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**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION  
MONROE, LOUISIANA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY DATA  
SEPTEMBER 30, 2002  
AND  
INDEPENDENT AUDITORS' REPORT**

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 4/23/03

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION  
MONROE, LOUISIANA**

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY DATA  
SEPTEMBER 30, 2002  
AND  
INDEPENDENT AUDITORS' REPORT**

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

**North Louisiana Area Health  
Education Center Foundation  
6007 Financial Plaza, Suite 204  
Shreveport, LA 71129**

We have audited the basic financial statements of North Louisiana Area Health Education Center Foundation as of and for the year ended September 30, 2002 and have issued our report thereon dated January 27, 2003. 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 about whether North Louisiana Area Health Education Center Foundation'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 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 North Louisiana Area Health Education Center Foundation'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.

North Louisiana Area Health  
Education Center Foundation

April 9, 2003

Page 2

This report is intended solely for the information and use of the audit committee, management, state awarding agencies, regulatory bodies, Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Minchev, Robinson, Gardner, Langston and Bryan*

January 27, 2003

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**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**To North Louisiana Area Health  
Education Center Foundation  
Monroe, Louisiana**

Compliance

We have audited the compliance of North Louisiana Area Health Education Center Foundation (a nonprofit organization), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2002. North Louisiana Area Health Education Center Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of North Louisiana Area Health Education Center Foundation's management. Our responsibility is to express an opinion on North Louisiana Area Health Education Center Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about North Louisiana Area Health Education Center Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on North Louisiana Area Health Education Center Foundation's compliance with those requirements.

In our opinion, North Louisiana Area Health Education Center Foundation, compiled, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2002. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of North Louisiana Area Health Education Center Foundation is responsible to establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered North Louisiana Area Health Education Center Foundation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Minchew, Robinson, Gardner, Langston & Bryan, CPAs*

MINCHEW, ROBINSON, GARDNER, LANGSTON & BRYAN, CPAs

January 27, 2003

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**APPENDIX TO REPORT ON INTERNAL CONTROLS  
AND COMPLIANCE BASED ON AN AUDIT OF THE  
FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Responsibility of Management**

The management of North Louisiana Area Health Education Center Foundation is responsible for compliance with laws, regulations, contracts, and grants applicable to North Louisiana Area Health Education Center Foundation, and for establishing and maintaining internal control. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

**Definitions**

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the North Louisiana Area Health Education Center Foundation's ability to record, process, summarize, and report financial data consistent with the assertion of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of internal control does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the financial statements being audited could occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

*Minchew, Robinson, Gardner, Langston & Bryan CPA's*

**January 27, 2003**

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION  
MONROE, LOUISIANA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY DATA  
SEPTEMBER 30, 2002  
AND  
INDEPENDENT AUDITORS' REPORT**

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

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**INDEPENDENT AUDITORS' REPORT ON FINANCIAL  
STATEMENTS BASED ON AN AUDIT PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the accompanying statement of financial position of North Louisiana Area Health Education Center Foundation (a non-profit organization) as of September 30, 2002, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of North Louisiana Area Health Education Center Foundation'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 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 that the financial statements are free of material misstatements. 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 North Louisiana Area Health Education Center Foundation, as of September 30, 2002, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 27, 2003 on our consideration of North Louisiana Area Health Education Center Foundation'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.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of North Louisiana Area Health Education Center Foundation. Such information has been subjected to the auditing procedures applied in

the audit of the statement of financial position and related statements of activities and cash flows and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Minchew, Robinson, Gardner, Langston & Bryan, CPAs*

**MINCHEW, ROBINSON, GARDNER, LANGSTON & BRYAN, CPAs**

**January 27, 2003**

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2002**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 117,447
Cost reimbursement receivable	143,270
Prepaid expenses	<u>2,824</u>

Total current assets \$ 263,541

**PROPERTY AND EQUIPMENT (NOTE 1)**

Office equipment	\$ 94,146
Furniture	23,876
Motor home	33,000
Building	<u>65,223</u>

\$ 216,245

Less: Accumulated depreciation (138,634)

Total capital assets - net of depreciation 77,611

Total assets \$ 341,152

**LIABILITIES AND DEFICIT**

**LIABILITIES**

Accounts payable	\$ 26,676
Accrued salaries	62,041
Accrued payroll taxes	3,553
Deferred revenue (Note 7)	<u>133,969</u>

