

CHARLOTTE COMMUNITY HEALTH CLINIC, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2009

THE POPE CPA FIRM, PA

*Certified Public Accountants
Charlotte, North Carolina*

CHARLOTTE COMMUNITY HEALTH CLINIC, INC.

Charlotte, North Carolina

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THE POPE CPA FIRM, PA
Certified Public Accountants
5108 Monroe Road
Charlotte, North Carolina 28205-8000
(704) 568-7960

Independent Auditors' Report

The Board of Directors
Charlotte Community Health Clinic, Inc.
Charlotte, North Carolina

We have audited the accompanying statement of financial position of Charlotte Community Health Clinic, Inc. (a nonprofit organization) as of December 31, 2009, 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 Charlotte Community Health Clinic, Inc., as of December 31, 2009, 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.

The Pope CPA Firm, PA

Charlotte, North Carolina
July 16, 2010

CHARLOTTE COMMUNITY HEALTH CLINIC, INC.

Statement of Financial Position
December 31, 2009

Current Assets:	
Cash, including interest bearing deposits	\$ 286,498
Unconditional promises to give United Way Funding for the next fiscal year	56,808
Pledges receivable	29,718
Prepaid insurance	<u>1,829</u>
Total current assets	<u>374,853</u>
Fixed Assets:	
Furniture, equipment and leasehold improvements (net of accumulated depreciation of \$32,249)	<u>68,226</u>
Total Assets	\$ <u>443,079</u>
Current Liabilities:	
Accounts payable	\$ 12,739
Grants payable	<u>54,339</u>
Total current liabilities	67,078
Net Assets:	
Unrestricted	319,193
Temporarily restricted (Note 7)	<u>56,808</u>
Total Net Assets	<u>376,001</u>
Total Liabilities and Net Assets	\$ <u>443,079</u>

The accompanying notes to financial statements are an integral part of these financial statements.

CHARLOTTE COMMUNITY HEALTH CLINIC, INC.

Statement of Activities
For the Year Ended December 31, 2009

UNRESTRICTED NET ASSETS	
Support	
Grants	\$ 134,218
Contributions	1,261,128
Patient fees	36,621
Investment income	252
Miscellaneous	3,128
Net assets released from donors restrictions	<u>393,253</u>
Total Support	<u>1,828,600</u>
Expenses	
Program services	1,518,951
General and administrative	157,035
Fundraising	<u>69,963</u>
Total Expenses	<u>1,745,949</u>
Increase in unrestricted net assets	<u>82,651</u>
TEMPORARILY RESTRICTED NET ASSETS	
Grants	226,359
United Way Services	130,595
Net assets released from donor restrictions	(<u>393,253</u>)
Decrease in Temporarily Restricted Net Assets	(<u>36,299</u>)
TOTAL INCREASE IN NET ASSETS	46,352
NET ASSETS, beginning of year (Note 9)	<u>329,649</u>
NET ASSETS, end of year	\$ <u><u>376,001</u></u>

The accompanying notes to financial statements are an integral part of these financial statements.

CHARLOTTE COMMUNITY HEALTH CLINIC, INC.

Statement of Cash Flows
For the Year Ended December 31, 2009

Cash Flows from Operating Activities:	
Increase in net assets	\$ 46,352
Adjustments to reconcile change in net assets to net cash provided:	
Amortization and depreciation	13,231
Prior period adjustments	(13,162)
Donated assets included in contributions	(43,612)
Increase in receivables	(21,872)
Increase in prepaid expense	(465)
Decrease in accounts payable	(6,368)
Increase in grants payable	<u>54,339</u>
Net cash provided by operating activities	28,443
Cash used for	
Furniture and equipment	<u>(5,244)</u>
Net increase in cash	23,199
Cash at beginning of year	<u>263,299</u>
Cash at end of year	\$ <u>286,498</u>

The accompanying notes to financial statements are an integral part of these financial statements.

CHARLOTTE COMMUNITY HEALTH CLINIC, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2009

	Program <u>Services</u>	General and <u>Administrative</u>	Fund- <u>raising</u>	Total <u>Expenses</u>
Contributed services	\$ 386,794	\$ 51,041	\$ 51,041	\$ 488,876
Compensation	415,885	23,384	5,393	444,662
Lab work	91,640	-	-	91,640
Contractual services	33,622	-	-	33,622
Diagnostic services	471,583	-	-	471,583
Drugs	16,294	-	-	16,294
Clinical supervision	4,650	-	-	4,650
Patient aid	1,225	-	-	1,225
Health instructions	1,787	-	-	1,787
Dues	-	1,580	-	1,580
Utilities	5,674	1,891	-	7,565
Postage	530	1,900	2,300	4,730
Professional fees	-	14,542	-	14,542
Staff development	-	4,097	-	4,097
Medical supplies	14,880	-	-	14,880
Other expense	1,190	434	-	1,624
Printing and reproduction	5,584	1,396	-	6,980
Rent-building	47,463	15,821	-	63,284
Marketing development	-	-	8,029	8,029
Volunteer development	-	4,152	-	4,152
Linen service	1,939	-	-	1,939
Insurance	-	9,110	-	9,110
Cleaning	5,038	1,950	-	6,988
Licenses and permits	150	200	-	350
Repairs and maintenance	3,095	4,224	-	7,319
Office expenses	2,460	11,202	3,200	16,862
Security	-	908	-	908
Computer software	-	313	-	313
Taxes	-	3,127	-	3,127
Total expenses before amortization and depreciation	1,511,483	151,272	69,963	1,732,718
Amortization and depreciation	<u>7,468</u>	<u>5,763</u>	<u>-</u>	<u>13,231</u>
Total expenses	\$ <u>1,518,951</u>	\$ <u>157,035</u>	\$ <u>69,963</u>	\$ <u>1,745,949</u>

The accompanying notes to financial statements are an integral part of these financial statement.

