

**CHARITY HOSPITAL**  
**SCHOOL OF NURSING ALUMNI ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2003 AND 2002**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 11-17-04

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## **CONTENTS**

### **AUDITORS' REPORT**

### **FINANCIAL STATEMENTS:**

Exhibit "A" Statements of Financial Position

Exhibit "B" Statements of Activities

Exhibit "C" Statements of Cash Flows

Notes to Financial Statements

# ERICKSEN KRENTEL & LAPORTE L.L.P.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Charity Hospital School of Nursing Alumni Association

We have audited the accompanying statements of financial position of Charity Hospital School of Nursing Alumni Association (a nonprofit organization) as of December 31, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with accounting standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 Charity Hospital School of Nursing Alumni Association as of December 31, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 to the financial statements, certain errors resulting in an understatement of previously reported investments as of December 31, 2002, were discovered by management of the Association during the current year. Accordingly, an adjustment has been made to net assets as of December 31, 2002, to correct the error.

June 18, 2004

*Erickson, Krentel & LaPorte LLP*

Certified Public Accountants

**CHARITY HOSPITAL SCHOOL OF NURSING ALUMNI ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2003 AND 2002**

**ASSETS**

	<u>2003</u>	<u>2002</u>
<b><u>ASSETS:</u></b>		
Cash and cash equivalents	\$ 65,903	\$ 55,650
Investments	21,154	18,509
Merchandise inventory	517	1,060
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 87,574</u>	<u>\$ 75,219</u>

**LIABILITIES AND NET ASSETS**

<b><u>LIABILITIES:</u></b>		
Deferred revenue	\$ 1,102	\$ 6,454
	<u>          </u>	<u>          </u>
Total liabilities	<u>1,102</u>	<u>6,454</u>
<b><u>NET ASSETS:</u></b>		
Net assets - unrestricted	68,397	65,671
Net assets - temporarily restricted	18,075	3,094
	<u>          </u>	<u>          </u>
Total net assets	<u>86,472</u>	<u>68,765</u>
	<u>          </u>	<u>          </u>
Total liabilities and net assets	<u>\$ 87,574</u>	<u>\$ 75,219</u>

**CHARITY HOSPITAL SCHOOL OF NURSING ALUMNI ASSOCIATION**  
**STATEMENTS OF ACTIVITIES**  
**DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b>UNRESTRICTED NET ASSETS</b>		
<b><u>Unrestricted Revenue:</u></b>		
Special events	\$ 10,846	\$ 10,752
Membership fees	7,973	10,361
Commemorative sales	8,246	5,680
Newsletter contributions	4,114	3,442
Member contributions	1,570	1,920
Miscellaneous income	1,325	436
Investment return	4,634	5,263
	<hr/>	<hr/>
Total unrestricted revenues	38,708	37,854
<b><u>Net Assets Released from Restrictions:</u></b>		
Restrictions satisfied by awarding of scholarships	3,000	3,700
	<hr/>	<hr/>
Total unrestricted revenues and other support	41,708	41,554
<b><u>Expenses:</u></b>		
Program services:		
Special events	11,768	11,157
Newsletter	9,815	8,370
Scholarships	3,000	3,700
Commemorative sales	2,360	4,952
Student events	1,542	1,425
Support services:		
Management and general	10,497	7,055
	<hr/>	<hr/>
Total expenses	38,982	36,659
Increase in unrestricted net assets	2,726	4,895
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Scholarship contributions	17,981	4,650
Net assets released from restrictions:		
Restrictions satisfied by awarding of scholarships	(3,000)	(3,700)
	<hr/>	<hr/>
Increase in temporarily restricted net assets	14,981	950
Increase in net assets	17,707	5,845
Net assets at beginning of year	68,765	62,920
	<hr/>	<hr/>
Net assets at end of year	<u>\$ 86,472</u>	<u>\$ 68,765</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**CHARITY HOSPITAL SCHOOL OF NURSING ALUMNI ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
**DECEMBER 31, 2003 AND 2002**

	2003	2002
<b><u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u></b>		
Increase in net assets	\$ 17,707	\$ 5,845
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Unrealized (gain) on investments	(4,195)	(4,580)
Changes in assets and liabilities:		
(Increase) decrease in:		
Merchandise inventory	543	(1,060)
Increase (decrease) in:		
Deferred revenue	(5,352)	6,454
	8,703	6,659
Net cash from operating activities		
<b><u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u></b>		
Proceeds from sale of investments	1,550	-
	1,550	-
Net cash from investing activities		
Net increase in cash and cash equivalents	10,253	6,659
Cash and cash equivalents at beginning of year	55,650	48,991
Cash and cash equivalents at end of year	\$ 65,903	\$ 55,650

**CHARITY HOSPITAL SCHOOL OF NURSING ALUMNI ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003 AND 2002**

**(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Charity Hospital School of Nursing Alumni Association (the Association) provides support for current nursing students through scholarships and by raising funds for student activities. The Association members pay membership dues each year and sell commemorative items in order to raise funds.

**Basis of Accounting**

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

**Financial Statement Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**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. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Merchandise Inventory**

Inventory, which consists of merchandise for resale, is stated at the lower of cost (first-in, first-out method) or market.

**CHARITY HOSPITAL SCHOOL OF NURSING ALUMNI ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2003 AND 2002

**(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions**

The Association has adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

**Income Taxes**

The Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(7) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

**(2) INVESTMENTS**

Investments are recorded at quoted market prices and are subject to normal market risk. Investments as of December 31, 2003 and 2002 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Unrestricted as of December 31, 2003:			
Bank One common stock, 464 shares	\$ 600	\$ 21,154	\$ 21,154
Unrestricted as of December 31, 2002:			
Bank One common stock, 464 shares	\$ 600	\$ 16,959	\$ 16,959
United States Savings Bonds	650	1,550	1,550
	<u>\$ 1,250</u>	<u>\$ 18,509</u>	<u>\$ 18,509</u>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended December 31, 2003 and 2002:

	<u>Unrestricted 2003</u>	<u>Unrestricted 2002</u>
Interest and dividend	\$ 439	\$ 683
Unrealized gain (loss)	<u>4,195</u>	<u>4,580</u>
Total investment return	<u>\$ 4,634</u>	<u>\$ 5,263</u>



**CHARITY HOSPITAL SCHOOL OF NURSING ALUMNI ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2003 AND 2002**

**(3) DEFERRED REVENUE**

Deferred revenue consists of payments made on projects which will be completed and delivered during the next year.

**(4) RESTRICTIONS ON NET ASSETS**

All of the restrictions are related to contributions specifically for scholarships. Those restrictions are considered to expire when scholarships are awarded. As of December 31, 2003 and 2002, temporarily restricted net assets totaled \$18,075 and \$3,094, respectively.

**(5) PRIOR PERIOD ADJUSTMENT**

Certain errors resulting in an understatement of investments, as reported in the Association's previously issued financial statements, were corrected this year. The December 31, 2002 financial statements have been restated to correct these errors. Accordingly, an adjustment to increase investments by \$5,373 was made as of December 31, 2002. A corresponding entry was made to increase previously reported unrestricted net assets by \$5,373. The effect of the restatement on net earnings of 2002 is not determinable.