Total liabilities \$ 226,239

**NET ASSETS**

Unrestricted net assets \$ 114,913

Total net assets \$ 114,913

Total liabilities and net assets \$ 341,152

**See Notes to Financial Statements.**

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

	<u>Unrestricted</u>
<b>PUBLIC SUPPORT, GOVERNMENT GRANTS AND REVENUE</b>	
Grants - Area Health Education Program	<u>\$ 1,152,966</u>
Other Revenue:	
Program service fees	\$ 188,838
Interest and dividends	349
Donations	758
Other revenue	<u>4,303</u>
Total other revenue	<u>\$ 194,248</u>
Total public support, government grants and revenue	<u>\$ 1,347,214</u>
<b>PROGRAM AND SUPPORTING SERVICES EXPENSE</b>	
Direct program expenses	<u>\$ 863,533</u>
Total program expenses	<u>\$ 863,533</u>
Supporting Services Expense	
Salaries	\$ 251,356
Payroll taxes and benefits	64,497
Supplies and postage	16,755
Telephone	8,818
Occupancy expense	19,271
Travel	17,240
Other operating expenses	24,216
Depreciation	16,270
Marketing and membership	2,132
Supplies	5,528
Legal and accounting	<u>9,775</u>
Total supporting services expense	<u>\$ 435,858</u>
Total program and supporting services expense	<u>\$ 1,299,391</u>
Increase in net assets	\$ 47,823
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>67,090</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 114,913</u>

See Notes to Financial Statements.

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase (decrease) in net assets	\$ 47,823
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	16,270
(Increase) decrease in:	
Cost reimbursement receivable	(80,270)
Prepaid expenses	(949)
(Decrease) increase in:	
Accounts payable	(307)
Deferred revenue	33,969
Accrued payroll taxes	(3,057)
Accrued payroll	<u>28,801</u>

**NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** **\$ 42,280**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of equipment \$ (11,980)

**NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES** **\$ (11,980)**

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** **\$ 30,300**

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** 87,147

**CASH AND CASH EQUIVALENTS AT END OF YEAR** **\$ 117,447**

**See Notes to Financial Statements.**

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

North Louisiana Area Health Education Center Foundation (NLAHECF) is a Louisiana nonprofit corporation chartered on March 7, 1989. Its purpose is to operate an area health education center in North Louisiana in order to plan for additional clinical educational opportunities and facilitate the recruitment and retentions of health care professionals in rural and other medically underserved communities.

North Louisiana Area Health Education Center is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

**Basis of Accounting**

The accounting policies of North Louisiana Area Health Education Center Foundation conform to generally accepted accounting principles as applicable to nonprofit organizations.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. Under SFAS No. 117, the Organization 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. No permanently restricted or temporarily restricted assets were held during fiscal year 2002 and, accordingly, these financials do not reflect any activity related to these classes of net assets for the year ended September 30, 2002.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows the Organization considers all cash in operating bank accounts, cash on hand, certificates of deposit and unrestricted highly liquid investments with a maturity of three months or less to be cash and cash equivalents.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates include those used in determining the useful lives of depreciable assets, valuation of accounts receivables and accrual expenses. It is at least reasonably possible that a change in the estimates will occur in the near term.

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Capital Assets and Donated Use of Facilities**

Pursuant to their contractual agreement, Louisiana State University Medical Center (LSUMC) budgets for expenditures for capital assets to be acquired for North Louisiana Area Health Education Center Foundation. The contractual agreements for years 1989, 1990, 1991 and 1992, with LSUMC stated that the ownership of assets purchased with grant funds would remain with LSUMC. The agreements for years 1993 and 1994 do not specify this reversionary ownership. However, according to federal regulations, the title to assets purchased with federal funds generally reverts to the grantor at the end of the grant period. Accordingly, these costs were recorded as revenue and expenditures in the activity statement of North Louisiana Area Health Education Center Foundation and are not capitalized for prior years. The assets purchased beginning October 1, 1994 are budgeted for in a cooperative endeavor agreement between LSUMC and NLAHECF as described in Note 1. This agreement does not contain a provision for reversionary ownership and, accordingly, as of the beginning of the fiscal year ending September 30, 1995 NLAHECF capitalizes assets purchased and records these purchases at cost. Depreciation is calculated using straight-line method over the estimated useful lives of the assets ranging from 3 to 20 years. Depreciation expense for the year was \$16,270.

