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

**Financial Report**

**December 31, 2006 and 2005**

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 9/5/07

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITORS' REPORT

WEB SITE:  
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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, 2006 and 2005, 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, 2006 and 2005, 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 12, 2007, 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 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 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 12, 2007

**FINANCIAL STATEMENTS**

LAFAYETTE COMMUNITY HEALTH CARE CLINIC, INC.  
Lafayette, Louisiana

Statement of Financial Position  
December 31, 2006 and 2005

	2006	2005
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash & cash equivalents	\$ 17,620	\$ 20,424
Accounts receivable	135	-
Grant receivable	20,026	1,210
Prepaid expenses	5,217	4,669
Total current assets	42,998	26,303
<b>Non-current assets:</b>		
Equipment	36,801	36,801
Land	46,216	46,216
Buildings	434,549	434,549
Other improvements	42,378	42,378
Accumulated depreciation	(105,854)	(87,794)
Total noncurrent assets	454,090	472,150
Total assets	\$ 497,088	\$ 498,453
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 9,605	\$ 4,503
Accrued expenses	7,958	6,083
Current portion of notes payable	19,557	18,666
Total current liabilities	37,120	29,252
<b>Long-term liabilities:</b>		
Notes payable	97,108	116,299
Total liabilities	134,228	145,551
<b>Net assets:</b>		
Unrestricted	362,860	352,902
Total liabilities and net assets	\$ 497,088	\$ 498,453

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, 2006 and 2005

	2006	2005
Changes in unrestricted net assets:		
Support - unrestricted		
Federal grant	\$ -	\$ 2,147
United Way	78,500	76,000
Other grants	203,387	135,872
Fundraising	3,340	38,411
Contributions	1,222,284	1,068,994
Interest earned	21	28
Miscellaneous	476	1,345
Total unrestricted support	1,508,008	1,322,797
Expenses:		
Program services	1,305,588	1,124,035
Supporting services	192,462	208,183
Total expenses	1,498,050	1,332,218
Net increase (decrease) in net assets	9,958	(9,421)
Net assets, beginning of year	352,902	362,323
Net assets, end of year	\$ 362,860	\$ 352,902

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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Program services:		
Medical services - contributed	\$ 614,716	\$ 644,852
Prescriptions - contributed	383,257	281,363
Dental supplies	15,376	10,686
Pharmaceutical supplies	55,226	23,683
Medical supplies	1,318	709
Mammogram fees	26,770	21,810
Salaries	109,919	67,554
Employee benefits	9,526	6,332
Insurance	3,062	2,197
Office Expense	6,802	4,158
Postage	1,092	340
Outside services	11,533	6,876
Utilities	10,461	9,564
Telephone	3,527	2,382
Repairs and maintenance	12,862	6,277
Interest Exp	4,835	5,694
Payroll taxes	8,409	5,026
Cleaning services	2,484	2,277
Security	4,028	4,357
Waste disposal	3,294	2,831
Use tax and interest	3,366	-
Miscellaneous expense	-	327
Depreciation	13,725	14,740
Total program services	<u>\$ 1,305,588</u>	<u>\$ 1,124,035</u>
Supporting services:		
Salaries	\$ 129,036	\$ 130,778
Employee benefits	16,766	17,807
Outside services	4,485	7,484
Office expense	3,827	6,979
Equipment maintenance	1,725	1,622
Cleaning services	1,116	1,023
Utilities	2,950	2,698
Payroll taxes	9,871	10,146
Telephone	2,072	2,844
Repairs and maintenance	1,922	1,997
Insurance	1,393	1,131
Postage	2,673	3,781
Waste disposal	138	138
Depreciation	4,334	4,655
Fundraising expenses	258	9,020
Interest expense	1,364	1,893
Use tax and interest	177	-
Miscellaneous expense	8,355	4,187
Total supporting services	<u>\$ 192,462</u>	<u>\$ 208,183</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, 2006 and 2005

