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LOUISIANA PRIMARY CARE ASSOCIATION, INC.

BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

AND

AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED

MARCH 31, 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 21 1998

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS AND AUDITORS' REPORTS
FOR THE FISCAL YEAR ENDED MARCH 31, 1998

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INDEPENDENT AUDITOR'S REPORT

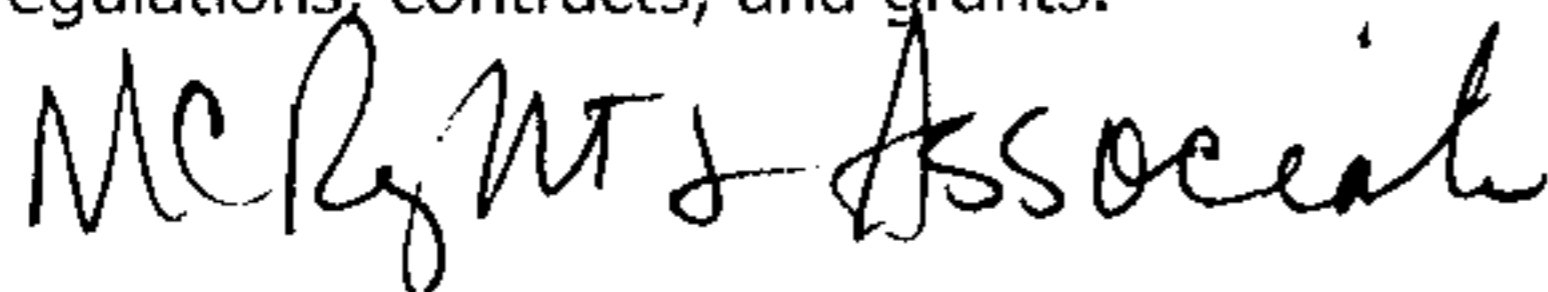
To the Board of Directors of
Louisiana Primary Care Association, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of Louisiana Primary Care Association, Inc. (LPCA) (a nonprofit organization) as of March 31, 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 the 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 Louisiana Primary Care Association, Inc. as of March 31, 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 July 31, 1998, on our consideration of Louisiana Primary Care Association, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



Baton Rouge, Louisiana
July 31, 1998

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF FINANCIAL POSITION
MARCH 31, 1998

	UNRESTRICTED	RESTRICTED	TOTAL
ASSETS			
Cash	\$ 229,614	\$	\$ 229,614
Grants receivable			
Accounts Receivable	602,279		602,279
Prepaid Insurance			
Prepaid Rent			
Property and equipment, net of Accumulated depreciation		11,018	11,018
	-----	-----	-----
Total Assets	831,893	11,018	842,911
	=====	=====	=====
 LIABILITIES AND NET ASSETS			
Liabilities			
Accounts Payable	1,299		1,299
Deferred Revenue	10,106		10,106
	-----	-----	-----
Total Liabilities	11,405		11,405
 Net Assets			
Unrestricted	820,488		820,488
Restricted			
Investment in Fixed Assets		11,018	11,018
	-----	-----	-----
Total Net Assets	820,488	11,018	831,506
Total Liabilities and Net Assets	831,893	11,018	842,911
	=====	=====	=====

See Accompanying notes to Financial Statements.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
MARCH 31, 1998

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES AND OTHER SUPPORT				
Contract Services	\$ 1,556,607	\$	\$	\$ 1,556,607
RHI Grant	170,609			170,609
LA Dept. Of Health & Hospitals	161,870			161,870
Membership Dues	38,318			38,318
LPCA Conference Fees	29,323			29,323
Interest	116			116
Miscellaneous	12,582			12,582
	-----	-----	-----	-----
Total Revenues and Other Support	1,969,425			1,969,425
	-----	-----	-----	-----
EXPENSES				
Salaries	114,720			114,720
Fringe Benefits	25,253			25,253
Travel	48,539			48,539
Office Supplies and expense	37,211			37,211
Contractual Projects	768,068			768,068
Conferences	27,153			27,153
Depreciation			6,049	6,049
Publications	4,216			4,216
Facility Lease and Expense	7,770			7,770
Insurance	8,086			8,086
Legal and Accounting	24,306			24,306
Capital outlay	2,097			2,097
Consulting	19,386			19,386
Utilities and Telephones	61,952			61,952
All Other	8,485			8,485
Penalties	1,407			1,407
	-----	-----	-----	-----
Total Expenses	1,158,649		6,049	1,164,698
	-----	-----	-----	-----
INCREASE (DECREASE) IN NET ASSETS	810,776		(6,049)	804,727
NET ASSETS, BEGINNING	7,615		14,970	22,585
ADD (DEDUCT) TRANSFERS	2,097		2,097	4,194
	-----	-----	-----	-----
NET ASSETS, ENDING	820,488		11,018	831,506
	=====	=====	=====	=====

See Accompanying Notes to Financial Statements.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING MARCH 31, 1998

