

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.

Land, Buildings, and Equipment:

Financial records maintained by RPHCC do not include a detailed list of property and equipment acquired by the organization. Exercising proper control over property and equipment includes the maintenance of a precise, itemized list of these assets. In addition, on a periodic basis, management should physically inspect property to ensure that each item is properly maintained. Furthermore, depreciation should be computed in a manner that will allow the cost of each asset to be amortized over its expected useful life.

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 accounts 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.

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 reportable condition in which the design or operation of the organization's internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in accounts 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.

This report is intended for the information of the Board of Directors and management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


ROBERT HARRINGTON A. MCNEIL
Certified Public Accountant

ROZIER, HARRINGTON & McKAY
CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE
ALEXANDRIA, LOUISIANA 71301

John S. Foster, II, C.P.A.
M. Dale Harrington, C.P.A.
Mark S. McKay, C.P.A.

MAILING ADDRESS
P.O. Box 17718
Monroe, LA 71285-2178

Lee W. Mills, C.P.A.
Paul S. Nunn, C.P.A.

Telephone (504) 487-1000
Teletype (504) 487-3227

March 18, 1993

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

To the Board of Directors
Poplar Primary Health Care Center, Inc. (PPHCC)
Alexandria, Louisiana

We have audited the financial statements of PPHCC (a nonprofit organization) as of and for the year ended September 30, 1992, and have issued our report thereon dated March 18, 1993.

We conducted our audit in accordance with generally auditing standards, and 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.

The management of PPHCC 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 of future periods is subject to 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.

In planning and performing our audit of the financial statements of PPHCC for the year ended September 30, 1992, we obtained an understanding of the internal control structure. With respect to the internal control structure, 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

RAMBHS PRIMARY HEALTH CARE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1996

During the year ended September 30, 1996, \$190,814 previously classified as temporarily restricted has been released. The release occurred because the resources were used in the manner prescribed by the temporary restrictions.

RAPIDS PRIMARY HEALTH CARE CENTER, INC.
NOTES OF FINANCIAL STATEMENTS
SEPTEMBER 30, 1990

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Rapids Primary Health Care Center, Inc. ("RPHCC") is a Louisiana non-profit corporation. Its purpose is to develop and operate a community-based health care facility.

RPHCC is exempt from Federal Income Tax under provisions described in Section 501(c)(3) of the Internal Revenue Code.

Fixed Assets and Depreciation

Donations of property and equipment are recorded as support at their estimated fair value as ascertained net assets unless the donor has restricted the donated asset to a specific purpose. Purchased property and equipment are recorded at acquisition cost. Improvements and betterments are capitalized, while repairs and maintenance expenditures are expensed in the statement of activities. Depreciation is recorded using the straight-line method over the expected useful lives (ranging from 5 to 40 year) of such assets.

Assets donated with explicit restrictions regarding their use and contributions of cash earmarked to acquire property and equipment are reported as temporarily restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Agency reclassifies temporarily restricted net assets as unrestricted net assets at that time.

RPHCC has used funds provided by the State's Capital Outlay Program to complete its buildings and related improvements. The State has agreed to finance its participation in the project and the State requires RPHCC to retain its property as long as the bonds remain outstanding. Based on these requirements, land and buildings are classified as restricted assets.

Receivables and Allowance for Uncollectible Accounts

Receivables consist primarily of cost reimbursement requests outstanding at year-end related to various contracts from governmental and private agencies.

Functional Expenses

Costs are charged to program services, management and general, and fund raising functions based on direct expenditures incurred.

Compensated Absence

Employees of the Agency are entitled to paid vacations, sick days and personal days-off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying statement of financial position. The Agency's policy is to recognize the costs of compensated absences when actually paid.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 1996

Cash flows from operating activities:	
Change in net assets	\$ 468,680
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	28,589
Grants restricted for purposes of acquiring buildings and equipment	(715,080)
(Increase) decrease in accounts receivable	(22,410)
Decrease) decrease in other assets	(281)
Increase (decrease) in operating accounts payable	43,569
Increase (decrease) in payroll taxes accrued and withheld	13,411
	<u>209,911</u>
Net cash provided (used) by operating activities	
 Cash flows from investing activities:	
Capital expenditures	<u>(573,919)</u>
Net cash provided (used) by investing activities	
 Cash flows from financing activities:	
Proceeds from notes payable	168,508
State appropriation	483,303
Rapides Foundation grant	<u>180,808</u>
Net cash provided (used) by financing activities	
	<u>732,619</u>
Net increase (decrease) in cash and cash-equivalents	
	(79,824)
Beginning cash and cash-equivalents	
	<u>171,607</u>
Ending cash and cash-equivalents	
	<u>\$ 91,783</u>

