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PLANNED PARENTHOOD OF LOUISIANA, INC.

FINANCIAL STATEMENTS

June 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been furnished to the auditor, or assigned, 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.

Reimbursement Date SEP 1996

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**INDEPENDENT AUDITORS' REPORT ON
BASIC FINANCIAL STATEMENTS AND
ACCOMPANYING SCHEDULE**

To the Board of Directors of
Planned Parenthood of
Louisiana, Inc.
New Orleans, Louisiana

We have audited the accompanying balance sheet of Planned Parenthood of Louisiana, Inc. ("PP/LA") as of June 30, 1996, and the related statements of support, revenue, expenses, and changes in fund balances (net deficits), and functional expenses for the year then ended. These financial statements are the responsibility of PP/LA'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, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 PP/LA as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 12, 1996, on our consideration of PP/LA's internal control structure and a report dated December 12, 1996, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the basic financial statements of PP/LA taken as a whole. The accompanying Schedule of Federal Awards for year ended June 30, 1996, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Legier & Materni

December 12, 1996

PLANNED PARENTHOOD OF LOUISIANA, INC.
BALANCE SHEET
JUNE 30, 1986

ASSETS	Unrestricted	Restricted	Property- Plant and Equipment	Total
Cash	\$ 682	\$ 26,506		\$ 27,188
Accounts, grants and pledges receivable	11,287	71,257		82,544
Interfund receivable	48,257	-		48,257
Total current assets	60,146	97,763		157,909
Prepaid misc. bills		60,000		60,000
Equipment and Leasehold Improvements:			\$ 115,919	115,919
Equipment and Furniture			45,598	45,598
Leasehold Improvements			(129,474)	(129,474)
Less: Accumulated depreciation and amortization			39,832	39,832
Total equipment and leasehold improvements, net		\$ 163,763	\$ 19,817	\$ 243,746
Total assets	\$ 60,144	\$ 163,763	\$ 19,817	\$ 243,746
LIABILITIES AND FUND BALANCES (NET DEFICIT):				
Accounts payable	\$ 126,287			\$ 126,287
Current portion of notes payable	2,903			2,903
Deferred revenue		\$ 4,900		4,900
Accrued liabilities	46,843			46,843
Due to effect	5,000			5,000
Interfund payable		48,257		48,257
Total current liabilities	186,132	51,157		237,289
Notes payable	3,180			3,180
Fund balances (Net deficit)	(123,468)	111,000	\$ (19,817)	7,217
Total liabilities and fund balances (net deficit)	\$ 65,744	\$ 162,057	\$ (19,817)	\$ 243,746

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

PLANNED PARENTHOOD OF LOUISIANA, INC.
STATEMENT OF SUPPORT, REVENUE, EXPENSES,
AND CHANGES IN FUND BALANCES (NET DEFICIT)
FOR THE YEAR ENDED JUNE 30, 1996

	Unrestricted	Restricted	Property, Plant and Equipment	Total
PUBLIC SUPPORT:				
Contributions	\$ 112,876	\$ 5,437		\$ 118,313
Foundation and corporation grants	108,950	112,978		221,928
Government grants		278,822		278,822
Donations in kind (Note 4)	57,180			57,180
Total public support	288,826	397,237		686,063
REVENUE:				
Clinic revenues	219,210			219,210
Interest income	420			420
Miscellaneous (Note 5)	15,292			15,292
Total revenue	234,922			234,922
Total public support and revenue	523,748	397,237		920,985
EXPENSES:				
Program services:				
Clinic	484,759	263,634	\$ 10,117	758,510
Education	43,084	18,187	1,038	62,309
Public affairs	4,424			4,424
Total program services	532,267	281,821	11,155	825,243
Supporting services:				
Management and general	95,225		2,925	98,150
Fund raising	79,227		1,038	80,265
Total supporting services	174,452		4,063	178,515
Payments to national organization (Note 1)	7,942			7,942
Total expenses	694,321	281,821	15,146	991,288
DEFICENCY OF PUBLIC SUPPORT AND REVENUE				
OPER EXPENSES				
Fund balances (Net Deficit), beginning of year	(98,512)	110,708	(15,390)	(3,194)
Fund Transfers	(28,264)	298		(27,966)
Fund Transfers	3,622			3,622
Fund balances (Net Deficit), end of year	\$ (123,154)	\$ 11,006	\$ 19,617	\$ (92,531)

The accompanying information is integral part of these financial statements.

