

NORTH LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 1998

CASH FLOWS FROM OPERATING ACTIVITIES	
Excess (deficit) of support, grants and revenue over expenses	\$ 41,616
Adjustments to reconcile excess (deficit) of support, grants and revenue over expenses to net cash provided by operating activities:	
Depreciation	12,722
Increase (decrease) in:	
Accounts payable	12,587
Accrued payroll taxes	<u>2,249</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 69,174
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	\$ (85,242)
NET CASH (USED) BY INVESTING ACTIVITIES	\$ (85,242)
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts of advances from LSUMC	\$ 0
Payments of advances to LSUMC	<u>0</u>
NET CASH PROVIDED (USED BY) FINANCING ACTIVITIES	\$ 0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 3,942
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,188</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 5,130

See Notes to Financial Statements.

NORTH LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATIONNOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1996**NOTE 4 - CONCENTRATION OF BUSINESS**

North Louisiana Area Health Education Center Foundation operates an area health education center to plan for additional clinical educational opportunities and facilitate the recruitment and retention of health care professionals in rural and other medically underserved communities. Revenues for these services are paid primarily by the State of Louisiana pursuant to a contract between North Louisiana Area Health Education Center Foundation and Louisiana State University Medical Center, Shreveport. This contract, which is the primary source of funds for North Louisiana Area Health Education Foundation, is executed annually subject to availability and appropriation of state funds.

FRASER, MINCHEM, ROBINSON, GARDNER and LANGSTON
CERTIFIED PUBLIC ACCOUNTANTS

2120 Poplar Avenue
P.O. Box 6555
Monroe, Louisiana 70111-4509

DAVE E. BIRCHING, CPA
a Professional Corporation
Calvin G. Robinson, Jr., CPA
a Professional Corporation
C. DEBBIE GARDNER, CPA
a Professional Corporation
WALTER S. LANGSTON, CPA
a Professional Corporation
BURRILL S. RYAN, CPA
a Professional Corporation

HARRY S. FRASER, JR.
Retired

Telephone
(714) 343-6641

Teletype
(714) 343-1344

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS,
CONTRACTS AND REGULATIONS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
North Louisiana Area Health
Education Center Foundation
Monroe, Louisiana

We have audited the financial statements of North Louisiana Area Health Education Center Foundation (a nonprofit organization) as of and for the year ended September 30, 1996, and have issued our report thereon dated December 20, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we 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 North Louisiana Area Health Education Center Foundation is the responsibility of the Organization's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of North Louisiana Area Health Education Center Foundation's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, North Louisiana Area Health Education Center Foundation complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that North Louisiana Area Health Education Center Foundation had not complied, in all material respects, with those provisions.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories: cash; support, program service fees, and revenues; expenses for goods and services; payroll and related liabilities; and governmental financial assistance programs.

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

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

North Louisiana Area Health Education Center Foundation operates with a small staff of employees with only two of those involved in the administration. The Executive Director and Administrative Secretary are responsible for the majority of transactions that occur. Cost-benefit concerns do not justify additional employees and controls to provide an adequate segregation of duties that is necessary for an efficient internal control structure. Although the condition could adversely affect the Organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements it is not considered to be a material weakness because of certain mitigating factors.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure element 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 or that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned function.

Our 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. However, we believe some of the reportable conditions described above is a material weakness.

This report is intended for the information of the board of directors, management, and Louisiana State University Medical Center, Shreveport, Louisiana. The restriction is not intended to limit the distribution of this report, which is a matter of public record.