SUPPLEMENTAL DATA:

Noncash investing and financing activities for the year ended September 30, 1996 were limited to equipment with an original cost of \$8,769 that has been acquired under a lease purchase arrangement. Furthermore, no cash has been paid for interest or income taxes.

RAPIDS PRIMARY HEALTH CARE CENTER, INC.
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 1996

The annual requirements to meet obligations resulting from notes payable, assuming no-call provisions are exercised by lenders, are presented as follows:

<u>Year Ending</u> <u>September 30,</u>	
1997	\$ 40,760
1998	26,717
1999	29,103
2000	32,480
2001	36,000
Thereafter	<u>3,480</u>
Notes Payable	\$1 68,540
Current Portion	<u>80,786</u>
Long Term or Notes Payable	\$ 87,754

NOTE 5 - LEASE OBLIGATION

As of September 30, 1996 RPHCC leases office equipment with an original cost of \$4,789 under a non-cancelable capital lease. Future minimum lease payments are presented as follows:

<u>Year Ending</u> <u>September 30,</u>	
1997	\$ 1,184
1998	1,184
1999	<u>2,500</u>
Total Minimum Lease Payments	\$ 5,267
Less Amounts Representing Interest at a rate of 5.4%	<u>(1,501)</u>
Present Value of Net Minimum Lease Payments	\$ 3,766
Less Current Portion	<u>(2,511)</u>
Long-Term Lease Obligations	\$ 1,255

RAPEINH PRIMARY HEALTH CARE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1994

NOTE 6 - GOING CONCERN

Cost associated with providing program services have exceeded revenue earned in connection with those services. Management believes that losses associated with operating the programs can be eliminated by attracting additional patients to the facility. Furthermore, management is searching for sources of public support that may be used to subsidize program operations.

Without additional resources, continued operations of the programs may be impossible. Under the circumstances, uncertainty exists regarding RPHCC's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 7 - CAPITAL OUTLAY GRANT

RPHCC has been awarded \$1,825,000 through an appropriation by the State under the Capital Outlay Program. The purpose of the grant is to construct a health care facility and the funds are available for no other purpose. Activity associated with the Capital Outlay Project is summarized as follows:

Grant Awarded	\$1,000,000
Portion Collected	<u> 450,100</u>
Grant Receivable	589,900
Grant Receivable, Current Portion	<u> 61,100</u>
Grant Receivable, Non Current	<u>\$ 528,800</u>

As September 30, 1994, accounts payable resulting from construction activity totaled \$64,161. These payables are eligible for reimbursement under the capital outlay program; therefore, a portion of the grant receivable totaling \$64,161 is classified as current.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

As discussed in Note 1, resources provided by the State's Capital Outlay Program are considered restricted as long as debt incurred by the State to finance the project remains outstanding. Net assets subject to temporary restrictions imposed by the State's Capital Outlay Program are summarized as follows:

Grant Receivable, Non Current	\$ 528,800
Buildings	482,031
Construction in Progress	19,896
Land	28,839
Accumulated Depreciation	
attributable to Buildings	<u>(2,088)</u>
Temporarily Restricted Net Assets	<u>\$ 1,057,688</u>

RAPEDES PRIMARY HEALTH CARE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1998

Nearly all patient revenue and related accounts receivable are derived from third party reimbursement programs. The allowance for third party adjustments reflects the estimated difference between amounts charged to third party reimbursement programs and the reimbursement rates adopted by the third party fiscal intermediaries. Furthermore, cost reimbursement principles are subject to audit and retroactive adjustments by respective third parties. In the opinion of management, retroactive adjustments, if any, would not be material to the financial position or results of operation.