PLANNED PARENTHOOD OF LOUISIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1994

	Program Services				Support Services		Total
	Child	Education	Public affairs	Management and General	Fund Raising		
Salaries	\$ 404,418	\$ 27,066		\$ 21,423	\$ 44,871	\$	\$ 498,788
Salaries - donated	24,200	2,258		30,000	750		37,188
Employee benefits	53,837	3,668		10,757	3,886		73,138
Rent	48,294	3,189		6,322			68,725
Supplies	71,882	1,499	7	2,087	939		77,225
Professional fees, including physician	40,885	30,988	2,948	34,587	3,818		74,966
Office expenses	13,830	337	382	8,441	3,923		28,253
Telephone	8,339	1,268	1,040	3,239	1,640		14,776
Printing and advertising	6,987	8,869	40	89	8,446		24,421
Lubricant fees	28,698						28,698
Equipment maintenance	3,887	331		1,756	1,816		10,590
Meetings, conferences, travel and entertainment	2,484	1,773	47	2,121	354		7,199
Insurance	11,440	(1,880)		773	(333)		11,680
Permits	881	28		3,623	2,121		6,641
Miscellaneous	391	254	-	7	3,438		4,150
Total expenses before depreciation, amortization and payments to national organization	733,633	81,111	4,434	85,325	78,527		983,070
Depreciation and amortization	18,217	1,028		2,925	1,878		15,288
Total expenses before payments to national organization	751,850	82,139	4,434	88,190	80,405		998,348
Payments to national organization (Note 1)	-	-	-	7,882	-		7,882
Total expenses	\$ 751,850	\$ 82,139	\$ 4,434	\$ 96,072	\$ 80,405		\$ 986,210

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

PLANNED PARENTHOOD OF LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND OPERATIONS

Planned Parenthood of Louisiana, Inc. (PPLA), a publicly supported nonprofit organization, provides medical services, counseling and educational assistance in the greater New Orleans and Baton Rouge areas. PPLA was incorporated in 1983 and reports to the national organization, the Planned Parenthood Federation of America. PPLA also pays annual dues to Planned Parenthood Federation of America and the Southern Region. PPLA's dues for the year ended June 30, 1996, were \$7,942.

In 1991, PPLA established the Planned Parenthood of Louisiana Action Network, Inc. (PPLAANI), a separate division created under Section 501 (c)(4) of the U. S. Internal Revenue Code. This division is allowed to incur expenditures to influence voice and make endorsements of political candidates. PPLAANI has not yet received its tax-exempt status under the Internal Revenue Code or been activated and, thus, there was no activity in this division in the year ended June 30, 1996.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The financial statements are prepared on the accrual basis of accounting.

Description of Funds

PPLA uses fund accounting to account for the diverse nature of its activities. Funds are established to account for certain types of activities, and each fund is accounted for as a separate entity. The funds established by PPLA are described below:

Unrestricted Fund

The unrestricted fund is the principal fund of PPLA and is used to account for the general recurring activities of PPLA (i.e. unrestricted contributions and grants, general and administrative expenses, etc.).

Restricted Fund

This fund is used to account for contributions and grants which have been restricted by the contributor for specific operating purposes.

Fixed Assets and Depreciation Fund

This restricted fund is used to account for all fixed assets and depreciation expense.

PLANNED PARENTHOOD OF LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

Pledges Receivable and Deferred Revenue

Pledges are recorded when a firm pledge is made and collectibility is reasonably determinable. Contributions which are restricted by the donor for use in future periods are recorded as deferred revenue of the restricted fund, and are recorded as support in the year in which they may be used.

Pledges receivable includes a fixed year 1996 pledge of \$100,000 from a foundation to contribute funds over a four year period. This contribution has been restricted for use by PPLA for capital improvements or educational purposes. Amounts due after fiscal 1997 are classified as non-current assets.

Interfund Receivables and Payables

The usage of unrestricted funds for restricted purposes, and vice versa, is accounted for through interfund accounts in the respective funds.

