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RAPIDES PRIMARY HEALTH CARE CENTER, INC.

FINANCIAL STATEMENTS & SINGLE AUDIT REPORTS

for periods ending

December 31, 1995 and September 30, 1995 (restated)

under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, 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.

Donald L. Allen,
Certified Public Accountant
7739 Highway 813 So.
Baton Rouge, LA 70802

Prepare Date: 8-28-96

RAPIDES PRIMARY HEALTH CARE CENTER, INC.

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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Alexandria, LA

I have audited the accompanying Statements of Position of Rapides Primary Health Care Center, Inc. (a nonprofit organization) as of December 31, 1995 and September 30, 1995 (collectively, and the related Statements of Activities and Changes in Net Assets and Cash Flows for the periods then ended. These financial statements are the responsibility of the Organization's Management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. These standards require that I 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 statements presentation. I believe that my audit provides a reasonable basis for my opinion.

The interval of three months between comparative statements will in effect change the fiscal year (to December 31 from September 30) of Rapides Primary Health Care Center, Inc. for tax-reporting purposes.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Rapides Primary Health Care Center, Inc. as of December 31, 1995 and Reversed September 30, 1995 and the results of its activities and its cash flows for the periods then ended in conformity with generally accepted accounting principles.

Donald L. Allen

Alexandria, LA
June 10, 1996

RAPIDS PRIMARY HEALTH CARE CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 1995 and September 30, 1995

ASSETS

	12/31/95	09/30/95
Cash and Equivalents (See Note A) Cash In Bank	\$ 153,433	\$ 171,607
Grant Receivable (Note B)	400,000	400,000
Land (Note C)	28,079	28,079
Construction-In-Progress (Note D) Building & Equipment	26,258	26,258
Other (Grant) Receivable	625,000	625,000
TOTAL ASSETS	\$1,232,769	\$1,250,944

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts Payable	\$ 130	205
Accrued Taxes & Obligations	615	615
Yes-To-Be-Earned Grant (Note B)	625,000	625,000
TOTAL LIABILITIES	625,745	625,840
NET ASSETS:		
Unrestricted	2,560	2,560
Restricted	608,625	623,504
TOTAL NET ASSETS	609,185	626,064
TOTAL LIABILITIES & NET ASSETS	\$1,234,930	\$1,251,904

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

RAPIDS PRIMARY HEALTH CARE CENTER, INC.

Statement of Activities and Changes in Net Assets
Periods ended December 31, 1995 and September 30, 1995

Support and Contributions

	12/31/95	09/30/95	MEMO- TOTAL
Interest (Unrestricted, Note E)	\$ --	\$ 1,995	\$ 1,995
Grant, LADPHH (Restricted, Note F)	--	100,000	100,000
Grant, Other (Restricted, Note B)	--	400,000	400,000
Contribution In-Kind (Restricted, Note G)	--	3,091	3,091
ASSETS RECEIVED	--	505,086	505,086

Expenditures (Summary and Functional)

Salaries	6,250	23,958	30,208
Fringe Benefits	478	1,909	2,387
Advertising	359	450	609
Conferences & Seminars		2,905	2,905
Consultants	485	19,855	20,340
Consultant's Travel		1,171	1,171
Dues	495	1,000	1,495
Filing Fees		225	225
Legal & Professional Fees	7,646	268	7,914
Maintenance	75	225	300
Office Supplies		135	135
Per Diem		1,500	1,500
Postage and Printing	64	368	432
Program Services	106	820	926
Travel	121	6,198	6,319
In-Kind Expenditures	--	3,091	3,091
TOTAL EXPENDITURES	<u>15,879</u>	<u>64,148</u>	<u>80,027</u>
INCREASE IN ASSETS OVER EXPEND.	(15,879)	440,938	\$425,059

CHANGES IN NET ASSETS

NET ASSETS @ BEGINNING OF PERIOD	625,064	184,126
NET ASSETS @ END OF YEAR	<u>\$469,185</u>	<u>\$625,064</u>

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

RAFDMS PRIMARY HEALTH CARE CENTER, INC.