NOTE 3 - EQUIPMENT

The amount of equipment used in programs and support services, and capitalized as described in Note 1 is presented as follows:

Furniture and Equipment	\$ 170,840
Building	482,821
Construction in Progress	79,896
Land	<u>22,822</u>
Total Equipment	756,389
Less Accumulated Depreciation	<u>(273,728)</u>
Net Property and Equipment	<u>\$ 482,661</u>

NOTE 4 - NOTES PAYABLE

Notes Payable at September 30, 1998, consisted of the following obligations:

Note Payable to Rapides Finance Authority in the original amount of \$150,000, payable in sixty (60) installments of \$3,191, including principle and interest at ten (10) percent. Furthermore, the note is subject to a call provision which becomes effective September 27, 1998. The note is secured by all accounts, equipment, intangibles and fixtures	\$ 150,000
Resolving line of credit in the amount of \$71,000, secured by Medicaid receivables. Payment is due upon collection of receivables securing the debt. Interest is based on the "prime" lending rate plus two percent.	<u>31,200</u>
Total	<u>\$ 181,200</u>

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED SEPTEMBER 30, 1996

	MEDICAL	SUPPORT	MANAGEMENT AND GENERAL	TOTAL
SALARIES AND BENEFITS	\$ 55,982	\$ 45,908	\$ 25,035	\$ 126,925
TRAVEL AND EDUCATION	3,363	-	8,235	8,598
SUPPLIES	12,097	198	8,832	21,127
MAINTENANCE AND REPAIRS	275	2,464	75	2,814
LEGAL AND PROFESSIONAL	14,370	-	54,887	69,257
INSURANCE	-	-	2,168	2,168
OTHER	3,681	6,818	7,841	18,340
TOTAL EXPENSES BEFORE DEPRECIATION	86,518	55,318	136,899	278,735
DEPRECIATION OF BUILDINGS AND EQUIPMENT	-	-	28,589	28,589
TOTAL EXPENSES	\$ 86,518	\$ 55,318	\$ 165,488	\$ 307,352

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

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 1996

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUES AND SUPPORT:			
GRANT REVENUE:			
STATE APPROPRIATION	\$ -	\$ 625,000	\$ 625,000
RAPIDES FOUNDATION	-	300,000	300,000
MEDICAL FEES:			
MEDICAL	12,358	-	12,358
KID-MED	22,389	-	22,389
NET ASSETS RELEASED FROM RESTRICTIONS			
	<u>293,624</u>	<u>(293,624)</u>	
TOTAL REVENUE AND SUPPORT	<u>328,951</u>	<u>431,376</u>	<u>760,327</u>
(EXPENSES)			
PROGRAM SERVICES:			
MEDICAL	86,918	-	86,918
KID-MED	55,919	-	55,919
SUPPORTING SERVICES, management and general			
	<u>156,608</u>	<u>-</u>	<u>156,608</u>
TOTAL EXPENSES	<u>299,445</u>	<u>-</u>	<u>299,445</u>
CHANGE IN NET ASSETS	28,514	411,376	460,600
NET ASSETS, beginning of year	<u>2,568</u>	<u>625,504</u>	<u>628,072</u>
NET ASSETS, end of year	<u>\$ 32,074</u>	<u>\$ 1,036,880</u>	<u>\$ 1,068,954</u>

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

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 1998

ASSETS

CURRENT ASSETS:	
CASH AND CASH EQUIVALENTS	\$ 91,780
ACCOUNTS RECEIVABLE, net of contractual allowances	21,418
GRANTS RECEIVABLE	84,160
OTHER ASSETS	<u>280</u>
TOTAL CURRENT ASSETS	178,638
GRANTS RECEIVABLE	503,710
LAND, BUILDINGS AND EQUIPMENT, net of accumulated depreciation	<u>580,162</u>
TOTAL ASSETS	<u>\$ 1,284,710</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
ACCOUNTS PAYABLE:	
OPERATIONS	\$ 42,794
CONSTRUCTION	94,861
ACCRUED EXPENSES	14,836
CURRENT PORTION OF LONG-TERM DEBT:	
CAPITAL LEASE OBLIGATION	2,737
NOTES PAYABLE	<u>48,780</u>
TOTAL CURRENT LIABILITIES	194,478
LONG-TERM DEBT:	
CAPITAL LEASE OBLIGATION	1,781
NOTES PAYABLE	<u>127,290</u>
TOTAL LIABILITIES	<u>394,569</u>
NET ASSETS:	
UNRESTRICTED	71,074
TEMPORARILY RESTRICTED	<u>1,831,688</u>
TOTAL NET ASSETS	<u>1,989,714</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,284,710</u>

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

ROZIER, HARRINGTON & McKAY
CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERSBURG DRIVE
ALEXANDRIA, LOUISIANA 71301

John S. Rozier, Sr. C.P.A.
M. Dale Harrington, C.P.A.
Mark S. McKay, C.P.A.