Equipment and Leasehold Improvements

Equipment, furniture, and leasehold improvements are recorded at cost or at donated value. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets (primarily seven years). Leasehold improvements are amortized over the life of the lease.

Donations in Kind

Donated services are recognized in revenues and expenses at estimated fair value for each service.

Income Taxes

No provision for Federal income taxes has been reflected in the accompanying financial statements because PPLA is exempt from Federal income taxes under Section 501 (c)(3) of the U. S. Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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. PPLA's estimates include those regarding the collectibility of pledges receivable (Note 1), the fair value of donations in kind (Note 4) and the effect of third party adjustments (Note 7).

PLANNED PARENTHOOD OF LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - LEASES

PFLA leases its main office, its Baton Rouge clinic and its Kingsley House facility. The Baton Rouge clinic's lease expired in April 1996, but PFLA has continued to lease the clinic and to pay monthly rent of \$503. The Kingsley House facility's lease expired in May 1996. PFLA continued to pay monthly rent of \$1,385 until October 1996 when the lease was cancelled. This facility is no longer in operation. Minimum annual rentals under the main office lease for the year ending June 30, 1997 are \$12,963.

Rental expense for the year ended June 30, 1996 was \$49,728. Equipment located on the Kingsley House's premises is pledged against the lease.

NOTE 4 - DONATIONS IN KIND

A number of unpaid volunteers have made significant contributions of their time, primarily for clinical and professional services. The value of this contributed time is reflected in these statements as donated salaries, based upon time summaries maintained, and average rates paid for similar work performed by regular employees. The receipt of donated services is reflected in these statements as donations in kind.

NOTE 5 - NOTES PAYABLE

As of June 30, 1996, PFLA had a note payable to a bank of \$5,082 with interest currently at 10.5%. The loan has an adjustable rate (bank prime plus 7%), is unsecured, requires monthly payments and matures in November 1998. Future minimum principal payments under this agreement as of June 30, 1996 are:

1997	\$2,100
1998	2,353
1999	<u>1,082</u>
	<u>\$5,082</u>

During fiscal year 1996, PFLA's note payable of \$15,088 to Planned Parenthood Federation of America was forgiven. The resulting gain is included in miscellaneous revenue.

NOTE 6 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of support, or revenue, expenses and changes in fund balances. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

PLANNED PARENTHOOD OF LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - COMMITMENTS, CONTINGENCIES AND CONCENTRATIONS

Government Grants

Grants received require the fulfillment of certain conditions as set forth in the grant instruments. PPLA intends to fulfill the conditions of all grants, recognizing that failure to fulfill the conditions could result in the return of the funds to donors. PPLA, by accepting the grants and their terms, has agreed to the conditions of the donors. Government grants represent approximately 20% of PPLA's total public support and revenue. In addition, approximately 25% of PPLA's total assets (excluding interfund receivables) are comprised of government grants receivable.

Third Party Reimbursements

PPLA has agreements with a Medicaid fiscal intermediary to provide clinical services to eligible patients. Periodically, certain adjustments are made to these Medicaid billings. Management does not believe that any adjustments will have a significant impact on PPLA's operations.

PLANNED PARENTHOOD OF LOUISIANA, INC.
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1996

Grants/Pass Through Grants/ Program Title	CFDA Number	Total Grant Award	Federal Expenditures
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES Pass through Louisiana Department of Health and Hospitals			
Ryan White C.A.R.E. Act Title I Funds 01001 - 01001	93.913	\$ 63,278	\$ 41,950
Office of Public Health - HIV/AIDS Services 1/1/93 - 12/31/96 1/1/96 - 12/31/96	95.040	68,000 33,000	27,813 13,588
Office of Public Health - Family Planning 1/1/95 - 02/28/98	93.217	146,881	119,300
City of New Orleans - Oral Contraception 10/1/95 - 02/28/96	93.994	18,280	12,491
TOTAL FEDERAL AWARDS		\$ 324,411	\$ 213,299

1 - denotes a pass-through program (other federal awards)

To the Board of Directors of
Planned Parenthood
of Louisiana, Inc.
New Orleans, Louisiana

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted other matters involving the internal control structure and its operation that we have reported to the management of Planned Parenthood of Louisiana, Inc. in a separate letter dated December 12, 1996.

