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CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION  
REPORT ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

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 12-15-04

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# DAUZAT, BEALL & DEBEVEC, CPAs

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A PROFESSIONAL CORPORATION

## Independent Auditors' Report

To the Board of Directors  
Central Louisiana Area Health Education Center Foundation  
Alexandria, Louisiana

We have audited the accompanying statement of financial position of Central Louisiana Area Health Education Center Foundation as of June 30, 2004, and the related statements of activities, functional expenses, and cash flows for the year then ended, as listed in the table of contents. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 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 Central Louisiana Area Health Education Center Foundation as of June 30, 2004, and 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 October 25, 2004, 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*. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script, appearing to read "David Ball et al.", with a long horizontal flourish extending to the right.

Certified Public Accountants  
October 25, 2004

**CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2004**

**ASSETS**

Cash and Cash Equivalents	\$ 76,381
Accounts Receivable	17,850
Property and Equipment, Net of Accumulated Depreciation	26,902
Other Assets	<u>1,750</u>
Total Assets	<u>\$ 122,883</u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Bank Overdraft	\$ 6,918
Accrued Expenses and Withholdings	<u>1,498</u>
Total Liabilities	8,416
Net Assets:	
Unrestricted Net Assets	<u>114,467</u>
Total Liabilities and Net Assets	<u>\$ 122,883</u>

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

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION

STATEMENT OF ACTIVITIES

JUNE 30, 2004

	<u>Unrestricted</u>
<b>SUPPORT AND REVENUE</b>	
Support	
LSU Medical Center	\$ 559,057
Delta	50,228
Miscellaneous income	<u>14,047</u>
Total Support and Revenue	<u>623,332</u>
 <b>EXPENSES</b>	
<i>Program Services:</i>	
Educational Programs	239,471
Program Management	129,019
Learning Resource Center	<u>15,344</u>
Total Program Services	383,834
<i>Support Services</i>	
General & Administrative	<u>223,211</u>
Total Support Services	
Total Expenses	<u>607,045</u>
Change in Net Assets	16,287
Net Assets, Beginning of Year	<u>98,180</u>
Net Assets, End of Year	<u>\$ 114,467</u>

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

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
JUNE 30, 2004

	<u>PROGRAM SERVICES</u>			<u>SUPPORT SERVICES</u>		<u>TOTAL EXPENSES</u>
	<u>Educational Programs</u>	<u>Program Management</u>	<u>Learning Resource Ctr</u>	<u>General &amp; Administrative</u>	<u>Total</u>	
Salaries	\$ 91,840	\$ 97,702	\$ 5,862	\$ 100,662	\$ 195,404	\$ 296,066
Payroll taxes	6,704	9,320	327	8,422	16,351	24,773
Fringe benefits	16,199	17,577	689	17,755	34,465	52,220
Program expenses	106,505	-	2,174	-	108,679	108,679
Educational expense	13,804	-	1,706	-	15,510	15,510
Insurance	-	-	-	5,776	-	5,776
Legal & Professional	-	-	-	6,851	-	6,851
Travel	-	-	1,351	12,155	1,351	13,505
Office expense	-	-	-	13,180	-	13,180
Duplication/Printing	-	-	-	1,609	-	1,609
Telephone/Communication	-	-	-	9,518	-	9,518
Postage	-	-	-	1,921	-	1,921
Office lease	-	-	-	38,214	-	38,214
Other expense	-	-	-	2,728	-	2,728
Total expenses before depreciation	\$ 235,051	\$ 124,599	\$ 12,109	\$ 218,791	\$ 371,759	\$ 590,550
Depreciation	4,420	4,420	3,235	4,420	12,075	16,495
<b>TOTAL EXPENSES</b>	<u>\$ 239,471</u>	<u>\$ 129,019</u>	<u>\$ 15,344</u>	<u>\$ 223,211</u>	<u>\$ 383,834</u>	<u>\$ 607,045</u>

