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June 24, 2009

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

We have reviewed the audit report prepared by Sackrider & Company, Inc., Independent Public Accountants, for the period October 1, 2006 to September 30, 2007. 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 the Community Health Intervention and Education Foundation, Inc., as of September 30, 2007, 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.

STATE BOARD OF ACCOUNTS

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

**Financial Statements and Report of
Independent Certified Public Accountants**

September 30, 2007

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Community Health Intervention and
Education Foundation, Inc.
Rockville, Indiana

We have audited the accompanying statement of assets, liabilities, and net assets-modified cash basis of Community Health Intervention and Education Foundation, Inc. as of September 30, 2007 and the related statements of support, revenue, and expenses and changes in net assets-modified cash basis and functional expenses-modified cash basis 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. Information for the year ended September 30, 2006 is presented for comparative purposes only and was extracted from the financial statements presented for that year on which an unqualified opinion dated May 30, 2007 was expressed.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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.

As described in Note 2, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Community Health Intervention and Education Foundation, Inc. as of September 30, 2007 and its support, revenue, and expenses and changes in net assets for the year then ended, on the basis of accounting described in Note 2.

Sackrider & Company, Inc.

Terre Haute, Indiana
June 4, 2008

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

Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis

September 30,

	2007			2006
ASSETS	Unrestricted	Temporarily Restricted	Total	Total
Cash	\$ 39,950	\$ 100	\$ 40,050	\$ 19,596
Interest in net assets of community foundation	4,668	-	4,668	4,458
Property and equipment				
Building	270,631	-	270,631	270,631
Furniture and equipment	150,144	-	150,144	150,144
	420,775	-	420,775	420,775
Less accumulated depreciation	169,574	-	169,574	150,540
	251,201	-	251,201	270,235
Total assets	\$ 295,819	\$ 100	\$ 295,919	\$ 294,289
LIABILITIES AND NET ASSETS				
Payroll liabilities	\$ 8,350	\$ -	\$ 8,350	\$ (140)
Notes payable	115,604	-	115,604	73,323
Mortgage payable	115,267	-	115,267	120,521
Net assets	56,598	100	56,698	100,585
Total liabilities and net assets	\$ 295,819	\$ 100	\$ 295,919	\$ 294,289

The accompanying notes are an integral part of this statement.

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

**Statement of Support, Revenue, and Expenses and Changes in Net Assets
- Modified Cash Basis**

Year Ended September 30,

	2007			2006 Total
	Unrestricted	Temporarily Restricted	Total	
Support				
United Way	\$ 36,773	\$ -	\$ 36,773	\$ 27,184
Contributions	2,000	-	2,000	1,582
Fundraising income	1,747	-	1,747	1,612
In-kind support	21,800	-	21,800	11,440
Total support	<u>62,320</u>	<u>-</u>	<u>62,320</u>	<u>41,818</u>
Revenue				
Federal grants	109,962	-	109,962	116,573
State and local grants	238,598	1,950	240,548	237,102
Patient fees	94,561	-	94,561	45,424
Medicare & Medicaid	51,024	-	51,024	36,538
Rent income	6,156	-	6,156	7,127
Change in interest in net assets of community foundation	210	-	210	449
Health insurance	12,688	-	12,688	10,986
Other income	528	-	528	-
Total revenue	<u>513,727</u>	<u>1,950</u>	<u>515,677</u>	<u>454,199</u>
Net assets released from restrictions:				
Satisfaction of purpose requirements	<u>2,613</u>	<u>(2,613)</u>	<u>-</u>	<u>-</u>
Total support and revenue	578,660	(663)	577,997	496,017
Expenses				
Program services				
Maternal Health Clinic Grant	163,713	-	163,713	151,404
Women, Infant, and Children Program	46,558	-	46,558	51,869
Community Health Clinic Grant	265,478	-	265,478	222,104
Dental Program	47,317	-	47,317	14,100
Family Assistance Program	2,213	-	2,213	699
Management and general expenses	96,605	-	96,605	89,100
Fundraising expenses	-	-	-	-
Total expenses	<u>621,884</u>	<u>-</u>	<u>621,884</u>	<u>529,276</u>
Decrease in net assets	(43,224)	(663)	(43,887)	(33,259)
Net assets at beginning of year	<u>99,822</u>	<u>763</u>	<u>100,585</u>	<u>133,844</u>
Net assets at end of year	<u>\$ 56,598</u>	<u>\$ 100</u>	<u>\$ 56,698</u>	<u>\$ 100,585</u>

The accompanying notes are an integral part of this statement.

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

Statement of Functional Expenses - Modified Cash Basis

Year Ended September 30,

2007

	Program Services			
	Maternal Health Clinic Grant	Women, Infant, and Children Program	Community Health Clinic Grant	Dental Program
Advertising	\$ -	\$ -	\$ 598	\$ -
Assistance expense	-	-	-	-
Conferences	-	-	-	-
Contracted labor	-	-	-	6,240
Contracts	2,083	2,213	3,483	-
Depreciation	-	-	-	-
Dues	-	-	-	50
Insurance	2,188	298	4,616	-
Interest	-	-	-	1,669
Miscellaneous expense	-	-	411	20
Payroll taxes	12,482	3,159	15,904	185
Professional fees	-	2,100	-	-
Repairs and maintenance	-	-	1,536	-
Service charges	-	-	-	-
Service supplies	4,150	1,102	29,377	6,729
Supplies	2,531	520	5,728	3,964
Travel	80	445	-	-
Utilities	1,643	715	9,364	-
Wages	132,665	34,540	186,544	27,301
Occupancy expense	5,891	1,466	7,917	1,159
	<u>\$ 163,713</u>	<u>\$ 46,558</u>	<u>\$ 265,478</u>	<u>\$ 47,317</u>