This report is intended for the information of the Board of Directors, Executive Committee, management, and the grantor agencies. However, this report is a matter of public record and its distribution is not limited.

Lajos L. Materna

December 12, 1996



**INDEPENDENT AUDITORS' REPORT ON
THE INTERNAL CONTROL STRUCTURE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of
Planned Parenthood
of Louisiana, Inc.,
New Orleans, Louisiana

We have audited the financial statements of Planned Parenthood of Louisiana, Inc. ("PPLA") as of and for the year ended June 30, 1996, and have issued our report thereon December 12, 1996. We have also audited the compliance of Planned Parenthood of Louisiana, Inc., with requirements applicable to major federal award programs and have issued our report thereon dated December 12, 1996.

We conducted our audits 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 Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether PPLA complied with laws and regulations, noncompliance with which would be material to a major federal award program.

In planning and performing our audits for the year ended June 30, 1996, we considered PPLA's internal control structure in order to describe our auditing procedures for the purpose of expressing our opinion on PPLA's financial statements and on its compliance with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated December 12, 1996.

The management of Planned Parenthood of Louisiana, Inc., is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to attain 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, that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations.

To the Board of Directors of
Planned Parenthood
of Louisiana, Inc.
New Orleans, Louisiana

Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance 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, we have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories:

- Cash;
- Support, program service fees, revenues, and receivables;
- Donated materials, facilities, and services;
- Expenses for goods and services and accounts payable;
- Payroll and related liabilities;
- Property and equipment;
- Debt and other liabilities;
- Fund balances; and
- Governmental Financial Assistance Programs.

General Requirements

Political activity
Civil rights
Cash management
Federal financial reports
Allowable cost/cost principles
Drug-Free Workplace Act

Specific Requirements

Types of services allowed or unallowed
Eligibility
Financial reports and claims for
advances and reimbursements

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

During the year ended June 30, 1998, Planned Parenthood of Louisiana, Inc. expended 55 percent of its total federal awards under major federal award programs.

To the Board of Directors of
Planned Parenthood
of Louisiana, Inc.
New Orleans, Louisiana

We performed tests of controls, as required by COMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of PPLA's major federal award programs, which are identified in the accompanying Schedule of Federal Awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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 noncompliance with laws and regulations that would be material to a federal award program 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 structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of Planned Parenthood of Louisiana, Inc. in a separate letter dated December 12, 1986.

This report is intended for the information of the Board of Directors, Executive Committee, management, and the grantor agencies. However, this report is also a matter of public record and its distribution is unlimited.

Louis E. Motome

December 12, 1986



**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Board of Directors of
Planned Parenthood
of Louisiana, Inc.
New Orleans, Louisiana

We have audited the financial statements of Planned Parenthood of Louisiana, Inc. ("PPLA") as of and for the year ended June 30, 1996, and have issued our report thereon December 12, 1996.

We conducted our 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, "Audit of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 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 PPLA is the responsibility of PPLA's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of PPLA's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit 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 disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. We noted certain immaterial instances of noncompliance that we have reported to the management of Planned Parenthood of Louisiana, Inc. in a separate letter dated December 12, 1996.

This report is intended for the information of the Board of Directors, Executive Committee, management, and the grantor agencies. However, this report is a matter of public record and its distribution is not limited.

Legier & Matrone

December 12, 1996



**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH GENERAL REQUIREMENTS
APPLICABLE TO FEDERAL AWARD PROGRAMS**

To the Board of Directors of
Planned Parenthood
of Louisiana, Inc.,
New Orleans, Louisiana

We have audited the financial statements of Planned Parenthood of Louisiana, Inc. ("PFLA") as of and for the year ended June 30, 1996, and have issued our report thereon dated December 12, 1996.

We have applied procedures to test the compliance of PFLA with the following requirements applicable to its federal award programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended June 30, 1996:

General requirements:

- | | |
|----------------------|-----------------------------------|
| • Political activity | • Federal financial reports |
| • Civil rights | • Allowable costs/cost principles |
| • Cash management | • Drug-Free Workplace Act |

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on PFLA's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items named, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that PFLA had not complied, in all material respects, with those requirements. However, we noted certain immaterial instances of noncompliance with the requirements referred to above, that we have reported to the management of Planned Parenthood of Louisiana, Inc. in a separate letter dated December 12, 1996.

