

LOUISIANA RURAL HEALTH ASSOCIATION
(A Not For Profit Organization)
Napoleonville, Louisiana

FINANCIAL STATEMENTS
For the Eighteen Months Ended December 31, 2013

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 SEP 10 2014

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LOUISIANA RURAL HEALTH ASSOCIATION
(A Not For Profit Organization)
Napoleonville, Louisiana

FINANCIAL STATEMENTS
For The Eighteen Months Ended December 31, 2013

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Waguespack & Gallagher, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Louisiana Rural Health Association
Napoleonville, Louisiana

We have audited the accompanying financial statements of Louisiana Rural Health Association (a not for profit organization) which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the eighteen months then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management; as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Rural Health Association as of December 31, 2013, and the changes in its net assets and its cash flows for the eighteen months then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2014, on our consideration of the Louisiana Rural Health Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Wagnerspaugh + Gallagher, LLC
June 9, 2014
Napoleonville, Louisiana

LOUISIANA RURAL HEALTH ASSOCIATION
(A Not for Profit Organization)

Statement of Financial Position
As of December 31, 2013

	<u>2013</u>
ASSETS	
Cash and Cash Equivalents	\$ 110,571
Certificates of Deposit	6,500
Accounts Receivable	29,509
Total Current Assets	<u>146,580</u>
Property and Equipment, Net	127,804
TOTAL ASSETS	<u><u>\$ 274,384</u></u>
 LIABILITIES AND NET ASSETS	
Liabilities	
Accrued Expenses	3,566
Obligation under Capital Lease, current	1,087
Total Current Liabilities	<u>4,653</u>
Total Liabilities	<u>4,653</u>
Net Assets	
Unrestricted	250,653
Temporarily Restricted	19,078
Total Net Assets	<u>269,731</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 274,384</u></u>

The accompanying notes are an integral part of this statement.

LOUISIANA RURAL HEALTH ASSOCIATION
(A Not for Profit Organization)

Statement of Activities
For the Eighteen Months Ended December 31, 2013

	Eighteen Months Ended 12/31/2013
UNRESTRICTED NET ASSETS	
Support:	
Grants	\$ 255,191
Contracts	48,709
Revenues:	
Membership Dues	43,180
Sponsorship Dues	17,500
Fall Conference	61,849
Other	1,817
Total Revenues and Support	428,246
Expenses:	
Program Services:	
Member Services	7,776
Conference and Educational Services	24,982
Grants and Contracts	254,019
Support Services:	
General and Administrative	147,030
Total Expenses	433,807
Decrease in Unrestricted Net Assets	(5,561)
TEMPORARILY RESTRICTED NET ASSETS	
Grants	(19,021)
Decrease in Temporarily Restricted Net Assets	(19,021)
Change in Net Assets	(24,582)
Net Assets - Beginning of Year	294,313
Net Assets - End of Year	\$ 269,731

The accompanying notes are an integral part of this statement.

**LOUISIANA RURAL HEALTH ASSOCIATION
(A Not for Profit Organization)**

**Statement of Cash Flows
For the Eighteen Months Ended December 31, 2013**

	Eighteen Months Ended 2013
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Members, Events, & Grants	\$ 447,995
Cash Payments to Suppliers for Goods & Services	(240,948)
Cash Payments to Employees	(210,102)
Net Cash Provided/(Used) by Operating Activities	(3,055)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Closing of Investment Account	51,521
Net Cash Provided/(Used) by Investing Activities	51,521
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayment of Capital Lease Obligation	(3,778)
Net Cash Provided/(Used) by Financing Activities	(3,778)
Net Increase(Decrease) in Cash and Cash Equivalents	44,688
Cash and Cash Equivalents at Beginning of Year	65,883
Cash and Cash Equivalents at End of Year	\$ 110,571
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Income from Operations	\$ (24,728)
ADJUSTMENTS TO RECONCILE INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Depreciation	9,870
Change in Operating Assets & Liabilities	
Accounts Receivable	38,917
Accounts Payable	(14,230)
Accrued Payables	(12,884)
Net Cash Provided by Operating Activities	\$ (3,055)
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS	
Cash and Cash Equivalents	\$ 110,571

The accompanying notes are an integral part of this statement.

**LOUISIANA RURAL HEALTH ASSOCIATION
(A Not for Profit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Purpose

The Association is a not-for-profit organization formed to provide leadership on rural health issues in Louisiana through advocacy, communication and education. Its current programs include:

Education: Members and the general public are invited to participate in a series of education lectures and conferences located throughout Louisiana and the gulf coast. These educational conferences are a forum to update and educate members and the general public on a variety of rural health topics and concerns. The primary support for this program is through member and public registration fees; sponsorship fees, contracts, membership dues and donated services.

Health Initiative: Through coordination and partnership with other agencies, the LRHA is involved in several health initiatives designed to develop comprehensive adaptable strategic plans that develop rural health networks, coordinate training activities and emergency response issues, develop rural health awareness and general health advocacy. The primary support for this program is through federal and state grants and contracts.

