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**LAFAYETTE COMMUNITY  
HEALTH CARE CLINIC, INC.**

Financial Report

December 31, 2003 and 2002

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 9.1.04

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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, 2003 and 2002, 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, 2003 and 2002, 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 9, 2004, 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 grants. That report is an integral part of an audit performed in accordance with Government Auditing Standard and should be read in conjunction with this report in considering the results of our audit.

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Our audit was performed for the purpose of forming an opinion on the financial statements 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 9, 2004

**FINANCIAL STATEMENTS**

LAFAYETTE COMMUNITY HEALTH CARE CLINIC, INC.  
Lafayette, Louisiana

Statement of Financial Position  
December 31, 2003 and 2002

	2003	2002
<b>ASSETS</b>		
Current assets:		
Cash & cash equivalents	\$ 43,535	\$ 65,380
Accounts receivable	710	28
Grant receivable	10,248	7,962
Prepaid expenses	3,235	2,795
Total current assets	57,728	76,165
Non-current assets:		
Equipment	31,026	31,026
Land	46,216	46,216
Buildings	356,848	356,848
Other improvements	42,378	42,378
Accumulated depreciation	(52,854)	(37,577)
Total noncurrent assets	423,614	438,891
Total assets	\$ 481,342	\$ 515,056
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 13,971	\$ 14,843
Accrued expenses	4,113	3,801
Current portion of notes payable	17,493	16,647
Total current liabilities	35,577	35,291
Long-term liabilities:		
Notes payable	151,936	169,608
Total liabilities	187,513	204,899
Net assets:		
Unrestricted	293,829	310,157
Total liabilities and net assets	\$ 481,342	\$ 515,056

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, 2003 and 2002

	<u>2003</u>	<u>2002</u>
<b>Changes in unrestricted net assets:</b>		
<b>Support - unrestricted</b>		
Federal grants	\$ 11,910	\$ 13,585
Other grants	120,311	168,295
Fundraising	40,692	25,138
Contributions	765,778	718,278
Interest earned	16	796
Miscellaneous	<u>4,113</u>	<u>4,385</u>
<b>Total unrestricted support</b>	<u>942,820</u>	<u>930,477</u>
<b>Expenses:</b>		
Program services	771,217	752,372
Supporting services	<u>187,931</u>	<u>186,925</u>
<b>Total expenses</b>	<u>959,148</u>	<u>939,297</u>
<b>Net decrease in net assets</b>	(16,328)	(8,820)
<b>Net assets, beginning of year</b>	<u>310,157</u>	<u>318,977</u>
<b>Net assets, end of year</b>	<u>\$ 293,829</u>	<u>\$ 310,157</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, 2003 and 2002

	<u>2003</u>	<u>2002</u>
<b>Program services:</b>		
Medical services - contributed	\$ 433,335	\$ 415,654
Prescriptions - contributed	208,061	200,190
Dental supplies	2,958	4,354
Pharmaceutical supplies	18,350	16,373
Medical supplies	930	549
Outside services - mammogram fees	17,673	27,601
Salaries	40,809	43,872
Insurance	12,555	12,088
Utilities	8,275	6,920
Repairs and maintenance	3,445	349
Payroll taxes	3,122	3,356
Cleaning services	3,300	3,438
Security	5,025	4,988
Waste disposal	1,755	1,430
Depreciation	<u>11,624</u>	<u>11,210</u>
<b>Total program services</b>	<b><u>\$ 771,217</u></b>	<b><u>\$ 752,372</u></b>
<b>Supporting services:</b>		
Salaries	\$ 100,288	\$ 104,157
Employee benefits	5,234	10,179
Outside services	23,205	12,441
Office expense	6,246	8,392
Equipment maintenance	1,494	2,491
Utilities	2,758	2,307
Payroll taxes	7,672	7,968
Telephone	5,286	6,231
Repairs and maintenance	1,149	1,234
Insurance	493	488
Postage	2,841	3,717
Waste disposal	585	477
Depreciation	3,653	3,540
Fundraising expenses	12,850	8,411
Interest expense	9,051	10,632
Miscellaneous expense	<u>5,126</u>	<u>4,260</u>
<b>Total supporting services</b>	<b><u>\$ 187,931</u></b>	<b><u>\$ 186,925</u></b>