Statements of Cash Flows

(Indirect)

Periods ended December 31, 1995 and September 30, 1995

	<u>12/31/95</u>	<u>09/30/95</u>
Cash Resources Generated from Operating Activities:		
Increase (Decrease) In Assets	5 (15,179)	\$449,934
Adjustments to Cash Resources from Activities:		
Deduct: Grant Receivable		(489,000)
Add Back (Deduct): Increase in Current Obligations	____(1,58)	____848
TOTAL ADJUSTMENTS	____(1,58)	(39,160)
CASH PROVIDED (USED) BY ACTIVITIES	(15,974)	41,778
Investing Activities:		
Add Back: Cash from of Deposit Conversion		125,565
Deduct: Cash applied to Construction-In-Progress		(14,711)
Deduct: In Kind Application to Assets		(3,021)
CASH PROVIDED (USED) BY INVESTING ACTIVITIES		107,833
Financing Activities:		
Add Back: Capitalization of In-Kind Share		____3,095
NET CASH GENERATED (USED) BY ALL ACTIVITIES	(13,924)	172,680
Cash @ Beginning of Period	171,807	19,805
Cash @ End of Period	<u>\$155,633</u>	<u>\$172,807</u>

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

RAPIDES PRIMARY HEALTH CARE CENTER, INC.

Notes to Financial Statements
Periods ended December 31, 1995 and September 30, 1995

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and History and Background of the Organization

Rapides Primary Health Care Center, Inc. (RPHCC) was organized to provide Health Services to needy people in the Central Louisiana, area. The project is a Community-based Health Care Clinic as defined by Act 800 of the Louisiana Legislature. RPHCC is keeping with its charter, openly, and by accepted means, solicited and properly accepted, bids for the capital construction of its building and purchase and installation of its related equipment. RPHCC rejected all bids in the first instance of its circular for terms and conditions not in accordance with its requirements. A second bid was placed in the Public Domain from which a Contractor was selected before the end of this latest period at the end of December 1995. The plant building process was begun in the period subsequent to the latest period reported on. *See Subsequent Events for targeted completion/opening dates. When all fiscal properties are completed, RPHCC is expected to provide Medical and Dental Services to over 18,000 residents. These persons will have availability to affordable health care for low to moderate incomes of the immediate community.

Summary of Significant Accounting Policies

Financial statements of RPHCC have been prepared on the modified accrual basis of accounting. Certain budgetary items are subject to approval by the Louisiana Department of Health and Hospitals, as valid distributions in the stages of development, and opening. Contributions and Support (see below) at this point are restricted for purposes as described in the "One Time Only" Grant conditions and will be reported on and disclosed subject to their availability. Other Support will be recorded and reported when they are identifiable and measurable on a basis in accordance with the modified accrual basis of accounting. The organization has elected to change its fiscal period to a Calendar Year-end instead of its prior fiscal close @ September 30. RPHCC is exempt from Federal Income Tax as an organization described in section 501 (C) (2) of the Internal Revenue Service Code. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Cash and Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid assets with an initial maturity of three months or less for resolution thereof, to be cash equivalents.

NOTE-B GRANT RECEIVABLE/OTHER, RESTRICTED, GRANT

This Grant is afforded by the Legislature, and was available, on a *Contractor, Draw* basis (see Subsequent Events, below) as the first of the following year. It is part of an original Grant, (see Note H, below) that was converted to a "Priority # 1" (readily accessible) basis before the end of RPHCC's prior fiscal year-end, unlike the more included amount, below, which also became Priority # 1 before the issuance of this report (see Subsequent Events).

NOTE-C LAND

The purchase price of the land is included in this reported amount, as well as amounts expended in readiness of the property for use in construction. The capitalized portion included amounts to raise the property by removing trees and other, costs. Costs are represented as follows:

Purchase Price Majority Owner	\$ 18,000
Purchase Price Minority Owner	5,000
Razing and related Costs	2,028
TOTAL COST	\$ 25,028

All costs related to land were expended in RPHCC's fiscal year of 1994, made with the Grant (initially provided by DHH, State of Louisiana Grant Funds (see below).

NOTE-D CONSTRUCTION-IN-PROGRESS

Total Costs, the majority of the target for all grant monies, will be expended in this category. The estimated costs to complete the building and equipment phase of the project, are as follows:

Building	\$ 805,000
Equipment and Fixtures	800,000
TOTAL ESTIMATED COSTS	\$1,285,000

The building costs will probably have to be revised if the current trend of an over-run @ 1.2% continues. To date, amounts have been expended for Architectural Fees, Consultancy and other related costs to bring the Building project to fruition in accordance with generally accepted accounting principles. As shown in the financial statements, \$8,426 in the previous year, and the balance, including \$3,891 of In-kind (Donor/GR) capitalized Surveys, was expended in the second (extended) year of operations. See Subsequent Events for additional expenditures past this reporting period.

