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CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION  
REPORT ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 1-12-00

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December 17, 1999

Independent Auditors' Report

To the Board of Directors  
Central Louisiana Area Health Education Center Foundation  
Alexandria, Louisiana

We have audited the accompanying statement of financial position of Central Louisiana Area Health Education Center Foundation as of June 30, 1999, and the related statements of activities, functional expenses, and cash flows for the year then ended, as listed in the table of contents. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental 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 audit provides a reasonable basis for our opinion.

Governmental accounting standards require disclosure of certain matters regarding the year 2000 issue. Due to the unprecedented nature of the year 2000 issue, management believes that its effects and the success of remediation efforts will not be fully determinable before the year 2000. Since the effects of the year 2000 issue and the success of remediation efforts cannot be readily determined at the present time, management has elected to omit the required disclosures from the accompanying financial statements.

In our opinion, except for the omission of disclosures regarding the year 2000 issue as discussed in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Central Louisiana Area Health Education Center Foundation as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

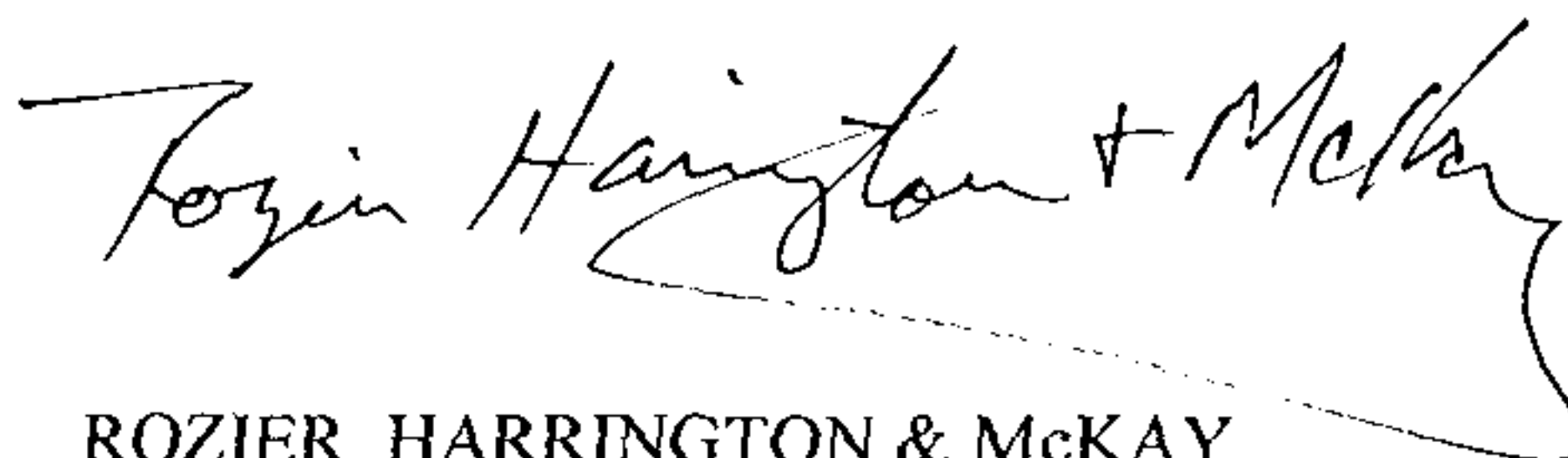
-Members-

American Institute of Certified Public Accountants • Society of Louisiana CPAs

*To the Board of Directors  
Central Louisiana Area Health Education Center Foundation  
December 17, 1999*

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 1999, on our consideration of the organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



ROZIER, HARRINGTON & McKAY  
CERTIFIED PUBLIC ACCOUNTANTS

**CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 1999**

**ASSETS**

Cash	\$	45,097
Accounts Receivable		37,197
Property and Equipment, Net of Accumulated Depreciation		20,738
Other Assets		1,750
Total Assets		\$ 104,782

**LIABILITIES AND NET ASSETS**

<b>Liabilities:</b>		
Accounts Payable	\$	14,096
Accrued Expenses		10,842
Total Liabilities		24,938
<b>Net Assets:</b>		
Unrestricted Net Assets		
Property and Equipment		20,738
Undesignated		56,081
Total Unrestricted Net Assets		76,819
Temporarily Restricted Net Assets		3,025
Permanently Restricted Net Assets		-
Total Net Assets		79,844
Total Liabilities and Net Assets		\$ 104,782

