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Financial Report

Planned Parenthood of Louisiana, Inc.

June 30, 1998

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

Release Date ~~OCT 14 1998~~

TABLE OF CONTENTS

Planned Parenthood of Louisiana, Inc.

June 30, 1998

	<u>Exhibits</u>	<u>Page Number</u>
Financial Section		
Independent Auditor's Report		1 - 2
Statement of Financial Position	a	3
Statement of Activities	B	4 - 5
Statement of Functional Expenses	C	6
Statement of Cash Flows	D	7
Notes to Financial Statements	E	8 - 14
Special Report of Certified Public Accountants		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		15 - 16
Schedule of Findings		17
Reports By Management		
Schedule of Prior Year Findings		18
Management's Corrective Action Plan		19



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, 1998, 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. Those 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 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, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated August 31, 1998 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
August 31, 1998.

STATEMENT OF FINANCIAL POSITION

Planned Parenthood of Louisiana, Inc.

June 30, 1998

ASSETS

Cash	\$ 245,978
Grants and contracts receivable	10,031
Unconditional promises to give	48,750
Receivable from Medicaid	2,830
Inventory	26,053
Other receivables	2,166
Property, equipment and improvements, net of accumulated depreciation	15,113
Total assets	\$ 350,921

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 6,871
Payroll taxes payable	4,732
Accrued salaries and vacation pay	32,795
Total liabilities	44,398

Net Assets

Unrestricted	152,501
Temporarily restricted	154,022
Total net assets	306,523
Total liabilities and net assets	\$ 350,921

See notes to financial statements.

STATEMENT OF ACTIVITIES

Planned Parenthood of Louisiana, Inc.

For the year ended June 30, 1998

	Unrestricted	Temporarily Restricted	Total
Revenues and Support			
Contributions	\$ 206,236	\$ 67,255	\$ 273,491
Clinical service fees and reimbursements	459,572		459,572
Contract fees for services -			
Family Planning Program	54,100		54,100
Government grant - STD Program	38,000		38,000
Interest income	992		992
Miscellaneous income	46,664		46,664
	<hr/>		<hr/>
Total revenues and support	805,564	67,255	872,820
Net Assets Released From Restrictions			
Expiration of time restrictions	92,275	(92,275)	-
Program restrictions satisfied by payments	17,408	(17,408)	-
	<hr/>		<hr/>
Total revenues, support and net assets released from restrictions	915,247	(42,428)	872,820
Expenses			
Program services:			
Clinical services	499,022		499,022
Education and public affairs	8,491		8,491
Management and general	166,166		166,166
Fundraising	44,411		44,411
	<hr/>		<hr/>
Total expenses	718,090		718,090

**Exhibit B
(Continued)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Increase In Net Assets	197,157	(42,428)	154,729
Net Assets			
Beginning of year	<u>(44,656)</u>	<u>196,450</u>	<u>151,794</u>
End of year	<u>\$ 152,501</u>	<u>\$ 154,022</u>	<u>\$ 306,523</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Planned Parenthood of Louisiana, Inc.

For the year ended June 30, 1998

	Program Services		Totals	Supporting Services		Total Expenses
	Clinical Services	Education and Public Affairs		Management and General	Fund - raising	
Salaries and wages	\$ 276,370	\$ 468	\$ 276,838	\$ 46,562	\$ 16,113	\$ 339,512
Employee benefits	28,296		28,296	2,207	1,167	31,669
Accounting/auditing			-	6,800		6,800
Advertising	5,547	150	5,697	1,141	230	7,067
Automobile expenses	3,720		3,720	43		3,763
Bank charges	3,777		3,777	2,045	107	5,930
Consultants	5,291	3,450	8,741	35,367	4,576	48,684
Depreciation	3,857	403	4,260	1,094	403	5,757
Insurance	9,319		9,319	1,244	439	11,003
Janitorial services	1,393		1,393	1,266	507	3,166
Laboratory fees	41,410		41,410			41,410
Management fees	29,631		29,631	33,000		33,000
Medical supplies	529		529	508	241	29,631
Miscellaneous		159	688			1,437
National Program Support - Planned Parenthood Federation of America				11,808		11,808
Office expenses	13,097	634	13,731	4,610	1,829	20,169
Physician fees	22,760		22,760			22,760
Postage and shipping	1,282	513	1,795	1,006	3,438	6,238
Printing and publications	4,389	2,237	6,626	871	4,247	11,744
Rent	21,132		21,132	9,011	3,604	33,746
Repairs and maintenance	12,884	130	13,013	1,735	729	15,477
Special event expenses			-		4,304	4,304
Telecommunications	8,013	260	8,272	3,104	1,065	12,441
Travel, meetings and conferences	2,004		2,004	1,420	779	4,202
Utilities	4,322	88	4,409	1,326	636	6,371
Total expenses	\$ 499,022	\$ 8,491	\$ 507,513	\$ 166,166	\$ 44,411	\$ 718,090

See notes to financial statements.