<u>Family Assistance Program</u>	<u>Management and General</u>	<u>Total Expenses</u>	<u>2006 Total</u>
\$ -	\$ 349	\$ 947	\$ 7,562
2,213	-	2,213	699
-	-	-	385
-	-	6,240	-
-	420	8,199	5,027
-	19,034	19,034	18,065
-	1,254	1,304	105
-	6,858	13,960	13,126
-	12,866	14,535	9,264
-	2,120	2,551	1,344
-	2,925	34,655	29,109
-	2,630	4,730	7,398
-	3,877	5,413	9,265
-	386	386	47
-	19,156	60,514	30,651
-	8,646	21,389	29,890
-	380	905	674
-	5,227	16,949	18,310
-	26,910	407,960	348,355
-	(16,433)	-	-
<u>\$ 2,213</u>	<u>\$ 96,605</u>	<u>\$ 621,884</u>	<u>\$ 529,276</u>

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

Notes to Financial Statements

September 30, 2007

NOTE 1 - PURPOSE OF ORGANIZATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements follows:

Method of Accounting

The financial statements of the Organization have been prepared on the modified cash 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.

Basis of Presentation

The Organization follows Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made* and Statement of Financial Accounting Standards No. 117, *Financial Statements for Not-for-Profit Organizations*. Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Board designated amounts are included.

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 the 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.

Advertising Costs

Advertising costs are expensed as incurred.

Support

Contributions received are measured at their fair values and are reported as an increase in net assets. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulate time restriction

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

Notes to Financial Statements - Continued

September 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor - restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. The straight-line method of depreciation is followed for all assets. Depreciation expense for the year ended September 30, 2007 was \$19,034.

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

In-Kind Support

The Organization records in-kind support for services volunteered from a doctor and a nurse, that would typically need to be purchased if not provided by donation. The Organization also records in-kind rent for use of a building in Waveland, IN. The equipment in Waveland, IN belongs to an employee for the Organization and the rental value is not recorded because the value is unknown. The amount reflected in the accompanying financial statement as in-kind support and rent is offset by like amounts in management and general expenses.

NOTE 3 - FUNDS HELD IN TRUST BY OTHERS

The Organization has contributed a total of \$3,500 to the Parke County Community Foundation, Inc. to establish a 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 Parke County Community Foundation, Inc. variance power. The variance

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

Notes to Financial Statements - Continued

September 30, 2007

NOTE 3 - FUNDS HELD IN TRUST BY OTHERS - continued

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.

NOTE 4 - NOTES PAYABLE

At September 30, 2007, notes payable consisted of the following:

Line of credit for \$50,000 with a local financial institution, secured by equipment, interest payable monthly at 8.75%, due February, 2008.	\$ 49,815
Line of credit for \$26,000 with a local financial institution, secured by real estate, interest payable monthly at 8.25% due April, 2016.	22,462
Note payable to Patterson Dental, payable in monthly installments of \$333 through April, 2009 secured by equipment. This note is noninterest bearing.	6,327
Note payable with a local financial institution, interest payable monthly at 9.00% with principal due on April 29, 2008	<u>37,000</u>
	\$ <u>115,604</u>

Following are maturities of long-term debt for each of the next five years:

2008	\$ 90,811
2009	2,331
2010	-
2011	-
2012	-
Thereafter	<u>22,462</u>
	\$ <u>115,604</u>

NOTE 5 - MORTGAGE PAYABLE

At September 30, 2007, the Organization had a mortgage payable to a local financial institution, secured by real estate, in the amount of \$115,267. Principal and interest is due in monthly installments through August 2020. Interest is payable at prime rate, adjustable every third year beginning in August 2003. At September 30, 2007, the annual interest rate was 6.00% and the monthly installment was \$1,105.

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

Notes to Financial Statements - Continued

September 30, 2007

NOTE 5 - MORTGAGE PAYABLE - continued

The annual maturity of the mortgage for each of the next five years and in the aggregate is as follows:

2008	\$	6,525
2009		6,927
2010		7,354
2011		7,808
2012		8,290
Thereafter		<u>78,363</u>
	\$	<u>115,267</u>

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

As of September 30, 2007, the balance of temporarily restricted net assets consists of cash for the following programs:

Family Assistance Program	\$	100
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NOTE 7 - DETAIL OF FEDERAL GRANTS AND CONTRACTS

Federal awards and grants consist of the following for the year ended September 30, 2006:

Department of Health & Human Services; Passed through Indiana State Department of Health: Maternal and Child Health Services Grant	\$	58,716
Department of Agriculture, Food and Nutrition Services; Passed through Indiana State Department of Health: Women, Infants and Children Program		<u>51,246</u>
	\$	<u>109,962</u>

NOTE 8 - DETAIL OF STATE AND LOCAL GRANTS

State and local grants consist of the following for the year ended September 30, 2007:

Family Assistance Program	\$	1,950
State of Indiana; Community Health Clinic Grant		<u>238,598</u>
	\$	<u>240,548</u>

NOTE 9 - OPERATING LEASES

The Organization leases office space to several organizations on a month-to-month basis. The rental income under these agreements for 2007 was \$6,156.

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

Notes to Financial Statements - Continued

September 30, 2007

NOTE 10 - INCOME TAXES

The Community Health Intervention and Education Foundation, Inc. is a wholly-exempt not-for-profit organization in accordance with the Internal Revenue Code Section 501(c)(3). Therefore, no provision for federal or state income taxes has been reflected in the financial statements.

NOTE 11 - CONCENTRATIONS

Approximately 60% of the Organization's support and revenue was provided by federal, state, and local grants and contracts.