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

**CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 1999**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE:</b>				
Support:				
Contract with LSUMC	\$ 522,646	\$ -	\$ -	\$ 522,646
Restricted grants	-	15,000	-	15,000
Net assets released from restrictions	25,062	(25,062)	-	-
Miscellaneous income	24,906	-	-	24,906
Total Support and Revenue	572,614	(10,062)	-	562,552
 <b>EXPENSES:</b>				
Program Services:				
Educational Programs	258,799	-	-	258,799
Program Management	84,115	-	-	84,115
Learning Resource Center	36,437	-	-	36,437
Total Program Services	379,351	-	-	379,351
Support Services:				
General & Administrative	200,907	-	-	200,907
Total Support Services	200,907	-	-	200,907
Total Expenses	580,258	-	-	580,258
 Change in Net Assets	(7,644)	(10,062)	-	(17,706)
Net Assets, Beginning of Year	84,463	13,087	-	97,550
Net Assets, End of Year	\$ 76,819	\$ 3,025	\$ -	\$ 79,844

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

**CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**

JUNE 30, 1999

	PROGRAM SERVICES				SUPPORT SERVICES		TOTAL EXPENSES
	Educational Programs	Program Management	Learning Resource Ctr	Total	General & Administrative		
Salaries	\$ -	\$ 57,204	\$ 12,783	\$ 69,987	\$ 80,666	\$	\$ 150,653
Payroll taxes	-	4,448	994	5,442	6,271		11,713
Fringe benefits	-	9,149	2,044	11,193	12,902		24,095
Program expenses	244,375	11,975	12,648	268,998	-		268,998
Educational expense	10,031	-	1,203	11,234	-		11,234
Other consultants	-	-	-	-	11,611		11,611
Travel	-	-	4,086	4,086	14,881		18,967
Newsletter	3,054	-	-	3,054	-		3,054
Office expense	-	-	-	-	23,989		23,989
Duplication	-	-	-	-	3,209		3,209
Telephone	-	-	-	-	12,756		12,756
Postage	-	-	-	-	3,909		3,909
Office lease	-	-	-	-	27,235		27,235
Other expense	-	-	-	-	2,139		2,139
<b>Total expenses before depreciation</b>	<b>\$ 257,460</b>	<b>\$ 82,776</b>	<b>\$ 33,758</b>	<b>\$ 373,994</b>	<b>\$ 199,568</b>	<b>\$</b>	<b>\$ 573,562</b>
Depreciation	1,339	1,339	2,679	5,357	1,339		6,696
<b>TOTAL EXPENSES</b>	<b>\$ 258,799</b>	<b>\$ 84,115</b>	<b>\$ 36,437</b>	<b>\$ 379,351</b>	<b>\$ 200,907</b>	<b>\$</b>	<b>\$ 580,258</b>

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



**CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**JUNE 30, 1999**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ (17,706)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	6,696
(Increase)Decrease in Accounts Receivable	(37,197)
Increase (Decrease) in Accounts Payable	14,096
Increase(Decrease) in Accrued Expenses	10,152
Increase(Decrease) in Agency Liability	<u>(12,923)</u>
Net Cash Used by Operating Activities	\$ (36,882)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Property and Equipment	<u>(4,761)</u>
Net Cash Used by Investing Activities	\$ <u>(4,761)</u>
Net Decrease in Cash and Cash Equivalents	\$ (41,643)
Cash and Cash Equivalents, June 30, 1998	<u>86,740</u>
Cash and Cash Equivalents, June 30, 1999	<u><u>\$ 45,097</u></u>

There were no non-cash investing or financing transactions for the year ending June 30, 1999.

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



*Central Louisiana Area Health Education Center Foundation*  
*Notes to Financial Statements*  
*June 30, 1999*

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Central Louisiana Area Health Education Center Foundation (CLAHEC) is a Louisiana non-profit corporation chartered on January 6, 1992. Its purpose is to operate an area health education center in Central Louisiana in order to plan for additional clinical education opportunities in rural and underserved communities.

CLAHEC is exempt from federal income taxes under the provisions described in Section 501(c)(3) of the Internal Revenue Code.

**Fund Accounting**

The accounting policies of CLAHEC conform to generally accepted accounting principles as applicable to non-profit organizations.

