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October 18, 2011

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

We have reviewed the audit report prepared by Sackrider & Company, Inc., Independent Public Accountants, for the period October 1, 2008 to September 30, 2009. 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, 2009, 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.

We call your attention to the findings in the report. The Report of Independent Certified Public Accountants and Note 14 on page 9 makes mention of going concern considerations.

STATE BOARD OF ACCOUNTS

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

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

September 30, 2009

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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, 2009 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, 2008 is presented for comparative purposes only and was extracted from the financial statements presented for that year on which an unqualified opinion dated February 17, 2009 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, 2009 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.

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 14 to the financial statements, the Organization has suffered recurring significant reductions in grant revenues and has a net deficiency in net assets that raise substantial doubt about its ability to continue as a going concern. Management's plans regarding these matters also are described in Note 14. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Terre Haute, Indiana
June 1, 2010

Sackrider & Company, Inc.

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

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

September 30,

ASSETS	2009			2008 Total
	Unrestricted	Temporarily Restricted	Total	
Cash	\$ 82,824	\$ 15,003	\$ 97,827	\$ 52,428
Interest in net assets of community foundation	3,060	-	3,060	4,626
Property and equipment				
Building	307,354	-	307,354	273,359
Furniture and equipment	151,144	-	151,144	151,144
	458,498	-	458,498	424,503
Less accumulated depreciation	203,797	-	203,797	186,935
	254,701	-	254,701	237,568
Total assets	\$ 340,585	\$ 15,003	\$ 355,588	\$ 294,622
LIABILITIES AND NET ASSETS				
Payroll liabilities	\$ 2,370	\$ -	\$ 2,370	\$ 6,454
Funds held on behalf of others	-	15,000	15,000	15,000
Notes payable	-	-	-	72,801
Mortgage payable	102,426	-	102,426	108,687
Medicare overpayment	320,810	-	320,810	
Net assets	(85,021)	3	(85,018)	91,680
Total liabilities and net assets	\$ 340,585	\$ 15,003	\$ 355,588	\$ 294,622

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,

	2009			2008 Total
	Unrestricted	Temporarily Restricted	Total	
Support				
United Way	\$ 7,090	\$ -	\$ 7,090	\$ 29,745
Contributions	2,199	-	2,199	2,238
Fundraising income	2,211	-	2,211	900
In-kind support	31,160	-	31,160	29,040
Total support	42,660	-	42,660	61,923
Revenue				
Federal grants	89,192	-	89,192	106,531
State and local grants	164,224	1,400	165,624	311,585
Patient fees	123,939	-	123,939	142,334
Medicare & Medicaid	64,819	-	64,819	88,066
Rent income	1,905	-	1,905	3,145
Change in interest in net assets of community foundation	(1,565)	-	(1,565)	(42)
Health insurance	31,283	-	31,283	18,050
Interest income	500	-	500	32
Other income	4,833	-	4,833	527
Total revenue	479,130	1,400	480,530	670,228
Net assets released from restrictions:				
Satisfaction of purpose requirements	1,647	(1,647)	-	-
Total support and revenue	523,437	(247)	523,190	732,151
Expenses				
Program services				
Maternal and Child Health Services Grant	221,332	-	221,332	217,564
Women, Infants, and Children Program	51,793	-	51,793	54,752
Community Health Clinic Grant	282,249	-	282,249	303,512
Dental Program	45,881	-	45,881	43,683
Family Assistance Program	1,647	-	1,647	1,105
Management and general expenses	96,986	-	96,986	76,553
Fundraising expenses	-	-	-	-
Total expenses	699,888	-	699,888	697,169
Increase (Decrease) in net assets	(176,451)	(247)	(176,698)	34,982
Net assets at beginning of year	91,430	250	91,680	56,698
Net assets at end of year	\$ (85,021)	\$ 3	\$ (85,018)	\$ 91,680

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,

2009

Program Services

	<u>Maternal and Child Health Grant</u>	<u>Women, Infant, and Children Program</u>	<u>Community Health Clinic Grant</u>	<u>Dental Program</u>
Advertising	\$ -	\$ -	\$ 1,542	\$ -
Assistance expense	-	-	-	-
Conferences	-	-	-	-
Contracted labor	-	-	-	27,430
Contracts	9,916	45	11,534	-
Depreciation	-	-	-	-
Dues	-	-	-	-
Insurance	-	-	8,146	-
Interest	-	-	-	-
Miscellaneous expense	-	-	-	-
Payroll taxes	14,808	3,148	16,263	478
Professional fees	13,000	2,955	6,516	-
Repairs and maintenance	-	60	1,418	-
Rent expense	-	150	-	-
Service charges	-	-	-	-
Service supplies	21,135	904	28,097	10,711
Supplies	-	-	1,600	-
Travel	-	154	-	-
Utilities	-	750	8,011	-
Wages	150,903	34,670	187,552	5,396
Occupancy expense	<u>11,570</u>	<u>8,957</u>	<u>11,570</u>	<u>1,866</u>
	<u>\$ 221,332</u>	<u>\$ 51,793</u>	<u>\$ 282,249</u>	<u>\$ 45,881</u>