George McKinley Robinson, Esquire and Legation

Monroe, Louisiana
December 20, 1996

FRASER, MINCHIEW, ROBINSON, GARDNER, and LANGSTON
CERTIFIED PUBLIC ACCOUNTANTS

2228 Poydras Avenue
875 New 4000
Monroe, Louisiana 70201-4000

GEORGE E. MINCHIEW, CPA
A. Professional Corporation
ROBERT C. ROBINSON, III, CPA
A. Professional Corporation
C. DEBRAE GARDNER, CPA
A. Professional Corporation
TIMOTHY B. LANGSTON, CPA
A. Professional Corporation
MICHAEL B. FRASER, CPA
A. Professional Corporation

THOMAS C. STANLEY, JR.
CPA

Telephone
(504) 335-4441

Telex
(504) 335-2444

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

To the Board of Directors
North Louisiana Area Health
Education Center Foundation
Monroe, Louisiana

We have audited the financial statements of North Louisiana Area Health Education Center Foundation (a nonprofit organization) as of and for the year ended September 30, 1996, and have issued our report thereon dated December 30, 1996.

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

In planning and performing our audit of the financial statements of North Louisiana Area Health Education Center Foundation for the year ended September 30, 1996, we considered its internal control structure 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 structure.

The management of North Louisiana Area Health Education Center Foundation 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.

NORTH LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
MONROE, LOUISIANA 71202

SEP 29 11 0 28

OFFICIAL
FILE COPY
DO NOT BIND ONE
Please identify
copies from this
file and place
mark on file

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS,
CONTRACTS AND GRANTS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA
SEPTEMBER 30, 1995**

AND Under provisions of state law, this
INDEPENDENT AUDITORS' REPORT is a public document. A
copy of the report has been prepared
to the audited, or involved,
entity and other appropriate public
officials. The report is available for
public inspection at the Union
House office of the Legislative Auditor
and, where appropriate, at the
office of the parish clerk of court.

Printed Date **APR 09 1997**

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

Gregory Minaker, Rebecca Linton and Jonathan

Monroe, Louisiana
December 30, 1996

NORTH LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION

BALANCE SHEET
SEPTEMBER 30, 1996

ASSETS

RESTRICTED ASSETS

Cash and cash equivalents		\$ 5,100
Equipment	\$ 38,475	
Furniture	5,470	
Building	<u>60,782</u>	
Total fixed assets (Note 1)	\$ 104,687	
Less: Accumulated depreciation	<u>(18,576)</u>	
Total capital assets - net of depreciation		<u>86,111</u>
Total restricted assets		<u>\$ 91,244</u>

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES (Payable from restricted assets)

Accounts payable		\$ 12,587
Accrued payroll taxes		<u>2,613</u>
Total current liabilities (Payable from restricted assets)		<u>\$ 15,200</u>

FUND BALANCE (DEFICIT)

Restricted		
Designated for future expenditures		\$ (38,693)
Investment in capital assets (at cost)		<u>104,687</u>
Total fund balance		<u>\$ 76,044</u>
Total liabilities and fund balance		<u>\$ 91,244</u>

See Notes to Financial Statements.

NORTH LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION

C O N T E N T S

	Page
INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS	1
BALANCE SHEET	2
STATEMENT OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN FUND BALANCE	3
STATEMENT OF CASH FLOWS	4
NOTES TO FINANCIAL STATEMENTS	5

FRAZER, MINCHEM, ROBINSON, GARDNER and LANGSTON
CERTIFIED PUBLIC ACCOUNTANTS

1918 Franklin Avenue
P.O. Box 4000
Baton Rouge, Louisiana 70821-4000

DAVID L. MINCHEM, CPA
A Professional Corporation
OSCAR C. ROBINSON, JR., CPA
A Professional Corporation
G. GARDNER GARDNER, CPA
A Professional Corporation
TIMOTHY D. LANGSTON, CPA
A Professional Corporation
MICHAEL S. BISHOP, CPA
A Professional Corporation

HARVEY D. FRAZER, JR.
Retired

Telephone
(504) 383-6641

Telecopy
(504) 383-5144

**INDEPENDENT AUDITORS' REPORT ON THE
BASIC FINANCIAL STATEMENTS**

To the Board of Directors
North Louisiana Area Health
Education Center Foundation