When the total project is completed, RPHCC will reevaluate Depreciation policy as it relates to its building. Presently, the Building, as per contracts with Grant Agencies, is set at twenty (20) years. When completed, Medical and related equipment will be depreciated in accordance with "life estimations of use" as outlined by the AMERICAN ACCOUNTING ASSOCIATION (AIA).

NOTE-E INTEREST EARNED

The amounts earned by RPHCC relate to interest from the Certificate-of-deposit purchased, disbursed to Louisiana Department of Health and Hospitals, from the original Grant received from DHH (see below).

NOTE-F LOUISIANA DEPARTMENT OF HEALTH AND HOSPITALS

The Department of Health & Hospitals (DHH) accorded the initial Grant to RPHCC in the Amount of \$800,000. This Grant was contributed (earned) as indicated in the financial statements. It is restricted for use to initiate the Health Service Center, with any requests from capital or operational deviations to be approved beforehand, by DHH. RPHCC has kept its checks accurate, and will continue to do so (see Supplementary Information-Budget Analysis, at the end of this report).

NOTE-G IN-KIND CONTRIBUTION

A contracted arrangement for survey services was ultimately donated to RPHCC by the contracting party. RPHCC shows the Donation as an appropriate Contribution, Expenditure and ultimate Capitalization.

NOTE-H YET-TO-BE-EARNED GRANT

As mentioned in Note B, this amount \$625,000 represents the last portion of the HR Grant appropriated by the Legislature. This amount, however was not converted to Priority #1 Status at the close of RPHCC's (extended)fiscal year. Prior to the issuance of these statements, it is readily ascertainable (see Subsequent Events, below).

The Certainty of this Grant was never in question, but in keeping with generally accepted accounting principles as well as Government Auditing Standards, and other regulatory matters, RPHCC chose to disclose this amount and include it in its financial statements as a liability.

NOTE-I SUBSEQUENT EVENTS

RPHCC first publicly published its bid to build the Center in September of 1995, which it rejected all submitted bids for not meeting the needs of the project. The second bid was completed in November of 1995. A bidder, Seidler Contractors, Inc. was successful and accepted on December 31, 1995, for a total bid price of \$434,423. The further conditions of this bid was that the primary building, was to be started @ January 8, 1996 and completed at about June 2, 1996 (approximately 150 days).

The phase # 1 (first of two [2] buildings), shows is over 90% completed. Four (4) draws have been made by the Contractor with an accrual of the majority of the contract price--to date. Additional requests for the completion of the project by the Contractor have totalled approximately \$9,000.

Targeted opening date of the facility is set for July 1, 1996. This accord is in keeping with the provision that: "within 45 days after the agreed upon completion date, the project will be substantially complete."

Since the first of the current year, the \$625,000 receivable shows has moved from a priority # 5 to a priority # 1 and for all intents and purposes, is a cash flow of credit to complete the balance of the project.

At the completion of phase # 1, the Construction-in-progress and related building costs will form the cost of the first building. The second building will be totalled when completed.

SUPPLEMENTARY INFORMATION

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**INDEPENDENT ACCOUNTANT'S REPORT ON
BUDGET VARIANCES ANALYSES
IN THIS AUDIT REPORT**

To the Board of Directors
RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Alexandria, Louisiana

I have audited the financial statements of Rapides Primary Health Care Center, Inc. (a nonprofit organization), as of and for the periods ended December 31, 1995 and September 30, 1995 (restated), and have issued my report thereon dated June 10, 1996. These financial statements are the responsibility of Rapides Primary Health Care Center, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Budget representations are in accord with agreements by the Grantor, as Over/Under such restrictive amounts as they relate to items included in this report. This point of discussion is included in the original contract of Grant, and has been agreed to, by both Grantor and Grantee. An audit also includes assessing the accounting principles used and significant estimates made by management. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the Schedule of Budget to Actual Analyses present fairly, in all material respects, disbursements made by Rapides Primary Health Care Center, Inc., as of the fiscal periods to December 31, 1995.

Nothing came to my attention that any part of this Schedule had to be altered to be in conformity with generally accepted accounting principles.

Donald L. Allen

Alexandria, LA
June 10, 1996

HAPIES PRIMARY HEALTH CARE CENTER, INC.

