation income and rent expense.

Expense Allocations

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one activity are charged to the programs and supporting services based on the estimated amount of time that employees devote to various activities. Additional overhead is allocated to the various activities based upon that program's direct cost.

Deferred Revenue

Certain funds are collected subject to conditions that require a refund to the donor if the funds are not spent in a specific manner. Under these circumstances the amounts collected are not reported as revenue until a qualifying expenditure is incurred. Amounts held under these arrangements are reported as deferred revenues.

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking accounts insured by the Federal Deposit Insurance Corporation.

NOTE 4: INVESTMENTS

Investments consist of certificates of deposit reported at the fair market value.

NOTE 5. PREPAID INSURANCE

Prepaid insurance consist of unexpired premiums as of June 30, 2012. The Clinic has the following types of coverage: Workers Compensation, Directors' and Officers' liability, General Liability, and Professional Liability for the Clinic's employees (see note below for volunteers).

NOTE 6 CONTRIBUTED GOODS AND SERVICES

The fair market value of contributed professional services in the amount of \$84,270 is included in contribution income and salary expense (approximately \$18,000 of services were provided by others and were not reported in the financial statements). The fair market value of free rent in the amount of \$42,000 is included in contribution income and rent expense.

NOTE 7 FUND RAISING EXPENSES

The organization's fund raising expense was 3% of total contributions.

NOTE 8 COMPENSATED ABSENCES

Since it is not material to the financial statements, the Clinic's policy is to charge compensated absences to expense when paid.

NOTE 9 LONG-TERM LEASE

The Clinic leases its facilities from a donor for one dollar (\$1 per year) where it operates a clinic in Alexandria, Louisiana. That lease began on August 1, 2004, and has an initial 10 year term. If the Clinic is not in default on the lease and it gives 60 days prior written notice, it has the option to renew the lease for an additional 10 years at the same rental and under the same terms. The lease requires the lessor to bear the cost of repairs to the roof, structure, plumbing, electrical and mechanical systems in excess of \$500 that do not arise out of the negligence of the Clinic as well as ad valorem taxes. The Clinic is required to obtain the lessor's approval for any sub-lease and to bear the cost of a \$1 million of liability insurance policy and name the lessor as an additional insured. Any additions or alterations to the facility require the approval of both parties.

NOTE 10 COMMITMENTS

The Clinic leases office equipment under non-cancellable operating leases over a three year period for \$95 per month

NOTE 11 CONTINGENCIES**Professional Liability**

For its volunteer professionals, the Clinic does not have professional liability (malpractice) insurance coverage nor is it a member of the Louisiana Patients' Compensation fund (which limits such losses to \$500,000 per claim) due to a Louisiana law which limits liability for gratuitous service by health care providers in a community health clinic or community pharmacy (LRS 9 2799 5) That law provides that no clinic shall be liable for any civil damages as the result of any act or omission in rendering such care or services or as a result of any act or failure to act to provide or arrange for further medical treatment or care to any person receiving such services, unless the damages were caused by the gross negligence or willful or wanton misconduct of the health care provider The Clinic provides prior notice of this law to its patients (i e that they do not have the right to a malpractice claim) The law also requires such clinics to be nonprofit organizations qualified or eligible for qualification as a tax-exempt organization under 26 U S C 501 (i e section 501(c)(3) of the Internal Revenue Code)

Contributions

Contributions are dependent, among other things, on the economic conditions of the area where the Clinic is located, a limited number of significant grants and contributions and its ability to raise funds One organization donated the most significant amount (\$225,000) on January 24, 2012 That organization has provided the majority of the Clinic's funding each year since 2001 The Clinic's ability to continue its operations is dependent upon the continuation of that assistance and/or other increased donor contributions and grants for a similar amount

NOTE 12 SUBSEQUENT EVENTS

The major donor noted above renewed its donation for \$300,000 on January 3, 2013

Effective October 1, 2012, the LSU Health Sciences Center entered into a nine month Affiliation Agreement with the Clinic to use of part of its facilities for dental medical education and related services to patients The agreement provides for no consideration and may be renewed upon consent of both parties

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December 28, 2012

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

The Working People's Free Clinic, Inc
dba Community Healthworx
Alexandria, Louisiana

I have audited the financial statements of Working People's Free Clinic ("WPFC," a Louisiana Nonprofit Corporation) as of and for the year ended June 30, 2012, and have issued my report thereon dated December 28, 2012. I conducted my 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

Management of WPFC is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered WPFC's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WPFC's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of WPFC's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be a material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WPFC's financial statements are free of material misstatement, I performed test 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for information and use of management is not intended to be used by other parties.

M. H. Easley Consulting, LLC

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Working People's Free Clinic
Management's Corrective Action Plan
For the Year Ended June 30, 2012

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| | |
|---|-----------------------|
| SECTION I | |
| Accountant's Review Report | |
| No findings of this nature was reported | Response - N/A |
| SECTION II | |
| Independent Accountant's Report on Applying Agreed-Upon Procedures | |
| No findings of this nature was reported | Response - N/A |
| SECTION III | |
| Management Letter | |
| No findings of this nature was reported | Response - N/A |

Working People's Free Clinic

Schedule of Prior Year Findings and Questioned Cost

For the Year Ended June 30, 2012

| | |
|---|----------------|
| SECTION I | |
| Internal Control and Compliance Material to the Financial Statements | |
| No findings that are material to the financial statements were reported | Response - N/A |
| SECTION II | |
| Internal Control and Compliance Material to Federal Awards | |
| No findings of this nature was reported | Response - N/A |
| SECTION III | |
| Management Letter | |
| No findings of this nature was reported | Response - N/A |