We have audited the accompanying balance sheet of North Louisiana Area Health Education Center Foundation (a non-profit organization) as of September 30, 1996, and the related statements of support, revenues, expenses and changes in fund balance 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 generally accepted auditing standards. These 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 North Louisiana Area Health Education Center Foundation as of September 30, 1996, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Raymond Minchem, Robinson, Gardner and Langston
December 30, 1996

**NORTH LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1996**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Use of Donated Facilities (Continued)

The office space that was provided until August, 1996 was an integral part of E. A. Conway Memorial Hospital's Family Practice Center. North Louisiana Area Health Education Center Foundation shared certain facilities and space with the Hospital and had primary use of other facilities. A clearly measurable and objective valuation of this use could not be determined, therefore the use of these facilities is not recorded in the financial statements of North Louisiana Area Health Education Center Foundation. As described in the preceding paragraph, North Louisiana Area Health Education Center Foundation relocated its office into a portable building acquired with its funds in August, 1996. The building is capitalized and depreciated over its estimated useful life. The use of the land is not recorded in the financial statements.

NOTE 2 - CASH FLOW INFORMATION

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest	-0-
Income taxes	-0-

Supplemental schedule of noncash investing and financing activities:

There were no noncash investing and financing activities for the year.

Disclosure of accounting policy:

For the purpose of the statement of cash flows, the organization considers cash in checking accounts, savings accounts, and certificates of deposit to be cash and cash equivalents.

NOTE 3 - DEFINED CONTRIBUTION PLAN

North Louisiana Area Health Education Center Foundation sponsors all of its eligible full-time employees in a noncontributory tax-deferred annuity plan under the rules in IRC Section 408(b). Maximum contributions to the plan are set at 8% of eligible compensation. Contributions by North Louisiana Area Health Education Center Foundation totaled \$12,604 for the year.

**NORTH LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION****NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1996****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Revenues and Expenses (Continued)**

Louisiana Construction a Cooperative Endeavor was entered into by and between the Board of Supervisors of Louisiana State University Agricultural and Mechanical College, acting on behalf of the Louisiana State University Medical Center, Shreveport and the North Louisiana Area Health Education Center Foundation. This agreement is a state funded replacement of a cooperative agreement originally between the United States Public Health Service (entered into in 1968 and terminated on September 28, 1994) and Louisiana State University Medical Center for the establishment of a state wide area health education center program.

Expenditures are to be made in accordance with a budget which has been adopted and made a part of the contract agreement with LSUHSC. North Louisiana Area Health Education Center Foundation is to be reimbursed by LSUHSC for costs incurred in carrying out the provisions of this agreement. An advance is paid to North Louisiana Area Health Education Center Foundation by the sixth working day of each month. Actual expenses for each month are billed to Louisiana State University Medical Center and any over/under payments will be deducted/added on a subsequent payment. Revenues are recorded when earned and expenses when incurred.

Capital Assets and Use of Donated Facilities

Office space has been provided by E.A. Conway Memorial Hospital to North Louisiana Area Health Education Center Foundation at no cost. E. A. Conway Memorial Hospital is an affiliated organization with Louisiana State University Medical Center. In addition to the provided office space, LSUHSC budgets for expenditures for capital assets to be acquired for North Louisiana Area Health Education Center Foundation. North Louisiana Area Health Education Center Foundation acquired a portable office building which is located on the property of E.A. Conway Memorial Hospital. The building was occupied by North Louisiana Area Health Education Center Foundation in August, 1995. The contractual agreements for years 1989, 1990, 1991 and 1992, with LSUHSC stated that the ownership of assets purchased with grant funds would remain with LSUHSC. The agreements for years 1993 and 1994 do not specify this reversionary ownership. However, according to federal regulations, the title to assets purchased with federal funds generally reverts to the grantor at the end of the grant period. Accordingly, these costs were recorded as revenues and expenditures in the activity statement of North Louisiana Area Health Education Center Foundation and are not capitalized for prior years. North Louisiana Area Health Education Center exhausted it's eligibility for federal funds as of September 29, 1994. The assets purchased beginning October 1, 1994 are budgeted for in a cooperative endeavor agreement between LSUHSC and NLAHECF as described in Note 1. This agreement does not contain a provision for reversionary ownership and does not include federal funds, accordingly, as of the beginning of the fiscal year ending September 30, 1996 NLAHECF capitalizes assets purchased and reverts these purchases at cost. Depreciation is calculated using straight-line method over the estimated useful life with no salvage value.

