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Financial Report

Planned Parenthood of Louisiana, Inc.

June 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewing entity and other appropriate public officials. The report is available for public inspection at the Baker Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 13 1999

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Planned Parenthood of Louisiana, Inc.

June 30, 1999

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Planned Parenthood of Louisiana, Inc. (a nonprofit organization) as of June 30, 1999, 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 the standards applicable to financial audits contained in 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 statements presented. 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 Planned Parenthood of Louisiana, Inc. as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

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Bourgeois Bennett LLP, Suite 200
225 New York
Metairie, LA 70002-1149
Phone (504) 885-4300
Fax (504) 885-4340

Equal Opportunity
Management & Consulting
Accounting Advisory Company

P.O. Box 2000
Parrish, Louisiana 70452
Evangeline, Louisiana 70546
Phone (504) 833-1999
Fax (504) 833-1999

Bourgeois Bennett LLP
P.O. Box 4000
Thibodaux, LA 70301-4000
Phone (504) 487-5533

In accordance with Government Auditing Standards, we have also issued our report dated August 2, 1999 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations contracts and grants.

Bougeois Bennett, LLC.

Certified Public Accountants.

New Orleans, La.,
August 2, 1999.

STATEMENT OF FINANCIAL POSITION

Planned Parenthood of Louisiana, Inc.

June 30, 1999

ASSETS

Cash	\$ 309,597
Grants and contracts receivable	12,685
Unconditional payments to give	69,275
Receivable from Medicaid	5,399
Inventory	39,087
Other receivables	893
Prepaid insurance	4,084
Property, equipment and improvements, net of accumulated depreciation	8,260
Total assets	\$ 440,281

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 9,480
Payroll taxes payable	961
Accrued salaries and vacation pay	41,605
Total liabilities	52,046

Net Assets

Unrestricted	306,105
Temporarily restricted	183,130
Total net assets	388,235
Total liabilities and net assets	\$ 440,281

See notes to financial statements.

STATEMENT OF ACTIVITIES

Planned Parenthood of Louisiana, Inc.

For the year ended June 30, 1999

	Unrestricted	Temporarily Restricted	Total
Revenues and Support			
Contributions	\$ 152,531	\$ 54,860	\$ 207,391
Clinical service fees and reimbursements	499,147		499,147
Contract fees for services - Family Planning Program	49,960		49,960
Government grants:			
STD Program	42,824		42,824
HIV/AIDS Program	29,823		29,823
Other	666		666
Interest income	7,130		7,130
Miscellaneous income	2,991		2,991
Total revenues and support	785,072	54,860	839,932
Net Assets Released From Restrictions			
Program restrictions satisfied by payments	25,782	(25,782)	
Total revenues, support and net assets released from restrictions	810,824	29,108	839,932
Expenses			
Program services:			
Clinical services	520,467		520,467
Education and public affairs	17,064		17,064
Management and general	166,273		166,273
Fundraising	54,416		54,416
Total expenses	758,220		758,220

**Exhibit B
(Continued)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Increase In Net Assets	52,694	29,108	81,712
Net Assets			
Beginning of year	<u>152,581</u>	<u>154,022</u>	<u>306,523</u>
End of year	<u>\$ 205,275</u>	<u>\$ 183,130</u>	<u>\$ 388,225</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Premier Pharmaceutical of Louisiana, Inc.

For the year ended June 30, 1999

	Regional Services		Executive Services		Total
	Clinical Services	Education and Public Affairs	Management and Control	Prof - 2000	Prof - 2000
Salaries and wages	\$ 950,819	\$ 2,284	\$ 366,106	\$ 6,447	\$ 1,325,656
Employee benefits	29,668	179	26,179	928	58,954
Accounting / auditing			6,580		6,580
Advertising			376	608	4,027
Automobile expenses	2,797	212	3,019		3,158
Bank charges	5,211	319	3,196	48	8,774
Board expenses	4,196		4,196		8,186
Business			1,689		1,689
Capital expenses	4,544	9,319	14,000	39,987	67,850
Consultants	4,591	488	1,761	489	6,829
Depreciation	8,288		8,288	314	9,890
Education	3,681		3,681	311	4,272
Financial services				7,280	7,280
Health - local expenses	88,253		88,253		176,506
Laboratory fees	24,198		24,198		48,396
Medical supplies	1,054	309	1,278	327	2,668
Miscellaneous					
National Program Support - Premier Pharmaceutical Division of America					
Office expenses	24,158	411	24,769	9,269	34,448
Physician fees	13,973		13,973	1,319	15,292
Printing and shipping	1,018	75	1,063	3,408	4,546
Printing and publications	4,405	803	5,603	8,067	12,785
Rent	22,974	1,129	24,666	2,700	28,495
Repairs and maintenance	3,782	312	3,954	325	4,591
Special events expenses				687	687
Telecommunications	16,043	328	16,371	2,999	19,699
Travel, meeting and conference	4,342	888	5,012	938	6,840
Utilities	2,487	164	2,651	342	3,153
Total expenses	\$ 2,025,487	\$ 11,064	\$ 1,698,372	\$ 24,411	\$ 3,759,334

