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**LAFAYETTE COMMUNITY
HEALTH CARE CLINIC, INC.****Financial Report****December 31, 2004 and 2003**

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 7-20-05

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statement of financial position	4
Statement of activities	5
Statement of functional expenses	6
Statement of cash flows	7
Notes to financial statements	8-12
SUPPLEMENTARY INFORMATION	
INTERNAL CONTROL AND COMPLIANCE	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	15-16
Summary schedule of current and prior year audit findings and corrective action plan	17

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lafayette Community Health Care Clinic, Inc.
Lafayette, Louisiana

We have audited the accompanying statement of financial position of Lafayette Community Health Care Clinic, Inc. (a nonprofit organization) as of December 31, 2004 and 2003, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Lafayette Community Health Care Clinic, Inc. as of December 31, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 13, 2005, on our consideration of Lafayette Community Health Care Clinic, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standard and should be considered in assessing the results of our audit.

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Our audit was performed for the purpose of forming an opinion on the financial statements of Lafayette Community Health Care Clinic, Inc. taken as a whole. The accompanying financial information listed as "Supplementary Information" in the table of contents is not a required part of the financial statements of Lafayette Community Health Care Clinic, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 13, 2005

FINANCIAL STATEMENTS

LAFAYETTE COMMUNITY HEALTH CARE CLINIC, INC.
Lafayette, Louisiana

Statement of Financial Position
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Current assets:		
Cash & cash equivalents	\$ 23,470	\$ 43,535
Accounts receivable	-	710
Grant receivable	10,373	10,248
Prepaid expenses	<u>3,694</u>	<u>3,235</u>
Total current assets	<u>37,537</u>	<u>57,728</u>
Non-current assets:		
Equipment	31,026	31,026
Land	46,216	46,216
Buildings	434,549	356,848
Other improvements	42,378	42,378
Accumulated depreciation	<u>(68,399)</u>	<u>(52,854)</u>
Total noncurrent assets	<u>485,770</u>	<u>423,614</u>
Total assets	<u>\$ 523,307</u>	<u>\$ 481,342</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 1,369	\$ 13,971
Accrued expenses	5,676	4,113
Current portion of notes payable	<u>17,744</u>	<u>17,493</u>
Total current liabilities	24,789	35,577
Long-term liabilities:		
Notes payable	<u>136,195</u>	<u>151,936</u>
Total liabilities	160,984	187,513
Net assets:		
Unrestricted	<u>362,323</u>	<u>293,829</u>
Total liabilities and net assets	<u>\$ 523,307</u>	<u>\$ 481,342</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE COMMUNITY HEALTH CARE CLINIC, INC.
Lafayette, Louisiana

Statement of Activities
Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Changes in unrestricted net assets:		
Support - unrestricted		
Federal grant	\$ 84,981	\$ 11,910
United Way	76,000	80,000
Other grants	64,138	40,311
Fundraising	37,974	40,692
Contributions	863,804	780,074
Interest earned	22	16
Miscellaneous	1,934	4,113
Total unrestricted support	<u>1,128,853</u>	<u>957,116</u>
Expenses:		
Program services	844,363	776,553
Supporting services	<u>215,996</u>	<u>196,891</u>
Total expenses	<u>1,060,359</u>	<u>973,444</u>
Net increase (decrease) in net assets	68,494	(16,328)
Net assets, beginning of year	<u>293,829</u>	<u>310,157</u>
Net assets, end of year	<u>\$ 362,323</u>	<u>\$ 293,829</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE COMMUNITY HEALTH CARE CLINIC, INC.
Lafayette, Louisiana

Statement of Functional Expenses
Years Ended December 31, 2004 and 2003

	2004	2003
Program services:		
Medical services - contributed	\$ 466,901	\$ 447,631
Prescriptions - contributed	239,775	208,061
Dental supplies	2,454	2,958
Pharmaceutical supplies	14,447	18,350
Medical supplies	2,753	930
Mammogram fees	20,511	10,682
Children's dental clinic	3,320	6,991
Salaries	50,038	40,809
Employee benefits	2,265	1,268
Insurance	2,411	2,327
Utilities	8,035	8,275
Repairs and maintenance	4,354	3,445
Payroll taxes	3,828	3,122
Cleaning services	3,600	3,300
Security	4,906	5,025
Waste disposal	1,914	1,755
Public relations	1,037	-
Depreciation	11,814	11,624
Total program services	<u>\$ 844,363</u>	<u>\$ 776,553</u>
Supporting services:		
Salaries	\$ 129,418	\$ 100,288
Employee benefits	17,171	14,193
Outside services	12,197	23,205
Office expense	6,786	6,246
Equipment maintenance	1,543	1,494
Utilities	2,678	2,758
Payroll taxes	9,900	7,672
Telephone	4,747	5,286
Repairs and maintenance	1,451	1,149
Insurance	491	493
Postage	3,720	2,841
Waste disposal	638	585
Depreciation	3,731	3,653
Fundraising expenses	6,513	14,086
Interest expense	8,568	9,051
Miscellaneous expense	6,444	3,891
Total supporting services	<u>\$ 215,996</u>	<u>\$ 196,891</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE COMMUNITY HEALTH CARE CLINIC, INC.
Lafayette, Louisiana