**NORTH LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

North Louisiana Area Health Education Center Foundation (NLAHECF) is a Louisiana nonprofit corporation chartered on March 7, 1989. Its purpose is to operate an area health education center in North Louisiana in order to plan for additional clinical educational opportunities and facilitate the recruitment and retention of health care professionals in rural and other medically underserved communities.

North Louisiana Area Health Education Center is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

Fund Accounting

The accounting policies of North Louisiana Area Health Education Center Foundation conform to generally accepted accounting principles as applicable to nonprofit organizations.

North Louisiana Area Health Education Center Foundation reports its financial statements in accordance with the American Institute of Certified Public Accountants' Statements of Position 78-10, Accounting Principles and Reporting Practices for Certain Nonprofit 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 funds represent resources currently available for use, but expendable only for those operating purposes specified by the donor. Resources of this type originate from contracts, donations and interest income earned on the restricted funds.

As described in the following paragraph, North Louisiana Area Health Education Center Foundation is funded by contractual agreements with Louisiana State University. These agreements represent exchange transactions for goods and services under the guidance provided by Statement of Financial Accounting Standards No. 116 "Accounting for Contributions Received and Contributions Made". Exchange transactions do not meet the definition of contributions, accordingly, SFAS No. 116 does not apply.

Revenues and Expenses

Support for North Louisiana Area Health Education Center Foundation is provided by the Louisiana Legislature through funding to Louisiana State University Medical Center (LSUMC) for continuing the operations of the Area Health Education Program. In accordance with Article 7, Section 141(c) of the

NORTH LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION

STATEMENT OF SUPPORT, REVENUE, EXPENSES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1996

PUBLIC SUPPORT, GOVERNMENT GRANTS AND REVENUE	
Grants - Area Health Education Program	\$ 480,000
Other Revenue:	
Program service fees	\$ 58,529
Interest income	96
Other income	40
Donations	<u>4,051</u>
Total other revenue	\$ 62,716
Total public support, government grants and revenue	<u>\$ 542,716</u>
PROGRAM AND SUPPORTING SERVICES EXPENSE	
Direct program expenses	\$ 138,201
Consultants	4,713
Continuing education	10,540
Printing and duplication	6,078
Publications, books and journals	<u>2,412</u>
Total program expenses	<u>\$ 162,954</u>
Supporting Services Expense:	
Salaries	\$ 264,444
Supplies and postage	11,247
Telephone	8,013
Computer support	124
Travel	2,827
Other operating expenses	27,124
Depreciation	12,722
Marketing	<u>8,203</u>
Total supporting services expense	<u>\$ 335,684</u>
Total program and supporting services expense	<u>\$ 498,638</u>
Total support, grants and revenue over expenses	\$ 41,636
CAPITAL ADDITIONS	<u>155,245</u>
TOTAL EXPENSES AND CAPITAL ADDITIONS OVER PUBLIC SUPPORT, GRANTS AND REVENUE	<u>\$ (23,615)</u>
FUND BALANCE, BEGINNING OF YEAR (DEFICIT)	<u>15,030</u>
FUND BALANCE, END OF YEAR (DEFICIT)	<u>\$ (28,643)</u>

See Notes to Financial Statements.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA
SEPTEMBER 30, 1996
AND
INDEPENDENT AUDITORS' REPORT