The building is capitalized and depreciated over its estimated useful life. E. A. Conway Memorial Hospital, an affiliated organization with Louisiana State University Medical Center, provides the use of land for the portable building. The use of land is not recorded in the financial statements. The office was relocated in April, 1997 to Shreveport, Louisiana to space leased from a commercial office building.

**Revenues and Expenses**

North Louisiana Area Health Education Center Foundation is funded by contractual agreements with Louisiana State University. These agreements represent exchange transactions for goods and services under the guidance provided by Statement of Financial Accounting Standards No. 116 "Accounting for Contributions Received and Contributions Made". Exchange transactions do not meet the definition of contributions, accordingly, SFAS No. 116 does not apply. Support for North Louisiana Area Health Education Center Foundation is provided by the Louisiana Legislature through funding to Louisiana State University Medical Center (LSUMC) for continuing the operations of the Area Health Education Program. In accordance with Article 7, Section 14(c) of the Louisiana Constitution a Cooperative Endeavor was entered into by and between the Board of Supervisors of Louisiana State University Agricultural and Mechanical College, acting on behalf of the Louisiana State University Medical Center, Shreveport and the North Louisiana Area Health Education Center Foundation. This agreement is a state funded replacement of a cooperative agreement originally between the United States Public Health Service (entered into in 1988 and terminated on September 29, 1994) and Louisiana State University Medical Center for the establishment of a state wide area health education center program.

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Revenues and Expenses** (Continued)

Expenditures are to be made in accordance with a budget which has been adopted and made a part of the contract agreement with LSUMC. North Louisiana Area Health Education Center Foundation is to be reimbursed by LSUMC for costs incurred in carrying out the provisions of this agreement. An advance is paid to North Louisiana Area Health Education Center Foundation by the tenth working day of each month. Actual expenses for each month are billed to Louisiana State University Medical Center and any over/under payment will be deducted/added on a subsequent payment. Revenues are recorded when earned and expenses when incurred.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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. The Organization has not received any restricted contributions.

The Organization primarily receives cash from various government contracts on an exchange transaction for specified services. These revenues are not considered contributions and are recorded as an increase in unrestricted net assets.

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization has not received any promises to give.

**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.

Costs are allocated between fund raising, management and general, supporting services or the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**NOTE 2 - CASH IN BANK**

At year-end, the carrying amount of North Louisiana Area Health Education Center Foundation's deposits (checking, savings and certificates of deposit) was \$117,447 and the bank balance was \$148,217.

Of the \$148,217 bank balance, \$12,349 was in Hibernia National Bank, \$75,557 was in Bank One and \$60,512 deposited with Merrill-Lynch. Deposits in each bank are secured by \$100,000 of federal deposit insurance leaving a total of unsecured deposits of \$0.

**NOTE 3 - CASH FLOW INFORMATION**

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest	\$	0
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Supplemental schedule of noncash investing and financing activities:

There were no noncash investing and financing activities for the year.

**NOTE 4 - DEFERRED COMPENSATION PLAN**

North Louisiana Area Health Education Center Foundation sponsors all of its eligible full-time employees in a noncontributory tax-deferred compensation plan under the rules in IRC Section 403(b). The amount of contributions by North Louisiana Area Health Education Center Foundation to the Plan will be determined annually based on budget allocations and applicable law limitations. Contributions by North Louisiana Area Health Education Center Foundation totaled \$63,165 for the year.

**NOTE 5 - CONCENTRATION OF REVENUES**

North Louisiana Area Health Education Center Foundation operates an area health education center to plan for additional clinical educational opportunities and facilitate the recruitment and retention of health care professionals in rural and other medically underserved communities. Revenue for these services are paid primarily by the State of Louisiana pursuant to a contract between North Louisiana Area Health Education Center Foundation and Louisiana State University Medical Center, Shreveport. This contract, which is the primary source of funds for North Louisiana Area Health Education Foundation, is executed annually subject to availability and appropriation of state funds.

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**NOTES OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**NOTE 6 - COMMITMENTS AND CONTINGENCIES**

Operating Lease Commitments

The Organization has a lease agreement for office space in Shreveport, Louisiana expiring July, 2004. The office space is used by Administration and accounting department.

Total rent expense related to these and other short-term lease agreements was \$19,270 for the year ended September 30, 2002. Future aggregate minimum lease payments are as follows:

FYE 9-30-2003	\$	26,455
Thereafter		30,648

**NOTE 7 - DEFERRED REVENUE**

At September 30, 2002, the Organization had received \$133,969 of advanced funds from the Maternal and Child Health Bureau of the Department of Health and Human Services in excess of expended funds. The \$133,969 is recorded as deferred revenue in the financial statements.