Statement of Cash Flows
Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 68,494	\$ (16,328)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	15,545	15,277
Change in current assets and liabilities:		
Accounts receivable	710	(682)
Grants receivable	(125)	(2,286)
Prepaid expenses	(459)	(440)
Accounts payable	(12,602)	(872)
Accrued expenses	<u>1,563</u>	<u>312</u>
Net cash provided (used) by operating activities	<u>73,126</u>	<u>(5,019)</u>
Cash flows used by investing activities:		
Payments on loan & line of credit	(15,490)	(16,826)
Payments for capital expenses	<u>(77,701)</u>	<u>-</u>
Net cash used by investing activities	<u>(93,191)</u>	<u>(16,826)</u>
Net decrease in cash	(20,065)	(21,845)
Cash and cash equivalents, beginning of year	<u>43,535</u>	<u>65,380</u>
Cash and cash equivalents, end of year	<u>\$ 23,470</u>	<u>\$ 43,535</u>
Supplemental information:		
Interest paid	<u>\$ 8,568</u>	<u>\$ 9,051</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE COMMUNITY HEALTH CARE CLINIC, INC.
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Organization

Lafayette Community Health Care Clinic, Inc. (The Clinic) is a nonprofit organization, incorporated on September 16, 1992, under the laws of the State of Louisiana. The Clinic was formed to supply facilities, volunteer staff, and other support for the rendering of free medical and dental treatment, and free prescription medications to working uninsured residents of Lafayette Parish.

B. Financial Statement Presentation

The Clinic has adopted the provisions of Statements of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations". Statement No. 117 requires the Clinic to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

C. Basis of Accounting

The Clinic is accounted for using the accrual basis of accounting whereby revenues are generally recognized when they are earned and expenses are recognized when incurred. Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Those donor-restricted contributions whose restrictions, however, are met in the same reporting period are reported as unrestricted support.

The Clinic reports gifts of land, buildings, and equipment 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 these long-lived assets must be maintained, the Clinic reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

D. Donated Services and Materials

Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

LAFAYETTE COMMUNITY HEALTH CARE CLINIC, INC.

Lafayette, Louisiana

Notes to Financial Statement (Continued)

E. Property and Equipment

The cost of property and equipment, which has an expected useful life in excess of two years, and an acquisition cost of \$5,000 or more is capitalized. Property and equipment are valued at historical cost and are being depreciated on a straight-line basis. Depreciation expense for 2004 and 2003 totaled \$15,545 and \$15,277, respectively.

F. Allocation of Functional Expenses

Direct expenses are charged to program or support based on specific identification. Indirect expenses such as rent and utilities are allocated based on the square footage of the building utilized for program activity and support activity. The salary for the volunteer coordinator/administrative assistant is allocated based on a ratio of weekly time dedicated between program and support services to total weekly time.

G. Compensated Absences

Full-time regular staff employees receive 4 hours of vacation per each of the 24 pay periods. Part-time regular staff employees receive 2 hours of vacation per each of the 24 pay periods. It is against Clinic policy for a staff member to receive cash payments in lieu of vacation time. Upon termination of employment, payment will be made for unused vacation not to exceed ten (10) days maximum. Paid sick leave is available to all employees subject to the restrictions set forth in the employee handbook.

H. Income Tax Status

The Clinic qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and therefore, has no provision for federal income taxes. The Organization is not classified as a private foundation.

I. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Clinic considers all highly liquid interest-bearing investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

J. Nature of Operations, Risks, and Uncertainties

The Clinic relies heavily on volunteers, donated services and materials, and grants and contributions. Without this support the Clinic could not continue operating.

LAFAYETTE COMMUNITY HEALTH CARE CLINIC, INC.
Lafayette, Louisiana

Notes to Financial Statement (Continued)

K. Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, support, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

L. Report Classification

Certain previously reported amounts for the year ended June 30, 2003 have been reclassified to conform to the June 30, 2004 classifications.