CHARLOTTE COMMUNITY HEALTH CLINIC , INC.

Notes to Financial Statements
December 31, 2009

Note 1 - Nature of Organization

Charlotte Community Health Clinic, Inc. was formed on June 27, 2001 under the laws of the State of North Carolina as a non-profit, non-stock corporation. Its mission is to provide healthcare services including primary, acute episodic and chronic disease care services to low-income uninsured residents of Mecklenburg County who are 19 years of age and older. The Clinic is located in Charlotte, North Carolina.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Clinic's policy is to prepare its financial statements on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

Charlotte Community Health Clinic, Inc. is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, Charlotte Community Health Clinic, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 2009.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Clinic considers all highly-liquid investments with available for current use with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Clinic that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

Contributed Services

Contributed services are reported as contributions when they would typically need to be purchased by the Clinic if they had not been provided by contributions and if they require specialized skills and are provided by individuals with those skills.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Equipment and furniture

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Purchased property and equipment is stated at cost at date of acquisition. Expenditures that extend the life of the asset are capitalized while those relating to general repairs and maintenance are expensed. All property and equipment are depreciated using the straight-line method. Depreciation expense for the year ended December 31, 2009 was \$13,231.

Note 3 - Contributed Services

During the year ended December 31, 2009, the value of contributed services meeting the requirements for recognition in the financial statements as contributions and as expense was as follows:

Professional services	\$ 191,077
Diagnostic services	415,780
Lab tests	91,640
Legal	<u>2,742</u>
	\$ <u>701,239</u>

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Clinic, but these services do not meet the criteria for recognition as contributed services. Management estimates the fair value of these services to be approximately \$ 74,588 for the year ended December 31, 2009.

Note 4 - Unconditional Promises to Give

Unconditional promises to give consists of the following:

United Way Services-community care fund	\$ <u>56,808</u>
Pledges receivable-Presbyterian employer campaign	\$ <u>29,718</u>

An allowance has been provided for 20% of pledges receivable in the amount of \$7,429.

Note 5 - Service Agreements

Presbyterian Healthcare Service Agreement

Presbyterian Healthcare signed an agreement dated January 22, 2004 promising to pay certain salaries for the Clinic staff and furnish the space from which the Clinic operates and furnish laboratory services. The agreement is for three years

Note 5 - Service Agreement (Continued)

and shall renew automatically for additional one year terms. The agreement may be terminated by either party without cause upon at least ninety days prior written notice. The agreement was extended through January 2011 in an amendment letter dated September 28, 2007. The following expenses were paid for the Clinic during 2009 by Presbyterian Healthcare and are included as contributions and expenses in the accompanying financial statements:

Salaries, benefits and payroll taxes	\$ 297,800
Rent	63,281
Administration costs	<u>1,144</u>
	\$ <u>362,225</u>

Presbyterian Healthcare has budgeted \$322,222 to pay these expenses for the Clinic for the year 2010.

Presbyterian Healthcare also provides the lab and diagnostic services described in footnote 3 above in the amount of \$507,421. Charlotte Community Health Clinic has budgeted \$415,000 to be provided from Presbyterian Hospital for these services for the year 2010.

Other Service Agreement

On January 1, 2006, a service agreement with another North Carolina nonprofit corporation was entered into to provide prescription services to qualified patients of Charlotte Community Health Clinic, Inc. The agreement was for a term of one year and automatically renews for successive one year renewal terms. The agreement may be terminated at any time upon thirty days prior written notice. During 2009, the Clinic paid \$11,576 for medications with an average wholesale drug value of \$1,765,264.

Note 6 - Concentration of Support

As described in note 5, \$869,646 or forty-eight per cent of the support for the Clinic comes from Presbyterian Healthcare.

Note 7 - Net Asset Restrictions

The Clinic received \$226,359 in temporarily restricted grants during the year ended December 31, 2009, and \$226,359 was used for the restricted purposes.

Note 7 - Net Asset Restrictions (Continued)

Additionally, as of December 31, 2009, pledge receivable consists of \$ 56,808 for United Way Services funding for the next year.

Note 8 - Uninsured Cash Balances

The Clinic maintains cash deposits in a bank in Charlotte, North Carolina. Deposits are insured up to \$250,000. As of December 31, 2009 uninsured portions of balances at that bank aggregated to \$36,498. It is the opinion of management that the solvency of the referenced bank is not of particular concern at this time.

Note 9 - Prior Period Adjustment

A prior period adjustment has been reflected in these statements reducing net assets by \$13,162 due to misclassifications in reporting grant revenue for the year ended December 31, 2008.

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Net assets as originally stated as of December 31, 2008	\$ 236,542	\$ 106,269	\$ 342,811
Effect of above	<u> -</u>	<u>(13,162)</u>	<u>(13,162)</u>
Net assets as restated as of December 31, 2008	\$ <u>236,542</u>	\$ <u>93,107</u>	\$ <u>329,649</u>

Note 10 - Evaluation of subsequent Events

The Organization has evaluated subsequent events through July 16, 2010.