See notes to financial statements.

STATEMENT OF CASH FLOWS

Planned Parenthood of Louisiana, Inc.

For the year ended June 30, 1999

Cash Flows From Operating Activities	
Increase in net assets	\$ 41,702
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	6,852
Changes in assets and liabilities:	
Decrease (increase) in operating assets:	
Grants and contracts receivable	(2,654)
Unconditional promises to give	(20,525)
Receivable from Medicaid	(2,389)
Other receivables	1,273
Prepaid insurance	(4,084)
Inventories	(4,034)
Increase (decrease) in operating liabilities:	
Accounts payable	2,609
Payroll taxes payable	(5,771)
Accrued salaries and vacation pay	8,810
Net cash provided by operating activities	63,619
Cash	
Beginning of year	245,978
End of year	\$ 309,597

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Planned Parenthood of Louisiana, Inc.**

June 30, 1999

Note 1 - NATURE OF ACTIVITIES

Planned Parenthood of Louisiana, Inc. (PPLA), provides health care services, counseling and educational assistance to men and women in the New Orleans and Baton Rouge areas. PPLA reports to the national organization, Planned Parenthood Federation of America, which approves the geographic areas in which the Organization provides services.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Organization and Income Taxes**

PPLA is a nonprofit corporation organized under the laws of the State of Louisiana in 1983. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of R.S.47:121(5).

In 1991, PPLA established the Planned Parenthood of Louisiana Action Network, Inc. (PPLAN), a separate organization created under Internal Revenue Code Section 501(c)(4). This organization is allowed to incur expenditures to influence votes and support political candidates. PPLAN has neither received its tax exempt status under the Internal Revenue Code nor been activated; therefore, there was no activity in this organization for the year ended June 30, 1999.

b. Basis of Accounting

The financial statements of Planned Parenthood of Louisiana, Inc. are prepared on the accrual basis of accounting.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Financial Statement Presentation

Financial statement presentation follows the recommendations of the Statement of Financial Accounting Standards, (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, PPLA classified its net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and charges therein are classified and reported as follows:

Unrestricted Net Assets - Net patient service revenues, grants and other revenues and expenditures of funds for the general operation of its clinics.

Temporarily Restricted Net Assets - Grants and other revenues specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period.

Permanently Restricted Net Assets - PPLA does not have any permanently restricted net assets.

d. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

e. Concentration of Credit Risk

Financed Parenthood of Louisiana, Inc. operates two clinics. Health care services, counseling and educational assistance are provided to patients who reside primarily in the New Orleans and Baton Rouge areas.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. For the year ended June 30, 1999, all promises to give were recognized as assets and revenues. All promises are deemed by management to be collectible.

g. Contributions and Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. The Organization has no permanently restricted net assets.

Clinical service fees represent the estimated net realizable amounts from patients, third party payors and others for services rendered.

h. Allowance for Uncollectible Accounts

Patients are expected to pay for services rendered at the time of the clinic visits. If a patient is unable to pay, a receivable is recorded. Patients are required to pay any outstanding balances at the time of his next visit. Receivables which are deemed uncollectible are written off at the end of the fiscal year.

i. Third Party Contractual Adjustments

PSLA records net realizable revenue from third party payors (Medicaid) at the time that clinical services are provided. No contractual adjustments are made unless the claim is denied.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Inventory

Inventory of medical supplies is recorded at cost using the first-in, first-out method.

k. Property, Equipment and Improvements

Property, equipment and leasehold improvements are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight line method. Donated property is recorded at its fair market value at the date of donation.

l. In-Kind Support

PFLA accounts for the value of donated legal services as support and professional services expense. The value of these services for the year ended June 30, 1999 was not significant and was not recorded.

m. Unemployment Benefits

In lieu of tax contributions, PFLA has elected under the Louisiana Employment Security Law to reimburse the State of Louisiana for benefits paid by the State and charged against the account of PFLA. PFLA recognizes this expense in the period for which the benefits are billed by the State.

n. Allocated Expenses

The costs of providing the various programs and other activities are summarized in the statement of functional expenses. Certain expenses have been allocated among the programs and supporting services based on management's estimate of the costs involved.