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

**CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION  
STATEMENT OF CASH FLOWS  
JUNE 30, 2004**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 16,287
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	16,495
(Increase)Decrease in Accounts Receivable	(5,630)
Increase(Decrease) in Bank Overdraft	6,918
Increase(Decrease) in Accrued Expense	(1,237)
Increase(Decrease) in Accounts Payable	<u>(6,400)</u>
Net Cash Provided by Operating Activities	<u>26,433</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Property and Equipment	(5,778)
Decrease in Other Assets	<u>180</u>
Net Cash Used by Investing Activities	<u>(5,598)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>20,835</b>
<b>Cash and Cash Equivalents, June 30, 2003</b>	<u><b>55,546</b></u>
<b>Cash and Cash Equivalents, June 30, 2004</b>	<u><u><b>\$ 76,381</b></u></u>

There were no non-cash investing or financing transactions for the year ended June 30, 2004.  
There were no cash payments for interest or income taxes for the year ended June 30, 2004.

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



**Central Louisiana Area Health Education Center Foundation**  
**Notes to Financial Statements**  
**June 30, 2004**

**Note 1- Summary of Significant Accounting Policies**

**Organization**

Central Louisiana Area Health Education Center Foundation (CLAHEC) is a Louisiana non-profit corporation chartered on January 6, 1992. Its purpose is to operate an area health education center in Central Louisiana in order to plan for additional clinical education opportunities in rural and underserved communities.

CLAHEC is exempt from federal income taxes under the provisions described in Section 501(c)(3) of the Internal Revenue Code.

**Fund Accounting**

The accounting policies of CLAHEC conform to generally accepted accounting principles as applicable to non-profit organizations.

*Restricted net assets represent resources currently available for use, but expendable only for those operating purposes specified by the grantor or donor. Resources of this type originate from grants, and contracts. It is CLAHEC's policy to report all such revenues as unrestricted if the restrictions are met in the reporting period.*

**Revenue and Expenses**

Support for CLAHEC is provided by Louisiana State University and Agricultural and Mechanical College acting on behalf of the Louisiana State University Medical Center (LSUMC). LSUMC has been awarded grants by both the federal government and the State of Louisiana and has contracted with CLAHEC to provide the services required by these grants.

Expenditures are made in accordance with a budget which has been adopted and made a part of the contractual agreement with LSUMC. CLAHEC is reimbursed by LSUMC for costs incurred in carrying out the provisions of the agreements.

**Equipment**

The cost of office furniture and equipment was not capitalized during the initial year of CLAHEC's grant agreement with LSUMC. According to the contractual agreement between LSUMC and CLAHEC, title to the equipment purchased under the agreement during the fiscal year ending September 30, 1992 shall remain with LSUMC.

The cost of office furniture and equipment purchased in years subsequent to September 30, 1992 has been capitalized at historical cost. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. The estimated useful lives of the assets range from five to ten years.

**Central Louisiana Area Health Education Center Foundation**  
**Notes to Financial Statements**  
**June 30, 2004**

**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 these estimates.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Compensated Absences**

CLAHEC does not accrue compensated absences since employees are not allowed to carry over significant amounts of vacation and sick leave.

**Cash Flow Information**

For purposes of the statement of cash flows, management considers all short-term investments with a maturity of three months or less to be cash equivalents. .

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at June 30, 2004 totaled \$76,381 (book balance) and \$98,775 (bank balance). These deposits are held by local financial institutions and insured by FDIC.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2004 totaled \$17,850 and consisted of amounts due from other agencies. Management believes these amounts will be fully collectible, and accordingly, no bad debt expense has been recognized.

**NOTE 4 - PROPERTY AND EQUIPMENT**

The equipment used in program and support services and capitalized as described in Note 1 is as follows:

Computers and Office Equipment	\$ 77,392
Learning Resource Center	23,786
Office Furnishings	20,988
Equipment - Baton Rouge	<u>4,013</u>
Subtotal	126,179
Less: Accumulated Depreciation	<u>(99,277)</u>
Property and Equipment, net	<u>\$ 26,902</u>

Depreciation expense for the year ended June 30, 2004 totaled \$16,495.