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**NOTES OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**NOTE 8 - FUNCTIONAL EXPENSES BY FUNCTIONAL CLASSIFICATION**

	Program Service Expenses	Supporting Service Expenses	Total
Salaries and related expenses			
Salaries	\$ 361,307	\$ 251,356	\$ 612,663
Payroll taxes	31,408	21,851	53,259
Employee benefits	58,978	41,030	100,008
Miscellaneous personnel expense		1,616	1,616
	\$ 451,693	\$ 315,853	\$ 767,546
Other expenses			
Active Computer Learning System	\$ 34,926	\$	\$ 34,926
AHEC of A Summer	35,778		35,778
Children's Trust	13,738		13,738
Career Information	800		800
Community Development	1,077		1,077
Continuing Education	31,423		31,423
Community Health Education	6,449		6,449
E. A. Conway Medical Center	2,889		2,889
Elem. - Jr. School	5,961		5,961
Health Career Awareness	76		76
Healthy Start	100,510		100,510
Medical Job Fair	1,446		1,446
Learning Resource Center	6,683		6,683
MASH	32,997		32,997
Miscellaneous Community Projects	12,175		12,175
Miscellaneous Recruitment	1,914		1,914
Nursing Continuing Education	1,092		1,092
Primary Care Rural Perception Program	52,630		52,630
Project Hope	19,315		19,315
Shots for tots	14,623		14,623
Tar Wars	909		909
AHEC EAMC	14,459		14,459
Misc. Community Program	6,485		6,485
LRHA	13,485		13,485

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**NOTE 8 - FUNCTIONAL EXPENSES BY FUNCTIONAL CLASSIFICATION** (Continued)

	Program Service Expenses	Supporting Service Expenses	Total
Other expenses (Cont'd)			
Advertising	\$	\$ 250	\$ 250
Accounting & legal fees		9,775	9,775
Board of directors		4,727	4,727
Building expenses		19,271	19,271
Equipment and storage rental		7,314	7,314
Equipment and maintenance		4,266	4,266
Insurance		5,801	5,801
Marketing and promotion		487	487
Membership		1,645	1,645
Miscellaneous operating expenses		1,858	1,858
Office expenses		10,793	10,793
Postage		4,178	4,178
Printing and publications		1,784	1,784
Supplies		5,528	5,528
Telephone		8,818	8,818
Travel		17,240	17,240
Depreciation		16,270	16,270
		<hr/>	<hr/>
Total other expenses	\$ 411,840	\$ 120,005	\$ 531,845
Total	<u>\$ 863,533</u>	<u>\$ 435,858</u>	<u>\$ 1,299,391</u>

**SUPPLEMENTAL INFORMATION**

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

Federal Grants/Pass-through Program Or Cluster Title	Federal CFDA Number	Pass-through Entity J. D. Number	Federal Expenditures
Department of Health and Human Services Services Maternal and Child Health Bureau Healthy Start Division	93.926E		\$ 367,727
State of Louisiana Department of Health and Hospitals, Office of Public Health Maternal and Child Health Program		574503	42,608
State of Louisiana, Department of Health and Hospitals, Office of Public Health Project HOPE		588278	50,660
Louisiana State University Health Service Center Model AHEC	93.107	unknown	<u>78,120</u>
			<u>\$ 539,115</u>

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**NOTES TO SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of North Louisiana Area Health Education Center Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**SUMMARY OF AUDIT RESULTS**

1. The auditor's reports expresses an unqualified opinion on the financial statements of North Louisiana Area Health Education Center Foundation.
2. No reportable conditions disclosed during the audit of the financial statements are reported in the report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.
3. No instances of noncompliance material to the financial statements of North Louisiana Area Health Education Center Foundation were disclosed during the audit.
4. The auditor's report on compliance for the major federal award programs for North Louisiana Area Health Education Center Foundation expresses an unqualified opinion on all major federal programs.
5. The programs tested as major programs include:  
  
Department of Health and Human Services  
Maternal and Child Health Bureau  
Healthy Start Division CFDA# 93.926E
6. The threshold for distinguishing Types A and Types B programs was \$300,000.

**NORTH LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION**

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL  
AWARDS PROGRAMS AUDIT**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES,  
MATERNAL AND CHILD HEALTH BUREAU HEALTHY START**

1. No reportable conditions or questioned costs were disclosed during the compliance testing of the major federal awards programs.