SCHEDULE OF BUDGET-TO-ACTUAL VARIANCES
INCEPTION TO DECEMBER 31, 1995

Item Description	Authorized Budget Amount	Actual Amount Expended	Over (Under) Balance
Salaries	\$190,000	\$ 60,889	\$(89,107)
Fringe Benefits	15,000	2,287	(12,713)
Equipment	60,500	25,167	(35,333)
Insurance	9,000	-	(9,000)
Supplies/Miscor Equip.	15,000	1,472	(13,528)
Contract Services	15,000	13,968	(1,032)
Conferences/Seminars	7,900	4,845	(3,055)
Maintenance	7,500	575	(6,925)
Travel	6,000	9,038	3,038
Legal Fees	7,500	2,571	(4,929)
TOTALS	<u>\$300,000</u>	<u>\$118,735</u>	<u>\$(181,265) *</u>

* If the Category for Expenditures related to Land Purchase had been included in the Budget, this Balance would be more representative of: \$(153,278).

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**INDEPENDENT ACCOUNTANT'S REPORT ON INTERNAL
CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Board of Directors
RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Alexandria, Louisiana

I have audited the financial statements of Rapides Primary Health Care Center, Inc. (a nonprofit organization) as of and for the periods ended December 31, 1995 and September 30, 1995 and have issued my report thereon dated June 10, 1996.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Non-profit Institutions." These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing my audit for the periods ended December 31, 1995, I considered the internal control structure of Rapides Primary Health Care Center, Inc., in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

The management of Rapides Primary Health Care Center, Inc., is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

Activity Cycles

- * Treasury/Financing
- * Revenue/Receipts
- * Purchases/Disbursements
- * Internal/Financial reporting
- * Payroll/Personnel

Financial Statement Capions

- * Cash
- * Receivables
- * Construction-In Progress
- * Accrued Liabilities
- * Net Assets (Restricted/Unrestricted)

Accounting Applications

- * Receivables
- * Cash (Donations) Receipts
- * Accounts Payable
- * Cash Disbursements
- * Payroll
- * Assets
- * General Ledger

General Requirements

- * Political Activity
- * Davis-Bacon Act
- * Civil Rights
- * Cash Management
- * Federal (and State) Financial Reports
- * Affordable Care/Cons. Principles
- * Drug Free Workplace
- * Administrative Requirements

Specific Requirements

- *Types of Services
- *Eligibility
- *Mixing, Level of effort, or Farming
- *Reporting
- *Cost Allocation
- *Special Requirements

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk.

I noted certain matters involving the internal control structure and its operation that I have communicated to the management of Rapides Primary Health Care Center, Inc. in a separate letter dated June 10, 1986 inclusive in this audit report.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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. I noted no matters involving control structure that I consider to be material weaknesses as defined above.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

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

Ronald L. Allen

Alexandria, LA
June 10, 1986

Donald L. Allen
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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH "GOVERNMENT ACCOUNTING STANDARDS"**

To the Board of Directors
RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Alexandria, LA

I have audited the financial statements of Rapides Primary Health Care Center, Inc. (a nonprofit organization) as of and for the periods ended December 31, 1995 and September 30, 1995 and have issued my report thereon dated June 10, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to Rapides Primary Health Care Center, Inc. is the responsibility of Rapides' management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Rapides Primary Health Care's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of the audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests indicate that, with respect to the items tested, Rapides Primary Health Care Center, Inc. complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Rapides Health Care Center, Inc. had not complied, in all material respects, with these provisions. I have included a finding to alert the client in processing and reporting its activities on page 18.

This report is intended for the information of the Board of Directors, Management, the Legislative Auditor's Office of the State of Louisiana, The Department of Health and Hospitals of the State of Louisiana and respective oversight agencies. This assistance is not intended to limit the distribution of this report, which is a matter of public record.

Ronald L. Allan

Certified Public Accountant

Alexandria, Louisiana

June 10, 1996

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**FINDING AND RECOMMENDATION
OF THE INDEPENDENT ACCOUNTANT**

To the Board of Directors
RAPIDS PRIMARY HEALTH CARE CENTER, INC.
Alexandria, Louisiana

As promised orally and in our engagement letter, internal control and other findings for administrative or accounting control weaknesses will be brought to your attention. I am submitting this finding to your attention not as a material weakness, but to assist you in processing and keeping of records.

FINDING

While reviewing internal control structure and board minutes, I discovered that more detailed financial information could be afforded to (some) members on a periodic basis.

RECOMMENDATION

Realizing that many board members are not finance professionals, a steady stream of such financial information could improve fiscal responsibility by the Directors.

CLIENT RESPONSE

Client has changed this practice since the financial statement date and practices full financial statements of monthly activities @ each board meeting.

CAVEAT

(No Response required) Have your accountant use the MEMORANDUM CONCERNING TOTALS, in the Statement of Operations, in external year Tax year and to Close out the fiscal year, as disclosed.

Donald L. Allen

Alexandria, Louisiana
June 10, 1998