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February 6, 2015

Board of Directors
Community Health Intervention and Education Foundation, Inc.
109 South Jefferson Street
Rockville, IN 47872

We have reviewed the audit report prepared by Edward Opperman, CPA, for the period October 1, 2011 to September 30, 2012. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Community Health Intervention and Education Foundation, Inc., as of September 30, 2012, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**COMMUNITY HEALTH INTERVENTION
AND EDUCATION FOUNDATION, INC**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

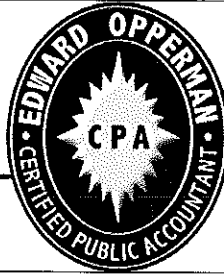
SEPTEMBER 30, 2012



**COMMUNITY HEALTH INTERVENTION
AND EDUCATION FOUNDATION, INC**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
COMMUNITY HEALTH INTERVENTION AND EDUCATION FOUNDATION, INC.
Rockville, Indiana

We have audited the accompanying statement of financial position of Community Health Intervention and Education Foundation, Inc., an Indiana non-profit organization, (the Organization) as of September 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 the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit provides 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 Community Health Intervention and Education Foundation, Inc. as of September 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.

Lafayette, Indiana
May 28, 2013

COMMUNITY HEALTH INTERVENTION AND EDUCATION FOUNDATION, INC
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Total</u>	<u>2011 Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 8,843	\$ 2,012	\$ 10,855	\$ 11,175
Accounts receivable	37,223	-	37,223	91,114
Grants receivable	-	42,811	42,811	-
Prepaid expenses	9,337	-	9,337	9,337
Interest in net assets of community foundation	3,616	-	3,616	3,616
Current Assets	<u>59,019</u>	<u>44,823</u>	<u>103,842</u>	<u>115,242</u>
Fixed Assets				
Building	360,926	-	360,926	321,560
Furniture and equipment	197,500	-	197,500	192,369
	558,426	-	558,426	513,929
Less accumulated depreciation	262,609	-	262,609	241,824
	295,817	-	295,817	272,105
Total Assets	<u>\$ 354,836</u>	<u>\$ 44,823</u>	<u>\$ 399,659</u>	<u>\$ 387,347</u>
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities				
Line of credit	\$ 25,000	\$ -	\$ 25,000	\$ 72,445
Accrued expenses	35,201	-	35,201	3,489
Funds held on behalf of others	-	3,016	3,016	19,516
Notes payable	115,157	-	115,157	96,903
Mortgage payable	150,230	-	150,230	155,410
Medicare overpayment	32,378	-	32,378	78,938
Total Liabilities	<u>\$ 357,966</u>	<u>\$ 3,016</u>	<u>\$ 360,982</u>	<u>\$ 426,701</u>
Net Assets				
Unrestricted	(3,130)	-	(3,130)	(24,354)
Temporarily Restricted	-	41,807	41,807	(15,000)
Total Net Assets	<u>\$ (3,130)</u>	<u>\$ 41,807</u>	<u>\$ 38,677</u>	<u>\$ (39,354)</u>
Total Liabilities and Net Assets	<u>\$ 354,836</u>	<u>\$ 44,823</u>	<u>\$ 399,659</u>	<u>\$ 387,347</u>

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

COMMUNITY HEALTH INTERVENTION AND EDUCATION FOUNDATION, INC

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Unrestricted	Temporarily Restricted	2012 Total	2011 Total
<u>SUPPORT</u>				
United Way	\$ -	\$ -	\$ -	\$ 898
Contributions	946	-	946	2,403
Fundraising income	69	-	69	1,289
In-kind support	25,000	-	25,000	25,000
Total Support	26,015	-	26,015	29,590
<u>REVENUE</u>				
Federal grants	-	139,511	139,511	87,547
State and local grants	-	275,141	275,141	227,368
Other grants	-	-	-	63,750
Patient fees	65,712	-	65,712	128,783
Medicare & Medicaid	53,008	-	53,008	40,395
Rent income	12,238	-	12,238	8,954
Health insurance	54,889	-	54,889	33,175
Interest income	-	-	-	76
Other income	23,594	-	23,594	-
Total Support	209,441	414,652	624,093	590,048
Net assets released from restrictions	357,845	(357,845)	-	-
Total Revenue and Support	\$ 593,301	\$ 56,807	\$ 650,108	\$ 619,638
<u>EXPENSES</u>				
Program services	\$ 426,622	\$ -	\$ 426,622	\$ 513,693
Management and general expenses	145,455	-	145,455	90,305
Fundraising expenses	-	-	-	-
Total Expenses	\$ 572,077	\$ -	\$ 572,077	\$ 603,998
Increase (decrease) in Net Assets	21,224	56,807	78,031	15,640
Net Assets - beginning of year	(24,354)	(15,000)	(39,354)	(48,951)
Equity Adjustment	-	-	-	(6,043)
Net Assets - end of year	\$ (3,130)	\$ 41,807	\$ 38,677	\$ (39,354)