CLAHEC reports its financial statements in accordance with the American Institute of Certified Public Accountants' Statement of Position 78-10, *Accounting Principles and Reporting Practices for Certain Non-Profit Organizations*. Under the terms of that Statement, the operating fund is used to account for all resources over which the governing board has control.

Restricted fund balances represent resources currently available for use, but expendable only for these operating purposes specified by the grantor or donor. Resources of this type originate from grants, contracts, donations, and interest income earned on restricted funds. It is CLAHEC's policy to report all such revenues as unrestricted if the restrictions are met in the reporting period.

**Revenue and Expenses**

Support for CLAHEC is provided by Louisiana State University and Agricultural and Mechanical College acting on behalf of the Louisiana State University Medical Center (LSUMC). LSUMC has been awarded grants by both the federal government and the State of Louisiana and has contracted with CLAHEC to provide the services required by these grants.

Expenditures are made in accordance with a budget which has been adopted and made a part of the contractual agreement with LSUMC. CLAHEC is to be reimbursed by LSUMC for costs incurred in carrying out the provisions of the agreements.

**Equipment**

The cost of office furniture and equipment was not capitalized during the initial year of CLAHEC's grant agreement with LSUMC. According to the contractual agreement between LSUMC and CLAHEC, title to the equipment purchased under the agreement during the fiscal year ending September 30, 1992 shall remain with LSUMC.

The cost of office furniture and equipment purchased in years subsequent to September 30, 1992 has been capitalized at historical cost. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. The estimated useful lives of the assets range from five to ten years.

**Central Louisiana Area Health Education Center Foundation**  
**Notes to Financial Statements**  
**June 30, 1999**

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**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 these estimates.

**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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Compensated Absences**

CLAHEC does not accrue compensated absences since employees are not allowed to carry over significant amounts of vacation and sick leave.

**Cash Flow Information**

For purposes of the statement of cash flows, management considers all short-term investments with a maturity of three months or less to be cash equivalents. The organization did not make any cash payments for interest or income taxes during the year ended June 30, 1999.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at June 30, 1999 consisted of balances on deposit with a local financial institution totaling \$45,097. The balances are fully insured by federal deposit insurance.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 1999 totaled \$37,197 and consisted of amounts due from governmental agencies. Management believes these amounts will be fully collectible, and accordingly, no bad debt expense has been recognized.

**NOTE 4 – PROPERTY AND EQUIPMENT**

The equipment used in program and support services and capitalized as described in Note 1 is as follows:

Computers and Office Equipment	\$ 27,087
Learning Resource Center	23,786
Office Furnishings	1,350
Equipment – Baton Rouge	1,500
Subtotal	53,723
Less: Accumulated Depreciation	(32,985)
Property and Equipment, net	20,738

*Central Louisiana Area Health Education Center Foundation*  
*Notes to Financial Statements*  
*June 30, 1999*

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Depreciation expense for the year ended June 30, 1999 totaled \$6,696.

Equipment used in program and support services but not capitalized as described in Note 1 consists of office equipment, furnishings, and computer equipment valued at historical cost totaling \$38,821.

**NOTE 5 – SEP/IRA**

CLAHEC contributed to a SEP-IRA plan for each of its employees during the year ended June 30, 1999. CLAHEC contributed 15% of these individuals earned income in the period ended June 30, 1999 to the plan. Contributions to the plan totaled \$22,598.

**NOTE 6 – ECONOMIC DEPENDENCY**

CLAHEC receives substantially all of its support from funds provided through grants administered by the Louisiana State University and Agricultural and Mechanical College. The grant amounts are appropriated each year by the federal government and the State of Louisiana. Management is not aware of any actions that will adversely affect the aggregate amount of funds CLAHEC will receive in the next fiscal year.

**NOTE 7 – OPERATING LEASE**

CLAHEC signed an operating lease agreement on May 1, 1998 on office space and furnishings for a period of twenty-four months at a monthly amount of \$2,185. During the year ended June 30, 1999, CLAHEC paid \$27,235 under the lease. There are eleven payments totaling \$25,205 remaining under the original lease agreement.