(2) Property and Equipment

Property and equipment are comprised of the following:

	<u>2004</u>	<u>2003</u>
Dental equipment	\$ 8,236	\$ 8,236
Office equipment	11,228	11,228
Medical equipment	11,562	11,562
Land	46,216	46,216
Buildings and improvements	<u>476,927</u>	<u>399,226</u>
Total property and equipment	554,169	476,468
Less: accumulated depreciation	<u>(68,399)</u>	<u>(52,854)</u>
Property and equipment, net	<u>\$ 485,770</u>	<u>\$ 423,614</u>

(3) Federal Grant

During 2004, the Clinic recognized revenue in the amount of \$84,981 as a grant from the Community Development Block Grant (CDBG) Program of the United States Department of Housing and Urban Development through Lafayette Consolidated Government. The funds are to be used for the purpose of implementing eye care and diabetic foot care programs, including supportive counseling for patients with chronic diseases such as diabetes and hypertension, and expand existing clinic services. Included in the amount recognized is \$10,373 for expenses incurred by the Clinic not yet reimbursed by Lafayette Consolidated Government.

LAFAYETTE COMMUNITY HEALTH CARE CLINIC, INC.
Lafayette, Louisiana

Notes to Financial Statement (Continued)

(4) Fair Values of Financial Instruments

The Clinic's financial instruments, none of which are held for trading purposes, include cash, grants receivable, accounts payable and accrued expenses. The Clinic estimates that the fair value of all financial instruments at December 31, 2004 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Clinic using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value and, accordingly, the estimates are not necessarily indicative of the amounts that the Clinic could realize in a current market exchange.

(5) Pension Plan

The Clinic has established a discretionary simplified employee pension plan for the benefit of all of its eligible employees. Any employee who has performed service in at least three of the immediately five preceding plan years and who has reached the age of twenty-one is eligible to participate. The Clinic may make a discretionary contribution each plan year and shall be allocated to each participant in the same proportion that each participant's compensation bears to the compensation of all participants for such year. In 2004 and 2003 the Clinic contributed \$3,721 and \$5,234, respectively, to the plan.

(6) Contributed Services

The Clinic recognizes contribution revenue for certain services received at the fair value of those services. These contributed services are included in contributions on the statement of activities and include the following:

	2004	2003
Services provided:		
Medical	\$ 99,139	\$ 95,864
Dental	225,899	255,842
Lab/x-ray	71,584	53,384
Mammograms	23,453	11,477
Prescriptions	239,775	208,061
Consulting	46,826	31,064
Total contributed services	<u>\$ 706,676</u>	<u>\$ 655,692</u>

LAFAYETTE COMMUNITY HEALTH CARE CLINIC, INC.
Lafayette, Louisiana

Notes to Financial Statement (Continued)

(7) Notes Payable

	<u>2004</u>	<u>2003</u>
Loan from Midsouth Bank, maturing on May 5, 2009, bearing interest at 4.5%, secured by a first mortgage on the building and land at 1317 Jefferson Street.	\$ 104,790	\$ 117,303
Loan from Lafayette Neighborhood's Economic Development Corporation (LNEDC) for improvements to the building at 1317 Jefferson Street, maturing September 20, 2015, bearing interest at 6.0%, secured by a second mortgage on the building and land at 1317 Jefferson Street.	<u>49,149</u>	<u>52,126</u>
Total notes payable	153,939	169,429
Less: current portion	<u>(17,744)</u>	<u>(17,493)</u>
Net long-term portion	<u>\$ 136,195</u>	<u>\$ 151,936</u>

Following are the scheduled payments for notes payables, including interest of \$32,051.

<u>Year</u>	<u>Amount</u>
2005	\$ 25,023
2006	25,023
2007	25,023
2008	25,023
2009	50,011
2010-2014	30,778
2015	<u>5,109</u>
	<u>\$ 185,990</u>

(8) Risk Management

The Clinic is exposed to risks of loss in the areas of general liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. Insurance settlements have not exceeded insurance coverage the past three years.

SUPPLEMENTARY INFORMATION

INTERNAL CONTROL AND COMPLIANCE

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

To the Board of Directors
Lafayette Community Health Care Clinic, Inc.
Lafayette, Louisiana

We have audited the financial statements of the Lafayette Community Health Care Clinic, Inc. (a nonprofit organization) as of and for the year ended December 31, 2004, and have issued our report thereon dated June 13, 2005. 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 Lafayette Community Health Care Clinic Inc.'s *internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.* Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lafayette Community Health Care Clinic Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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This report is intended solely for the information and use of the Board of Directors and management, others within the organization, and grant awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Also, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 13, 2005

LAFAYETTE COMMUNITY HEALTH CARE CLINIC, INC.
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
December 31, 2004

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Date Of Completion
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CURRENT YEAR (12/31/04) --

There were no findings for the year ended December 31, 2004.

PRIOR YEAR (12/31/03) --

There were no findings for the year ended December 31, 2003.