Accounts Receivables

The Association utilizes the direct write-off method for bad debts. No allowance for bad debts has been provided, as no material write-offs are expected for receivables at December 31, 2013.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

Financial statement presentation follows the recommendation 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, as applicable. At December 31, 2013, there are no permanently restricted net assets.

Cash

For purposes of cash flows, cash equivalents include all highly liquid deposits and debt instruments acquired with maturities of three months or less.

Property and Equipment

Property and equipment are recorded at cost. Additions and improvements are capitalized. Ordinary maintenance and repair expenses are charged to income as incurred. The cost of property sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the property and related accumulated depreciation accounts, and any gain or loss is credited or charged to income.

Property and equipment are depreciated using the straight-line method over their estimated useful service lives as follows:

Leasehold Improvements	15-40 years
Office Equipment	5-10 years

**LOUISIANA RURAL HEALTH ASSOCIATION
(A Not for Profit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued

Assets are capitalized when all of the following criteria are met:

- Assets purchased, build or leased have useful lives of one year or more
- The cost of the asset (including installation is \$750-\$1,000 or the discretion of management)
- The cost of repairing or renovating the asset is \$750-\$1,000 or more and prolongs the life of the asset

Donated Services

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

There were no donated services for the eighteen months ended December 31, 2013.

Investments Securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

There were no investments as of December 31, 2013

Income Taxes

The Association is a not-for-profit organization that is exempt from income taxes under code Section 501(c) (3) of the Internal Revenue Code and is not considered a private foundation.

Concentration of Credit Risk

The Association maintains cash accounts with commercial banks which are insured by the Federal Deposit Insurance Corporation up to \$250,000. Periodically, cash may exceed the federally insured amount. Cash did not exceed FDIC coverage at December 31, 2013. The Association does not believe it is exposed to significant credit risk in connection with cash and cash equivalents.

Statements of Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Subsequent Events

Management evaluated events subsequent to the organization's most recent year end through June 9, 2014, the date that the financial statements were available for issuance.

**LOUISIANA RURAL HEALTH ASSOCIATION
(A Not for Profit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE B – CASH AND CASH EQUIVALENTS

At December 31, 2013, cash (bank balances) totaled 125,264. These deposits were fully insured by FDIC Insurance.

The PEAL and HAPN grants require that the funds be accounted for separately for revenues and expenses relating to these grants. Therefore, funds relating to these grants are accounted for in separate checking accounts.

NOTE C – RECEIVABLES

The following is a summary of receivables at December 31, 2013:

Class of Receivable	2013
Grants and Contracts	
Health Enrichment Network-GUF	12,094
Health Enrichment Network-HAPN	13,415
Other Income	
Fall Conference Sponsonship	4,000
Total	29,509

All receivables are considered to be collectible, and no allowance for bad debt is used.

NOTE D – PROPERTY AND EQUIPMENT

The details of the property and equipment at December 31, 2013 and June 30, 2012, are as follows:

	2013	2012
Office Furniture and Equipment	\$ 38,450	\$ 38,450
Buildings and Improvements	137,384	\$ 137,384
Less: Accumulated Depreciation	(48,030)	(38,160)
	\$ 127,804	\$ 137,674

Depreciation expense for the year ended December 31, 2013 is \$9,870

NOTE E – LEASE COMMITMENTS

The Association is obligated under a 3.18% interest capital lease for a certain piece of equipment, which expires in April 2014. The asset is included in office equipment as follows:

**LOUISIANA RURAL HEALTH ASSOCIATION
(A Not for Profit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE E – LEASE COMMITMENTS-continued

Copier	\$	12,673
Less: Accumulated Depreciation		(10,561)
	<u>\$</u>	<u>2,112</u>

Future minimum lease payments as of December 31, 2013 are as follows:

December 31, 2014	<u>\$</u>	1,097
Less: Amount Representing Interest		(10)
Present Value of Net Minimum Lease Payments	<u>\$</u>	<u>1,087</u>

NOTE F – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

HAPN - expenses pursuant to grant proposal	\$	19,021
PEAL - expenses pursuant to grant proposal	\$	57
	<u>\$</u>	<u>19,078</u>

NOTE G – OPERATING LEASE

As of May 1, 2011, LRHA entered into a one year operating lease with Assumption Community Hospital for the rental of land. The lease is currently year-to-year. On May 1, 2013, an amendment to the lease was signed changing the lease payment to \$3,000 per year. Total rental payments made during the eighteen months ended December 31, 2013 totaled \$3,900.

NOTE H – CHANGE OF FISCAL YEAR END

During this year, the LRHA made an election to change their fiscal year end from June 30 to December 31. Therefore, all financial information presented in this audit is based on the eighteen months ended December 31, 2013. Also due to this change, comparative financial statements are not presented.