MAILING ADDRESS
P.O. Box 12138
Alexandria, LA, 71314-2138

Lee W. White, C.P.A.
Fred S. Davis, C.P.A.

Telephone (504) 940-1000
Teletype (504) 487-2627

March 18, 1995

Independent Auditor's Report

To the Board of Directors
Rapides Primary Health Care Center, Inc.
Alexandria, Louisiana

We have audited the accompanying statement of financial position of Rapides Primary Health Care Center, Inc. (RPHCC) as of September 30, 1994, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, and 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. 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 RPHCC as of September 30, 1994, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that RPHCC will continue as a going concern. As discussed in Note 4 to the financial statements, cost associated with providing program services have exceeded revenues earned from performing those services. These conditions raise substantial doubts about RPHCC's ability to continue as a going concern. Management's plans regarding these matters are also described in Note 5. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with Government Auditing Standards, we have also issued a report dated March 18, 1995, on our consideration of the organization's internal control structure and a report dated March 18, 1995, on its compliance with laws and regulations.


ROZIER, HARRINGTON, & MCKAY
Certified Public Accountants

CONTENTS

<i>Independent Auditor's Report</i>	1
<i>Statement of Financial Position</i>	2
<i>Statement of Activities</i>	3
<i>Statement of Functional Expenses</i>	4
<i>Statement of Cash Flows</i>	5
<i>Notes to Financial Statements</i>	6 - 13
<i>Independent Auditor's Report on Internal Control Structure</i>	12 - 13
<i>Independent Auditor's Report on Compliance with Laws and Regulations</i>	14 - 15

OFFICIAL
FILE COPY

DO NOT SEND OUT

When necessary
copy from this
copy and PLACE
BACK in FILE

0776
NOTED
LEGISLATIVE COUNCIL

STATE-8 01 0 59

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
REPORT ON FINANCIAL STATEMENTS
FOR YEAR ENDED SEPTEMBER 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, audited 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 APR 16 1997

The Board of Directors
Rapidus Primary Health Care-Center, Inc.
Page 2

We considered these instances of non-compliance in forming our opinion on whether RPHCC's financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated March 18, 1997, on these financial statements.

This report is intended for the information of management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


R. W. HARRINGTON B. MEALY
Certified Public Accountant

ROZIER, HARRINGTON & McKAY
CERTIFIED PUBLIC ACCOUNTANTS

1817 PETERSMAN DRIVE
ALEXANDRIA, LOUISIANA 71301

JOHN S. HAZEN, III, C.P.A.
M. Dale Harrington, C.P.A.
Mark S. McKay, C.P.A.

Lee W. Webb, C.P.A.
Russ G. Nunn, C.P.A.

BUILDING ADDRESS
P.O. Box 117118
Monroe, LA 70119-0118

Telephone (504) 443-8000
Telex/Telefax (504) 443-9607

March 15, 1997

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

To the Board of Directors
Epiplex Primary Health Care Center, Inc. (EPHCC)
Alexandria, Louisiana

We have audited the financial statements of EPHCC (a nonprofit organization) as of and for the year ended September 30, 1996, and have issued our report thereon dated March 15, 1997.

We conducted our audit in accordance with generally accepted auditing standards, and Government 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.

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

The results of our test disclosed the following instances of noncompliance that are required to be reported herein under Government Auditing Standards for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in EPHCC's financial statements.

Audit Completion

State Law requires EPHCC to file audited financial statements with the Office of Legislative Audit on or later than March 31, 1996. However, additional time was needed in order to resolve an issue that arose near the completion of fieldwork. Due to the need for additional time, the deadline imposed by the State Law was not observed.