<u>Family Assistance Program</u>	<u>Management and General</u>	<u>Total Expenses</u>	<u>2008 Total</u>
\$ -	\$ 5,269	\$ 6,811	\$ 1,824
1,647	-	1,647	1,105
-	135	135	400
-	-	27,430	25,359
-	-	21,495	4,880
-	16,861	16,861	17,362
-	1,280	1,280	456
-	13,889	22,035	14,013
-	10,027	10,027	11,811
-	9,253	9,253	8,142
-	2,432	37,129	26,504
-	12,503	34,974	7,875
-	9,500	10,978	12,331
-	120	270	8,000
-	898	898	967
-	-	60,847	84,891
-	7,460	9,060	21,769
-	-	154	511
-	10,922	19,683	18,811
-	30,400	408,921	430,158
-	(33,963)	-	-
<u>\$ 1,647</u>	<u>\$ 96,986</u>	<u>\$ 699,888</u>	<u>\$ 697,169</u>

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

Notes to Financial Statements

September 30, 2009

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

Net assets, support, 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, 2009

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, 2009 was \$ 16,861.

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, a nurse, and a dental assistant of \$31,160 that would typically need to be purchased if not provided by donation. Some of the equipment used through May 2009 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 is offset by like amounts in management and general expenses.

Subsequent Events

Management has evaluated subsequent events through, June 1, 2010, the date which the financial statements were available for issue and concluded nothing occurred requiring adjustment to the financial statements or disclosure in the notes to the financial statements.

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.

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

Notes to Financial Statements - Continued

September 30, 2009

NOTE 3 - FUNDS HELD IN TRUST BY OTHERS – continued

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 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 - FUNDS HELD ON BEHALF OF OTHERS

During 2008, the Parke County Health Department placed \$ 15,000 with the Organization to be dispersed for the Parke County Safehouse Project. As of September 30, 2009, there have been no expenditures for this project.

NOTE 5 - MORTGAGE PAYABLE

At September 30, 2009, the Organization had a mortgage payable to a local financial institution, secured by real estate, in the amount of \$102,426. 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, 2009, the annual interest rate was 5.5% and the monthly installment was \$1,015.

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

2010	\$ 7,043
2011	7,440
2012	7,860
2013	8,303
2014	8,771
Thereafter	<u>63,009</u>
	\$ <u>102,426</u>

NOTE 6 - LINE OF CREDIT

The Organization has a line of credit for \$26,000 at a local prime interest rate with a local financial institution. The line of credit matures April 17, 2016. As of September 30, 2009, there were no borrowings against the line of credit.

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

Notes to Financial Statements - Continued

September 30, 2009

NOTE 7 - MEDICARE OVERPAYMENT

During 2009, the Organization erroneously accepted a payment of \$620,810 from Medicare. As of September 30, 2009, \$300,000 has been repaid leaving a balance of \$320,810. Subsequently, the Organization paid \$156,323 through December 2009 and is paying \$5,000 a month beginning in January 2010.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

As of September 30, 2009, the balance of temporarily restricted net assets consists of cash for the following programs:

Family Assistance Program	\$ 3
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NOTE 9 - DETAIL OF FEDERAL GRANTS AND CONTRACTS

Federal awards and grants consist of the following for the year ended September 30, 2009:

Department of Health & Human Services; Passed through Indiana State Department of Health: Maternal and Child Health Services Grant	\$ 50,896
Department of Agriculture, Food and Nutrition Services; Passed through Indiana State Department of Health: Women, Infants and Children Program	<u>38,296</u>
	<u>\$ 89,192</u>

NOTE 10 - DETAIL OF STATE AND LOCAL GRANTS

State and local grants consist of the following for the year ended September 30, 2009:

Family Assistance Program	\$ 1,400
State of Indiana; Community Health Clinic Grant	<u>164,224</u>
	<u>\$ 165,624</u>

NOTE 11 - RENT INCOME

The Organization leases office space to one organization on a month-to-month basis. The rental income under these agreements for 2009 was \$1,905.

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

Notes to Financial Statements - Continued

September 30, 2009

NOTE 12 - 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 13 - CONCENTRATIONS

Approximately 49% of the Organization's support and revenue was provided by federal, state, and local grants and contracts.

NOTE 14 - UNCERTAINTIES RELATING TO A GOING CONCERN

As shown in the accompanying financial statements, the Organization incurred a decrease in net assets of \$176,698 during the year ended September 30, 2009. The Organization faced significant cash flow problems as a result of the reduction in federal and state grants. At September 30, 2009, total liabilities exceed total assets by \$85,018. Subsequently, the Organization has been forced to utilize all of their available lines-of-credit. Management has been searching for new funding sources and reducing expenditures as much as possible. These factors raise substantial doubt about the Organization's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary in the event the Organization cannot continue in existence.