	2006	2005
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 9,958	\$ (9,421)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,060	19,395
Change in current assets and liabilities:		
Accounts receivable	(135)	-
Grants receivable	(18,816)	9,163
Prepaid expenses	(548)	(975)
Accounts payable	5,102	3,134
Accrued expenses	1,875	407
Net cash provided by operating activities	15,496	21,703
Cash flows used by investing activities:		
Payments on loan & line of credit	(18,300)	(18,975)
Payments for capital expenses	-	(5,774)
Net cash used by investing activities	(18,300)	(24,749)
Net decrease in cash	(2,804)	(3,046)
Cash and cash equivalents, beginning of year	20,424	23,470
Cash and cash equivalents, end of year	\$ 17,620	\$ 20,424
Supplemental information:		
Interest paid	\$ 6,199	\$ 7,587

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 2006 and 2005 totaled \$18,060 and \$19,395, 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. Salaries are allocated based on a ratio of weekly time dedicated between program and support services to total weekly time.

G. Compensated Absences

Regular full-time regular and part-time employees begin to accumulate vacation per each of the 24 pay periods once they have completed their introductory period. The rate at which leave accumulates is determined by employment classification and length of service. Upon termination of employment, payment will be made for unused vacation not to exceed ten (10) days maximum. It is against Clinic policy for a staff member to receive cash payments in lieu of vacation time. 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 Statements (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:

	<u>2006</u>	<u>2005</u>
Dental equipment	\$ 8,236	\$ 8,236
Office equipment	17,003	17,003
Medical equipment	11,562	11,562
Land	46,216	46,216
Buildings and improvements	<u>476,927</u>	<u>476,927</u>
Total property and equipment	559,944	559,944
Less: accumulated depreciation	<u>(105,854)</u>	<u>(87,794)</u>
Property and equipment, net	<u>\$ 454,090</u>	<u>\$ 472,150</u>

(3) 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, 2006 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.

LAFAYETTE COMMUNITY HEALTH CARE CLINIC, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(4) 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 2006 and 2005 the Clinic contributed \$4,040 and \$7,654, respectively, to the plan.

(5) 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>2006</u>	<u>2005</u>
Services provided:		
Medical	\$ 124,941	\$ 125,825
Dental	292,054	340,402
Lab/x-ray	131,443	104,400
Mammograms	25,535	29,197
Prescriptions	383,257	281,363
Consulting	<u>40,743</u>	<u>45,028</u>
Total contributed services	<u>\$ 997,973</u>	<u>\$ 926,215</u>

(6) Notes Payable

	<u>2006</u>	<u>2005</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.	\$ 73,972	\$ 89,099
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>42,693</u>	<u>45,866</u>
Total notes payable	116,665	134,965
Less: current portion	<u>(19,557)</u>	<u>(18,666)</u>
Net long-term portion	<u>\$ 97,108</u>	<u>\$ 116,299</u>

LAFAYETTE COMMUNITY HEALTH CARE CLINIC, INC.  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

Following are the scheduled payments for notes payables, including interest of \$18,295.

<u>Year</u>	<u>Amount</u>
2007	\$ 25,023
2008	25,023
2009	50,011
2010	6,156
2011	6,156
2012-2015	<u>22,591</u>
	<u>\$ 134,960</u>

(7) 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, COMPLIANCE**

**AND**

**OTHER MATTERS**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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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, 2006, and have issued our report thereon dated June 12, 2007. 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'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 Lafayette Community Health Care Clinic's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lafayette Community Health Care Clinic's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lafayette Community Health Care Clinic'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.

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 12, 2007

LAFAYETTE COMMUNITY HEALTH CARE CLINIC, INC.  
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
December 31, 2006

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 (12/31/06) --

There were no findings for the year ended December 31, 2006.

PRIOR YEAR (12/31/05) --

There were no findings for the year ended December 31, 2005.