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

COMMUNITY HEALTH INTERVENTION AND EDUCATION FOUNDATION, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	PROGRAMS					2012 Total	2011 TOTAL
	Maternal and Child Health Grant	Women, Infant, and Children Program	Community Health Clinic Grant	Dental Program	Management and General		
Advertising	\$ 21	\$ 21	\$ 21	\$ -	\$ 1,729	\$ 1,792	\$ 3,071
Conference	-	-	-	-	-	-	862
Contracted labor	62	62	278	25,000	590	25,992	46,836
Contracts	-	3,050	12,248	1,856	-	17,154	9,688
Depreciation	-	-	-	-	20,785	20,785	19,615
Dues	-	-	-	-	85	85	3,604
Equipment	-	-	494	-	6,027	6,521	-
Insurance	39	39	3,115	-	18,704	21,897	16,246
Interest	-	-	-	-	13,359	13,359	11,921
Miscellaneous	-	75	-	1,860	-	1,935	18,590
Office expenses	267	-	684	267	8,603	9,821	-
Payroll taxes & fringe	1,794	4,973	43,072	827	5,899	56,565	30,097
Professional fees	-	-	-	-	18,751	18,751	53,363
Repairs and maintenance	116	116	116	-	723	1,071	7,152
Rent expense	-	812	800	-	-	1,612	-
Service charges	-	-	-	-	1,218	1,218	1,731
Service supplies	-	-	-	-	9,514	9,514	58,952
Supplies	2,303	13,371	23,538	3,175	2,887	45,274	2,671
Travel	-	190	-	-	472	662	764
Utilities	314	1,233	6,737	-	7,718	16,002	14,196
Wages	38,000	37,083	180,893	9,642	28,391	294,009	304,639
Occupancy expense	-	4,058	4,000	-	-	8,058	-
	<u>\$ 42,916</u>	<u>\$ 65,083</u>	<u>\$ 275,996</u>	<u>\$ 42,627</u>	<u>\$ 145,455</u>	<u>\$ 572,077</u>	<u>\$ 603,998</u>

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

COMMUNITY HEALTH INTERVENTION AND EDUCATION FOUNDATION, INC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 78,031
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:	
Depreciation	20,785
(Increase) decrease in operating assets:	
Accounts receivable	53,891
Grants receivable	(42,811)
Prepaid expenses	-
Increase (decrease) in operating liabilities:	
Accrued expenses	16,712
Funds held on behalf of others	(1,500)
Net Cash Provided by (Used in) Operating Activities	<u>125,108</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Capital Expenditures	(44,497)
Interest in net assets of community foundation	-
Net Cash Provided by (Used in) Investing Activities	<u>(44,497)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on mortgage payable, net	(5,180)
Draws on Line of Credit	25,000
Payments on notes payable, net	(28,306)
Net Cash Provided by (Used in) Financing Activities	<u>(8,486)</u>

Net increase (decrease) in cash	72,125
Cash - beginning of year	<u>(61,270)</u>
Cash - end of year	<u>\$ 10,855</u>
Interest paid during the year	<u>\$ 3,831</u>

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

COMMUNITY HEALTH INTERVENTION AND EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

1. NATURE OF THE ORGANIZATION

The Community Health Intervention and Education Foundation, Inc. (the Organization) was created to provide a place where quality health services would be more comprehensive, affordable and accessible to area families.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting. This basis of accounting differs from generally accepted accounting principles primarily because the Organization has not recorded grants receivable from government agencies or accounts payable to vendors.

The financial statement are presented in accordance with the provisions of FASB Statements No. 116, *Accounting for Contributions Received and Contributions Made* and No. 117, *Financial Statement of Not-for-Profit Organizations*, and the AICPA Audit and Accounting Guide for Not-for-Profit Organizations (the "Guide")

Under the provision of FASB Statements 116 and 117 and the Guide, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions, Accordingly, the net assets of the Organization and charges therein are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Property and Equipment is stated at cost or, for donations, at fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation is computed over the estimated useful lives of the equipment, generally three to forty years, using the straight-line or double declining methods. Depreciation expense was \$19,615 for the year ended September 30, 2011.

COMMUNITY HEALTH INTERVENTION AND EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (cont)

Federal and State income taxes – The Organization has been granted an exemption from income taxes as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code; therefore, no expense or liability for income taxes has been recognized in the accompanying financial statements. Contributions to the Organization are tax deductible within the limitations prescribed by the code. The Organization is not considered a private foundation within the meaning of Section 509(a)(1) of the code.

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. Actual results could differ from these estimates.

Concentration of Support Risk – Support for the Organization comes primarily from federal and state grants, Medicare & Medicaid billings, insurance billings, patient fees and contributions from the general public. The Organization does conduct a limited number of special event fundraisers.

Approximately 66% of the Organization's support and revenue was provided by federal, state and local grants and contracts.

Accounts and Grants Receivable – The Organization records accounts and grants receivable at cost and are deemed by management to be fully collectible. Therefore, no allowance for doubtful accounts has been included in the financial statements.

Contributions Receivable – The Organization records contributions when the donor makes a promise to give that is, in substance, unconditional. Promises to give consist of amounts due in less than one year.