Note 3 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are restricted by donors for specific purposes or designated for subsequent periods. Certain restrictions on cash and unconditional promises to give are for the acquisition of property and equipment and such restrictions are considered to expire when payment for the designated purpose is made.

Note 3 - RESTRICTIONS ON NET ASSETS (Continued)

Temporarily restricted net assets at June 30, 1999, are available for the following purposes or periods:

Property and equipment acquisitions	\$117,815
Various specific programs and services	<u>65,315</u>
Total temporarily restricted net assets	<u>\$183,130</u>

Note 4 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consists of the following:

Unrestricted promises	\$24,275
Restricted for acquisition of property and equipment	20,000
Restricted for specific program expenses	<u>25,000</u>
Total	<u>\$69,275</u>

The unconditional promises to give are all due within one year.

Note 5 - PROPERTY, EQUIPMENT AND IMPROVEMENTS

At June 30, 1999, the cost of property, equipment, and improvements was as follows:

Furniture and equipment	\$ 122,371
Leasehold improvements	<u>45,398</u>
	167,769
Less accumulated depreciation	<u>(139,568)</u>
Net property, equipment and improvements	<u>\$ 28,201</u>

Depreciation expense for the year ended June 30, 1999 was \$6,852.

Note 6 - LEASE COMMITMENTS

Planned Parenthood of Louisiana, Inc. leases its Magazine Street location under a noncancelable operating lease which expires on February 15, 2000. Future minimum lease payments due for the year ending June 30, 2000 are \$15,504.

Note 7 - RELATED PARTY TRANSACTIONS

Planned Parenthood of Louisiana, Inc. is a member of and pays dues to the national organization, Planned Parenthood Federation of America. Dues for the year ended June 30, 1999 was \$9,265.

Note 8 - CONCENTRATION OF CREDIT RISK

PPLA maintains its cash accounts in various financial institutions where the accounts are insured by Federal Deposit Insurance Corporation up to \$100,000 per bank or up to \$500,000 at investment brokerage firms (with a limit of \$100,000 for cash) by the Securities Investor Protection Corporation. At June 30, 1999, PPLA had approximately \$147,880 in excess of the insured limits.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Ernst & Young

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

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

We have audited the financial statements of Planned Parenthood of Louisiana, Inc. (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued our report thereon dated August 2, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Planned Parenthood of Louisiana, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Planned Parenthood of Louisiana, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that

might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Bourgeois Bennett, LLC

Certified Public Accountants

New Orleans, La.,
August 2, 1999.

SCHEDULE OF FINDINGS

Planned Parenthood of Louisiana, Inc.

For the year ended June 30, 1999

Section I - Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Reportable condition(s) identified that are
not considered to be material weakness ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

b) Federal Awards

Planned Parenthood of Louisiana, Inc. did not receive any Federal awards during the year ended June 30, 1999.

Section II - Financial Statement Findings

There were no financial statement findings noted during the audit for the year ended June 30, 1999.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Planned Parenthood of Louisiana, Inc.

For the year ended June 30, 1999

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended June 30, 1998. No reportable conditions were reported during the audit for the year ended June 30, 1998.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 1998.

Section II - Internal Control and Compliance Material To Federal Awards

Planned Parenthood of Louisiana, Inc. did not receive any Federal awards during the year ended June 30, 1998.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 1998.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Planned Parenthood of Louisiana, Inc.

For the year ended June 30, 1999

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended June 30, 1999. No reportable conditions were reported during the audit for the year ended June 30, 1999.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 1999.

Section II - Internal Control and Compliance Material To Federal Awards

Planned Parenthood of Louisiana, Inc. did not receive any Federal awards during the year ended June 30, 1999.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 1999.