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$812,873
Adjustments to reconcile change in net assets	
To net cash provided by operating activities:	
Depreciation	6,049
Increase in accounts receivable	(598,230)
Decrease in grants receivable	3,226
Decrease in prepaid insurance	(945)
Decrease in accounts payable	(91)
Increase in deferred revenue	(2,106)

Net cash flow from operating activities	220,776

CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(2,097)

Net cash flow from investing activities	(2,097)

CASH FLOW FROM FINANCING ACTIVITIES	
NET INCREASE IN CASH AND CASH EQUIVALENTS	218,679
CASH AND CASH EQUIVALENTS , BEGINNING	10,935

CASH AND CASH EQUIVALENTS, ENDING	229,614
	=====
SUPPLEMENTAL DISCLOSURES:	
Cash paid for interest	-0-
	=====

See Accompanying Notes to Financial Statements

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF ACTIVITIES

Louisiana Primary Care Association, Inc. (the Organization) was organized under the provisions of R.S. 1950, Title 12, Chapter 2, as amended, State of Louisiana on October 15, 1982, and recorded in the Non-profit Corporation Book of the State of Louisiana.

The Organization was formed as a membership organization for Section 330 federally funded community health centers. Its purpose is to render technical and non-financial assistance to Community Health Centers. Specific services include providing continuing medical education workshops for physicians, staff and governing board members; working with the Louisiana Department of Health and Hospitals in coordinating shared services with Public Health programs; networking; developing a newsletter; sponsoring statewide health fairs; and conducting education programs and workshops. The Organization has assumed a leadership role in providing guidance and assistance to Community Health Centers in responding to special activities related to medical manpower development and implementation of a state-based primary care strategy through a cooperative agreement with the Department of Health and Hospitals.

The Corporation qualifies as an exempt organization under Section 501(c) (3) of the Internal Revenue Code.

During the year ended March 31, 1998, the Organization's operations were funded by a technical and non-financial assistance grant awarded under section 330 of the Public Health Service Act, as amended. Various limitations are placed on expenditures of these funds. Reconciliation of used and unused funds are prepared at the end of the program year and the propriety of such funds determined by the Department of Health and Human Services. Other support includes membership dues, various contractual relationships.

B. BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund, however, in the accompanying financial statements, funds have been combined and presented for the Organization as a whole in accordance with the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organization".

C. NET ASSETS

Net assets of the Organization consist of the following:

UNRESTRICTED

Accounts for resources that can be expended currently. This fund represents the part of net assets that have been restricted for identified purposes by donors and grantors. Unrestricted net assets also include assets whose use is contractually limited.

TEMPORARILY RESTRICTED

Accounts for funds that can be expended currently, but only for a specified purpose designated by the grantor.

PERMANENTLY RESTRICTED

Accounts for the purchase of equipment with useful lives greater than one (1) year and the related depreciation expense charged off.

D. BUDGETS

A budget outlining grant awards, program revenues and expenses is submitted prior to the start of each fiscal year for approval by the Department of Health and Human Services. Budget amendments and changes are allowed by prior approval from the Department of Health and Human Services.

E. PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost for purchased assets or at its fair market value on the date of any donation. Depreciation is provided in the financial statements over the estimated useful lives of the depreciable assets on the straight-line basis. The following estimated useful lives are generally used:

Furniture and fixtures	4 to 10 years
Equipment	4 to 5 years

Expenses for additions, major renewals and betterments are capitalized and expenses for maintenance and repairs are charged to operations as incurred.

The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposal are credited as charged to operations currently.

F. COMPENSATED ABSENCES

Louisiana Primary Care Association employees vest in accrued vacation pay. This amount has not been determined and is not recorded in the financial statements. However, management believes this amount to be immaterial.

G. TOTAL COLUMNS

Total columns on the financial statements are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation

NOTE 2 CASH

At year end, the carrying amounts of the Organization's cash were as follows:

Checking	\$ 21,076
Certificate of Deposits	208,538

Total	229,614
	=====

All deposits were held at Union Planters Bank and insured by the FDIC up to \$121,075 at March 31, 1998. The remaining balance was uninsured at March 31, 1998.

NOTE 3 PROPERTY AND EQUIPMENT

A summary of property and equipment and accumulated depreciation at March 31, 1998, is provided:

	Beginning Balance	Additions	Deductions	Ending Balance
Furniture and equipment	\$ 72,263	2,097		\$74,360
Accumulated Depreciation	57,293	6,049		63,342
Net	14,970	(3,952)		11,018

As explained in Note 1, the Organization receives funding under Section 330 of the Public Health Services Act with various restrictions placed on items obtained by these funds. Per the Public Health Service (PHS) Grants Policy Statement, title to real and tangible personal property (expendable and non-expendable) shall rest in the grantee upon acquisition, subject to the accountability requirements and PHS's right to transfer title.

NOTE 4 DEFERRED REVENUE

Deferred revenue consists of membership dues received for the fiscal year ending March 31, 1999.