Contributed Services – The Organization records various types of in-kind support including property and equipment, professional services, and materials. Property and equipment donated are capitalized on the basis as explained in the above Note. Contributed professional services are recognized if the services either create or enhance long-live assets, or require specialized skills and would typically need to be purchased if not provided by the donation. Contributions of supplies and materials are recognized at fair market value when received. Donated in-kind professional services was approximately \$25,000 for the year ended September 30, 2012.

The Organization also receives significant donations of time from volunteers. The Organization's programs and operations could not be fully achieved without the dedicated efforts of many volunteers. These contributed services are not reported as they do not meet the requirements under current accounting standards.

Fair Values of Financial Instruments – The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: The carry amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Investments: The amount reported is the approximate fair value of those investments for the period covered by the financial statements.

Long-term debt: The fair value of the mortgage note payable is based on its carrying amount.

COMMUNITY HEALTH INTERVENTION AND EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (cont)

Functional Allocation of Expenses - The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising - The Organization expenses advertising costs as incurred. For the year ended September 30, 2012 and 2011, advertising costs totaled \$1,729 and \$3,071, .

Accrued Vacation - The Organization has not accrued compensated absences because the amount cannot be reasonably estimated.

3. PRIOR YEAR PRESENTATION AND RECLASSIFICATION

Certain accounts in the prior year financial statement have been reclassified for comparative purposes to be conformed to the current year and for presentation along with the current-year financial statements. Additionally some prior year information is included in this report to provide the reader current-year and prior-year comparisons.

4. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash in bank accounts, the total of which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash and cash equivalents. At December 31, 2012 the insured limits were not exceeded by the Organization.

5. FUNDS HELD IN TRUST BY OTHERS

The Organization has contributed a total of \$3,500 to the Parke County Community Foundation, Inc. (the Foundation) to establish a fund (the Fund) to benefit the Community Health Intervention and Education Foundation, Inc.

The primary purpose of the designated endowment fund is to provide support to the Organization so that it may continue to provide quality health services to children and families in Parke County.

Subject to the right of the Parke County Community Foundation, Inc. to reject any particular gift, any person whether an individual, corporation, trust, estate or organization, including the Organization, may make additional gifts to the Foundation for the purpose of the Fund. All gifts are irrevocable once accepted by the Foundation. The Fund is not a separate trust. All money and property of the Fund is held as general assets of the Foundation. The Organization through the acceptance of the designated endowment agreements, has granted the board of directors of the Foundation variance power. The variance power allows the Foundation to redirect the distributions from the established Fund if in the judgment of the Foundation's board of directors, the conditions or restrictions of these agreements are unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by the Foundation. No distributions shall be made from these funds if it endangers the 501(c)(3) status of the Foundation.

COMMUNITY HEALTH INTERVENTION AND EDUCATION FOUNDATION, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

10. STATE AND LOCAL GRANTS AND CONTRACTS

State and local grants consist of the following for the year ended September 30, 2012 and 2011:

Source	2012	2011
Family Assistance Program	\$ -	\$ -
State of Indiana Community Health Clinic Grant	<u>275,141</u>	<u>227,368</u>
	<u>\$ 275,141</u>	<u>\$ 227,368</u>

11. MORTGAGE PAYABLE

The following represents the notes payables as of September 30, 2012 and 2011:

	2012	2011
Mortgage, Old National Bank, payable in monthly installment of \$1,015, including 5.5% interest with a maturity date of August 2020. Secured by real estate. Interest is payable at prime rate, adjusted every third year beginning in August 2003.	\$ 150,230	\$ 155,410
Note Payable, Old National Bank, including 5.25% interest, currently interest only payments are made.	<u>85,131</u>	<u>96,903</u>
Note Payable, USDA Rural Development	<u>30,026</u>	-
	\$ 265,387	\$ 252,313
Less current maturities	<u>4,201</u>	<u>4,023</u>
Total Long-Term Liabilities	<u>\$ 261,186</u>	<u>\$ 248,290</u>

Future minimum principal payments are as follows:

Year	Principal Payment
2012	\$ 4,201
2013	4,189
2014	4,436
2015	4,688
2016	4,953
Beyond	<u>127,763</u>
	<u>\$ 150,230</u>

Interest expense for the year ended September 30, 2012 and 2011 was \$13,359 and \$11,921.

COMMUNITY HEALTH INTERVENTION AND EDUCATION FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

12. LINE OF CREDIT

The Organization has a line of credit for \$26,000 at a local financial institution, at prime interest rate. The line of credit matures April 17, 2016. As of September 30, 2012 there were no \$25,000 of borrowings against the line of credit.

13. MEDICARE OVERPAYMENT

During 2009, the Organization mistakenly accepted a payment of \$620,810 from Medicare. As of September 30, 2012, \$565,432 has been repaid leaving a balance of \$55,378. The Organization has established a monthly payment of \$5,000 which began in January 2010, then decreased to a monthly payment of \$2,000 in February 2012.

14. RENT INCOME

The Organization leases office space to another organization on a month-to-month basis. The rental income under these agreements for the year ended September 30, 2012 was \$12,238.