NOTE I – LITIGATION

At December 31, 2013, there were no lawsuits pending against the LRHA.

SUPPLEMENTARY INFORMATION

**LOUISIANA RURAL HEALTH ASSOCIATION
(A Not-for-Profit Organization)**

**Statement of Functional Expenses
For the Eighteen Months Ended December 31, 2013**

	PROGRAM SERVICES			SUPPORT SERVICES		
	Member Services	Conferences and Educational Services	Grants and Contracts	Total	General and Administrative	Total Expenses
Salaries and Wages	\$ -	\$ -	\$ 123,710	\$ 123,710	\$ 85,331	\$ 209,041
Committees and Memberships	-	-	-	-	1,345	1,345
Contract Services	51	-	52,107	52,158	-	52,158
Insurance	-	-	-	-	6,403	6,403
Interest and Finance Charges	-	-	-	-	526	526
Meals and Entertainment	-	10,836	89	10,925	670	11,595
Miscellaneous	-	491	8,561	9,052	6,025	15,077
Postage & Printing	132	741	81	954	942	1,896
Professional and Legal	-	1,245	-	1,245	16,990	18,235
Rentals	-	4,394	-	4,394	3,950	8,344
Supplies	152	2,261	8,497	10,910	7,765	18,675
Tax and Licenses	-	-	8,936	8,936	6,768	15,704
Telephone	-	-	4,147	4,147	5,996	10,143
Travel and Lodging	6,454	2,546	42,463	51,463	987	52,450
Utilities	-	-	-	-	2,345	2,345
Total Expenses before Depreciation	6,789	22,514	248,591	277,894	146,043	423,937
Depreciation of Property & Equipment	987	2,468	5,428	8,883	987	9,870
Total Expenses	\$ 7,776	\$ 24,982	\$ 254,019	\$ 286,777	\$ 147,030	\$ 433,807

See auditor's report on the supplementary information

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS AND OTHER SCHEDULES
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

**LOUISIANA RURAL HEALTH ASSOCIATION
(A Not-for-Profit Organization)**

**SCHEDULE OF FINDINGS AND RESPONSES
For the Eighteen Months Ended December 31, 2013**

A. SUMMARY OF AUDIT RESULTS

- The auditor's report expresses an unqualified opinion on the financial statements of the Louisiana Rural Health Association.
- The reportable condition in internal control disclosed during the audit of the financial statements is reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. (See 2013-1 in part B of this Schedule).
- The results of our test disclosed no instances of noncompliance material to the financial statements which were required to be reported in the Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2013-1 SEPARATION OF DUTIES

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition: There is a lack of segregation of duties among the Association's personnel.

Effect: Transactions could be mishandled

Cause: There are a limited number of personnel for certain functions.

Recommendation: Since the cost of an internal control system should not outweigh the benefits derived from it, we cannot recommend that additional personnel be added, and have no recommendations to make in this area.

Views of responsible officials and planned corrective actions: Management of the Association concurs with the finding.

**LOUISIANA RURAL HEALTH ASSOCIATION
(A Not-for-Profit Organization)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Eighteen Months Ended June 30, 2012**

INTERNAL CONTROL FINDINGS

2012-1 SEPARATION OF DUTIES

Condition: Due to the size of the Association's staff, there is an insufficient segregation of duties to have an effective internal control.

Current status: This finding still applies and is noted in the current audit eighteen months ending December 31, 2013. (See current finding noted as 2013-1).

COMPLIANCE FINDINGS

No compliance findings were noted in the audit for the year ended June 30, 2012.



**Corrective Action Plan for
Current Year Audit Findings
For the Eighteen Months Ended December 31, 2013**

<u>Ref No. *</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Names of Contact Contact Persons**</u>	<u>Anticipated Completion Date</u>
2013-1	Separation of Duties	Not feasible at this time due to staff and budget limitations.	Stacy Fontenot	N/A

The above corrective action plan addresses the auditor's current year findings. If you need additional information concerning the corrective action plan, please feel free to contact us.


Stacy Fontenot
Executive Director

* Reference number the auditor assigns to the audit finding.

** Name(s) of contact person(s) responsible for corrective action.

Waguespack & Gallagher, LLC

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of the
Louisiana Rural Health Association

We have audited, in accordance with the 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, the financial statements of the Louisiana Rural Health Association (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the eighteen months then ended, and the related notes to the financial statements, and have issued our report thereon dated June 9, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LRHA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LRHA's internal control. Accordingly we do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. (2013-1)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Rural Health Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Louisiana Rural Health Association's Response to Findings

The Louisiana Rural Health Association's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Louisiana Rural Health Association's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance, for the information and use of management, the audit committee, Board of Directors, and federal awarding agencies and pass-through entities. Accordingly, this communication is not suitable for any other purpose.

Waynespack + Gallagher, LLC

June 9, 2014

Napoleonville, Louisiana