STATEMENT OF CASH FLOWS

Planned Parenthood of Louisiana, Inc.

For the year ended June 30, 1998

Cash Flows From Operating Activities	\$ 154,729
Increase in net assets	\$ 154,729
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	5,757
Changes in assets and liabilities:	
Decrease (increase) in operating assets:	
Grants and contracts receivable	(766)
Unconditional promises to give	109,825
Receivable from Medicaid	(1,123)
Other receivables	(2,166)
Inventories	(26,053)
Increase (decrease) in operating liabilities:	
Accounts payable	(26,181)
Payroll taxes payable	1,002
Accrued salaries and vacation pay	9,623
Due to affiliated organizations	(37,967)
Net cash provided by operating activities	186,680
Cash Flows From Investing Activities	
Purchases of property and equipment	(8,458)
Cash Flows From Financing Activities	
Payments on note payable	(3,233)
Net increase in cash	174,989
Cash	
Beginning of year	70,989
End of year	\$ 245,978
Supplemental Disclosures Of Cash Flow Information	
Cash paid during the year for interest	\$ 229

See notes to financial statements.

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

June 30, 1998

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, 1998.

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. 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.

d. Concentration of Credit Risk

Planned 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.

e. 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, 1998, all promises to give were recognized as assets and revenues. All promises are deemed by management to be collectible.

f. 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.

Note 2 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

g. 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. The clinic does not pursue collections of these receivables, and they are written off at the end of the fiscal year if deemed uncollectible.

h. Third Party Contractual Adjustments

PPLA 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.

i. Inventory

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

j. 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.

k. In-Kind Support

PPLA records the value of donated legal services as support and professional services expense. The value of these services for the year ended June 30, 1998 was \$3,300.

l. Unemployment Benefits

In lieu of tax contributions, PPLA 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 PPLA. PPLA recognizes this expense in the period for which the benefits are billed by the State.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. 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.

n. 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 changes 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.

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, 1998, are available for the following purposes or periods:

Property and equipment acquisitions	\$116,315
Various specific programs and services	<u>37,707</u>
Total temporarily restricted net assets	<u>\$154,022</u>

Note 4 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consists of the following:

Unrestricted promises	\$ 3,750
Restricted for acquisition of property and equipment	40,000
Restricted for specific program expenses	<u>5,000</u>
Total	<u>\$48,750</u>

The unconditional promises to give are due as follows:

Year Ending <u>June 30,</u>	
1999	\$28,750
2000	<u>20,000</u>
Total	<u>\$48,750</u>

Note 5 - PROPERTY, EQUIPMENT AND IMPROVEMENTS

At June 30, 1998, 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>(152,656)</u>
Net property, equipment and improvements	<u>\$ 15,113</u>

Depreciation expense for the year ended June 30, 1998 was \$5,757.

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 are as follows:

Year Ending <u>June 30,</u>	
1999	\$22,526
2000	<u>15,018</u>
Total	<u>\$37,544</u>

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, 1998 was \$11,808.

PPLA had an agreement for management services from an affiliated organization, Planned Parenthood of Dallas and Northeast Texas, Inc. (PPDNET), which either party could terminate without cause upon giving thirty days written notice. PPLA paid PPDNET \$4,500 per month as a management fee and \$1,000 per month for travel expenses until the agreement was terminated by PPDNET on December 31, 1997. Management fees incurred under this agreement were \$33,000 for the year.

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. At June 30, 1998, PPLA had approximately \$157,000 in excess of the insured limits.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**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, 1998, and have issued our report thereon dated August 31, 1998. 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 provision 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, L.L.C.

Certified Public Accountants.

New Orleans, La.,
August 31, 1998.

SCHEDULE OF FINDINGS

Planned Parenthood of Louisiana, Inc.

For the year ended June 30, 1998

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

For the year ended June 30, 1998 the Planned Parenthood of Louisiana, Inc. was not subject to OMB Circular A-133, Audits of States, Local Government and Non-Profit Organizations.

Section II Financial Statement Findings

There were no financial statement findings required to be reported for the year ended June 30, 1998.

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, 1998

Section I Internal Control and Compliance Material to the Financial Statements

For the year ended June 30, 1997 there were no internal control or compliance issues reported or noted.

Section II Internal Control and Compliance Material To Federal Awards

For the year ended June 30, 1997 there were no internal control or compliance issues material to federal awards reported.

Section III Management Letter

Not applicable.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Planned Parenthood of Louisiana, Inc.

For the year ended June 30, 1998

Section I Internal Control and Compliance Material to the Financial Statements

For the year ended June 30, 1998 there were no internal control or compliance issues reported or noted.

Section II Internal Control and Compliance Material To Federal Awards

For the year ended June 30, 1998 the Planned Parenthood of Louisiana, Inc. was not subject to OMB Circular A-133, Audits of States, Local Government and Non-Profit Organizations.

Section III Management Letter

Not applicable.