**Central Louisiana Area Health Education Center Foundation**  
**Notes to Financial Statements**  
**June 30, 2004**

**NOTE 4 - (CONT'D)**

Equipment used in program and support services but not capitalized as described in Note 1 consists of office equipment, furnishings, and computer equipment valued at historical cost totaling \$38,821.

**NOTE 5 - SEP/IRA**

CLAHEC contributed 15% of each employees earned income to a SEP-IRA plan for each of its employees during the year ended June 30, 2004. Contributions to the plan totaled \$48,814.

**NOTE 6 - ECONOMIC DEPENDENCE**

CLAHEC receives substantially all of its operating support from funds provided through grants administered by the Louisiana State University and Agricultural and Mechanical College. The grant amounts are appropriated each year by the federal government and the State of Louisiana. Management is not aware of any actions that will adversely affect the aggregate amount of funds CLAHEC will receive in the next fiscal year.

**NOTE 7 - OPERATING LEASE**

CLAHEC leases its office space, certain furnishings, and housing for medical students under operating lease agreements. Details of each lease are listed below.

Office Building and Furnishings: CLAHEC signed an operating lease agreement in November 2003 on office space and furnishings at a monthly amount of \$2,625. In February 2004, a new lease was signed, the monthly amount of \$2,625 and the lease to expire December 1, 2005. For the year ended June 30, 2004 CLAHEC paid \$31,500 under this lease.

Baton Rouge Office: CLAHEC signed an operating lease agreement on October 15, 2003 on office space in Our Lady of the Lake building in Baton Rouge. The lease is renewable annually at \$1200 and paid quarterly. During the year ended June 30, 2004 CLAHEC paid \$1,200 under this lease.

Storage Rental: CLAHEC rents additional storage from a self-storage facility at six month intervals in the amount of \$450, paid monthly.

Future payments under these lease agreements are as follows:

For the Year Ending June 30

2005	\$ 33,150
2006	14,775
2007	1,650
2008	1,650
2009	1,650

**Central Louisiana Area Health Education Center Foundation**  
**Notes to Financial Statements**  
**June 30, 2004**

**NOTE 8 - OTHER CONTRACTS AND AGREEMENTS**

CLAHEC also entered into an agreement with the Department of Veteran's Affairs Medical Center in Alexandria, Louisiana for the purpose of establishing a Learning Resource Center. The Learning Resource Center's mission is to provide health care professionals who practice in the underserved and rural areas of Central Louisiana access to library services. CLAHEC's support of the Learning Resource Center is to provide part-time support staff, equipment, furnishings, and a computer. Any equipment provided by CLAHEC to the Center will remain the property of CLAHEC to the Center will remain the property of CLAHEC. CLAHEC is also to provide supplies including books, journals, periodicals, and database services.

**NOTE 9 - LINE OF CREDIT**

CLAHEC has a \$25,000 Line of Credit available from a local bank. At June 30, 2004 there was no outstanding loan balance due on this line of credit. The line of credit was closed on August 24, 2004.

**NOTE 10 - BANK OVERDRAFT**

In June of 2004, final accounting of reimbursement programs was completed and submitted to the funding agencies. The overdraft represents amounts due from the funding agencies for May and June reimbursements. These amounts were collected in July, 2004.

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## DAUZAT, BEALL & DEBEVEC, CPAs

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INDEPENDENT AUDITOR'S 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  
Central Louisiana Area Health Education Center Foundation  
Alexandria, Louisiana

We have audited the financial statements of the Central Louisiana Area Health Education Center Foundation (CLAHEC) as of and for the year ended June 30, 2004 and have issued our report thereon October 25, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 whether CLAHEC's financial statements are free of material misstatement, we performed test 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 material instances of non-compliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered CLAHEC'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 with 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 intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script, reading "Vincent Beall & Dehove". The signature is written in black ink and includes a long horizontal flourish at the end.

Certified Public Accountants  
October 25, 2004

**CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION  
SCHEDULE OF PRIOR YEAR FINDINGS**

**June 30, 2004**

There were no findings for year ended June 30, 2003.