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, 2003 and 2002

	<u>2003</u>	<u>2002</u>
<b>Cash flows from operating activities:</b>		
Decrease in net assets	\$ (16,328)	\$ (8,820)
<b>Adjustments to reconcile change in net assets     to net cash provided by operating activities:</b>		
Depreciation	15,277	14,750
<b>Change in current assets and liabilities:</b>		
Accounts receivable	(682)	77
Grants receivable	(2,286)	(6,323)
Prepaid expenses	(440)	(1,034)
Accounts payable	(872)	12,203
Accrued expenses	<u>312</u>	<u>(1,023)</u>
<b>Net cash provided (used) by operating activities</b>	<u>(5,019)</u>	<u>9,830</u>
<b>Cash flows used by investing activities:</b>		
Payments on loan & line of credit	(16,826)	(15,163)
Payments for capital expenses	<u>-</u>	<u>(9,094)</u>
<b>Net cash used by investing activities</b>	<u>(16,826)</u>	<u>(24,257)</u>
<b>Net decrease in cash</b>	(21,845)	(14,427)
<b>Cash and cash equivalents, beginning of year</b>	<u>65,380</u>	<u>79,807</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 43,535</u>	<u>\$ 65,380</u>
<b>Supplemental information:</b>		
Interest paid	<u>\$ 9,051</u>	<u>\$ 10,632</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 2003 and 2002 totaled \$15,277 and \$14,750, 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.

(2) Property and Equipment

Property and equipment are comprised of the following:

	2003	2002
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	399,226	399,226
Total property and equipment	476,468	476,468
Less: accumulated depreciation	(52,854)	(37,577)
Property and equipment, net	\$ 423,614	\$ 438,891

(3) Federal Grants

During 2003, the Clinic was awarded a \$10,000 grant from the Community Development Block Grant (CDBG) Program of the United States Department of Housing and Urban Development through the City of Lafayette. This grant covers the period from October 1, 2003 through September 30, 2004. 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. Including funds provided from the 2003-2004 grant received from this program, the Clinic was entitled to \$2,873 of these grant monies at December 31, 2003 for expenses incurred during the year.

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, 2003 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 2003 and 2002 the Clinic contributed \$5,234 and \$10,179, 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:

	<u>2003</u>	<u>2002</u>
Services provided:		
Medical	\$ 95,864	\$ 92,990
Dental	241,546	238,081
Lab/x-ray	53,384	36,183
Mammograms	11,477	29,686
Prescriptions	208,061	200,190
Consulting	<u>31,064</u>	<u>18,714</u>
Total contributed services	<u>\$ 641,396</u>	<u>\$ 615,844</u>

**LAFAYETTE COMMUNITY HEALTH CARE CLINIC, INC.**  
Lafayette, Louisiana

Notes to Financial Statement (Continued)

(7) Notes Payable

	2003	2002
Loan from Midsouth Bank, maturing on February 25, 2004, bearing interest at 4.5%, secured by a first mortgage on the building and land at 1317 Jefferson Street.	\$ 117,303	\$ -
Loan from Midsouth Bank, maturing on December 25, 2003, bearing interest at 5.25%, secured by a first mortgage on the building and land at 1317 Jefferson Street.	-	131,191
Loan from Lafayette Neighborhood's Economic Development Corporation (LNE DC) 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.	52,126	55,064
Total notes payable	169,429	186,255
Less: current portion	(17,493)	(16,647)
Net long-term portion	\$ 151,936	\$ 169,608

Following are the scheduled payments for notes payables, including interest of \$40,895.

Year	Amount
2004	\$ 25,788
2005	25,788
2006	25,788
2007	25,788
2008	25,788
2009-2013	71,125
2014-2015	10,259
	\$ 210,324

(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 COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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, 2003, and have issued our report thereon dated June 9, 2004. 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.

### Compliance

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 grants, 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.

### 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 assurance 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 over financial reporting that might be material weaknesses. A material weakness is a 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 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.

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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 9, 2004

LAFAYETTE COMMUNITY HEALTH CARE CLINIC, INC.  
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
December 31, 2003

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Date Of Completion</u>
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CURRENT YEAR (12/31/03) --

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

PRIOR YEAR (12/31/02) --

There were no findings for the year ended December 31, 2002.