This report is intended for the information of the Board of Directors, Executive Committee, management, and the grantor agencies. However, this report is a matter of public record and its distribution is not limited.

Cajon & Materna

December 12, 1996



**INDEPENDENT AUDITOR REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL AWARD PROGRAMS**

To the Board of Directors of
Planned Parenthood
of Louisiana, Inc.
New Orleans, Louisiana

We have audited the financial statements of Planned Parenthood of Louisiana, Inc. ("PPLA") as of and for the year ended June 30, 1996, and have issued our report thereon December 12, 1996.

We have also audited the compliance of Planned Parenthood of Louisiana, Inc. with requirements governing types of services allowed or unallowed; eligibility; matching; level of effort; or matching; reporting; and claims for advances and reimbursements that are applicable to each of its major federal awards programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended June 30, 1996. The management of PPLA is responsible for the organization's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with these requirements 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, "Audit of Institutions of Higher Education and Other Nonprofit Institutions". These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about PPLA's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in a separate letter to the management of PPLA dated December 12, 1996. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, PPLA complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to each of its major federal award programs for the year ended June 30, 1996.

This report is intended for the information of the Board of Directors, Executive Committee, management, and grant agencies. However, this report is a matter of public record, and its distribution is unlimited.

Legier & Matrone

December 12, 1996



**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE
TO NONMAJOR PROGRAM TRANSACTIONS**

To the Board of Directors of
Planned Parenthood
of Louisiana, Inc.
New Orleans, Louisiana

We have audited the financial statements of Planned Parenthood of Louisiana, Inc. ("PFLA") as of and for the year ended June 30, 1996, and have issued our report thereon December 12, 1996.

In connection with our audit of the financial statements of Planned Parenthood of Louisiana, Inc. and with our consideration of PFLA's internal control structure used to administer federal award programs, as required by Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal programs for the year ended June 30, 1996.

As required by OMB Circular A-133, we performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, eligibility, reporting, and claims for advances and reimbursements that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on PFLA's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Planned Parenthood of Louisiana, Inc. had not complied, in all material respects, with those requirements. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Planned Parenthood of Louisiana, Inc. in a separate letter dated December 12, 1996.

This report is intended for the information of the Board of Directors, Executive Committee, management, and grantor agencies. However, this report is a matter of public record and its distribution is not limited.

Legier & Materni

December 12, 1996

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PLANNED PARENTHOOD OF LOUISIANA, INC.

REPORT TO MANAGEMENT

JUNE 30, 1996



December 12, 1996

To: The Board of Directors of
Planned Parenthood of Louisiana, Inc.
New Orleans, Louisiana

In planning and performing our audit of the financial statements of Planned Parenthood of Louisiana, Inc. ("PPLA") for the year ended June 30, 1996, we considered PPLA's 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.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. Our comments presented below reflect our desire to be of continuing assistance to PPLA. This letter does not affect our report dated December 12, 1996, on the financial statements of PPLA.

SUPPORTING DOCUMENTATION FOR TRANSACTIONS

Observation

During our specific requirements compliance testing, we noted two instances where patient visits reported on IPR forms could not be traced to the daily attendance sheets kept at the clinic. The daily attendance sheet acts as support for patient visits and documentation for fees charged to the federal program grant.

Recommendation

The importance of keeping accurate daily attendance sheets should be emphasized to all employees involved in this process.

Observation

During our specific requirements compliance testing, we noted one instance of an expenditure being recorded in the incorrect period.

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Legier & Modern, Chartered Accountants, 100 Magazine Street, Suite 1000, New Orleans, Louisiana 70112

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3. The instance of recording an expenditure during the incorrect period, even though it was a valid expense for the current year, was simply a mistake. PFLA has spent enormous time and energy instituting a new financial computer system. Revenue and Expenses are now entered daily and monthly statements are generated in a timely fashion to ensure that this does not happen.

On behalf of the Board and staff, I want to thank you and Marcel for the professional manner in which you conducted our audit. I appreciate your assistance in meeting both Planned Parenthood Federation of America's and the State of Louisiana's reporting deadlines.

Sincerely,



Terri L. Bartlett
President and CEO

cc: PFLA
Board of Directors
State of Louisiana/001/001