NOTE 5 BOARD OF DIRECTORS

Each of the following directors served the Organization without compensation:

Ms. Gail Davis
Mr. Milton Bellard
Ms. Carla DeCuir
Ms. Deline Williams
Mr. Willie White
Ms. Elizabeth Lee
Ms. Emma Tarver
Ms. Dodie LaMott
Ms. Rosalyn Frazier
Ms. Kathleen McCafery
Mr. Clifford Portis
Mr. Emanuel Smith
Ms. Phyllis Adams
Mr. Mike Andry

NOTE 6 CONTINGENCIES

The Organization evaluates contingencies based upon the best available evidence. The Organization believes that no allowance for loss contingencies is considered necessary.

The principal contingencies are described below:

Grant Awards

The ability of the Organization's continued operations is contingent upon continued funding from the Public Health Service.

Unobligated Federal Funds

The Organization's grant funds, including amounts awarded for the current budget period, and estimated or actual unobligated federal funds carried over from prior budget periods are authorized for the Organization's use only in the current budget period in the amount specified by the PHS awarding office in an approved budget on a Notice of Grant Award. As a result of carryover of unobligated grant funds, the total amount of funds available in the grant account may exceed the federal share of the approved budget. Those funds are not automatically available to the Organization. The PHS awarding office exercises sole discretion as to the use of those funds.

Grantor Agencies

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed expenses, including amounts already collected, may constitute a liability. The amount, if any, of expenses which may be disallowed cannot be determined at this time.

Payroll Taxes

Pursuant to Act No. 356 enacted in 1993 by the Louisiana Legislature, the Organization's employees have been participating in the Louisiana State Employee's Retirement System (LASERS). Since LASERS is a qualified government retirement system, Internal revenue Code sect. 31221 (b) excludes State employees from FICA tax contributions, if the State employee is a member of a State retirement plan.

Although Act No. 356 allows certain employees of a "primary health center" to participate in LASERS, the federal statute which defines employment for FICA tax purposes was not modified in a similar fashion. Therefore, unless the "primary health center" is either part of the Louisiana government or fits another exception from the FICA tax, the "primary health center" is still subject to the FICA tax. Since the employees of the Organization are not State employees, the Association is potentially liable for FICA taxes, penalties and interest on salaries paid since participating in LASERS.

NOTE 7 REVENUES

The Organization operates principally from grants awarded by federal and state government and generates revenues through memberships assessment and contractual relationships through special projects.

NOTE 8 ACCOUNTS RECEIVABLE

At year end, accounts receivable consisted of the following:

Deluxe Data Contract	\$602,250
Interest	29

	602,279
	=====

NOTE 9 FEDERAL FINANCIAL ASSISTANCE

The organization has been awarded grants from the U. S. Department of Health and Human Services, CFDA# 93:129, to provide technical and non-financial assistance to health centers. The grants are considered to be an exchange transaction. Accordingly, revenues are recognized when earned and expenses are recognized as incurred. During the year ended March 31, 1998 the organization received \$170,609 under Section 330F-1 grants.

NOTE 10 LOUISIANA DEPARTMENT OF HEALTH AND HOSPITALS GRANTS

The organization received \$161,870 from the Louisiana Department of Health and Hospitals to provide technical and non-financial assistance to health centers.

SUPPLEMENTARY INFORMATION

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L. Dalton McRight, CPA, MBA

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 of
Louisiana Primary Care Association, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana Primary Care Association, Inc. (a nonprofit organization) as of and for the year ended March 31, 1998, and have issued our report thereon dated July 31, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States.

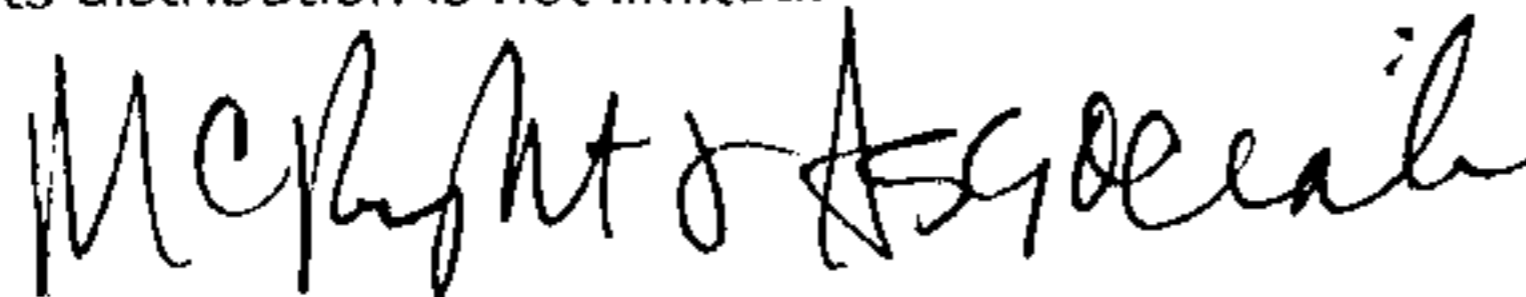
Compliance

As part of obtaining reasonable assurance about whether Louisiana Primary Care Association, 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 statements 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 Louisiana Primary Care Association, 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 duties. 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 federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Baton Rouge, Louisiana
July 31, 1998