**NOTE 8 – OTHER CONTRACTS AND AGREEMENTS**

CLAHEC has also entered into an agreement with the Department of Veteran's Affairs Medical Center in Alexandria, Louisiana for the purpose of establishing a Learning Resource Center whose mission is to provide health care professionals who practice in the underserved and rural areas of CLAHEC's region access to library services. CLAHEC's support of the Learning Resource Center is to provide part-time support staff, equipment, furnishings, and a computer. Any equipment provided by CLAHEC to the Center will remain the property of CLAHEC. CLAHEC is also to provide supplies including books, journals, periodicals, and database searches.

**NOTE 9 – THE CENTRAL LOUISIANA MEDICAL LIBRARY CONSORTIUM**

CLAHEC entered an agreement with the Rapides Foundation to serve as fiscal agent for the Central Louisiana Medical Library Consortium (CLMLC). The consortium has been established for the purpose of providing timely, accurate health information to physicians and other health professionals along with providing quality consumer health/medical information for the public. The Rapides Foundation provided funding in the amount of \$260,908 during the year ended June 30,



*Central Louisiana Area Health Education Center Foundation*  
*Notes to Financial Statements*  
*June 30, 1999*

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1999. CLAHEC expended funds totaling \$247,510 for various programs and support services provided by the CLMLC.

In accordance with SFAS 117, CLAHEC recorded the CLMLC activities as agency fund transactions on its books. At June 30, 1999 the CLMLC had received Section 501(c)(3) status and the remaining funds totaling \$13,398 held by CLAHEC had been disbursed to the CLMLC. According to the terms of the agreement with the Rapides Foundation, CLAHEC is no longer serving as fiscal agent for the CLMLC.

**NOTE 10 – NET ASSETS**

In accordance with the requirements of FASB No. 117, net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CLAHEC are classified and reported as follows:

Temporarily restricted net assets: Net assets subject to donor imposed restrictions that may or will be met, either by actions of CLAHEC and/or the passage of time. When a 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. CLAHEC receives grant funds from various agencies that are restricted for specific purposes. The restrictions on these grant funds require CLAHEC to expend funds for the programs according to either specified restrictions or a specific time schedule. Any funds not expended in the year they are received are classified as temporarily restricted net assets. At June 30, 1999 CLAHEC had temporarily restricted net assets under a grant program totaling \$3,025.

Permanently restricted net assets: Net assets subject to donor imposed stipulations that they be maintained permanently by CLAHEC. Generally, income earned on these assets may be used for general and/or specific purposes at the discretion of CLAHEC. There were no net assets meeting these criteria at June 30, 1999.

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December 17, 1999

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Central Louisiana Area Health Education Center Foundation  
Alexandria, Louisiana

We have audited the financial statements of the Central Louisiana Area Health Education Center Foundation (CLAHEC) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 17, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether CLAHEC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CLAHEC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

  
ROZIER, HARRINGTON & McKAY  
Certified Public Accountants

***Central Louisiana Area Health Education Foundation***  
***Schedule of Findings and Questioned Costs***  
***June 30, 1999***

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**Part I - Summary of Auditor's Results:**

- The Independent Auditor's Report on the financial statements of the Central Louisiana Area Health Education Center Foundation as of June 30, 1999 and for the year then ended expressed a qualified opinion.
- There were no reportable conditions noted in the audit.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the Central Louisiana Area Health Education Center Foundation.
- The organization was not required to have a Single Audit; therefore, none of the reporting required by OMB Circular A-133 was required.

**Part II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:**

- N/A.

**Part III - Findings and Questioned Costs for Federal Awards Which Shall Include Audit Findings as Defined by OMB Circular A-133:**

- N/A.

**Central Louisiana Area Health Education Foundation**  
**Schedule of Prior Year Findings**  
**June 30, 1999**

<b>SECTION I</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
No findings were reported as a result of the previous audit.	Response – N/A
<b>SECTION II</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
No findings were reported as a result of the previous audit.	Response – N/A
<b>SECTION III</b>	
<b>MANAGEMENT LETTER</b>	
No findings were reported as a result of the previous audit.	Response – N/A



**Central Louisiana Area Health Education Foundation**  
**Management's Corrective Action Plan**  
**June 30, 1999**

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**SECTION I**  
**INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.**

No findings were reported in the schedule of findings and questioned costs.	Response - N/A
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**SECTION II**  
**INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

No findings were reported in the schedule of findings and questions cost.	Response - N/A
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**SECTION III**  
**MANAGEMENT LETTER**

No findings were reported in the schedule of findings and questions cost.	Response - N/A
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