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CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER, INC.
REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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 11/7/07

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER, INC.

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Paul Dauzat, CPA

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MEMBER
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Central Louisiana AHEC, Inc.
Alexandria, Louisiana

I have audited the accompanying Statement of Financial Position of Central La. AHEC, Inc. (a non profit organization) as of June 30, 2007, 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in the U.S. and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central La. AHEC, Inc., as of June 30, 2007, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated September 26, 2007 on my consideration of the Organization's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations and contracts.



Paul Dauzat

Certified Public Accountant
September 25, 2007

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER , INC.

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007**

ASSETS

Cash and Cash Equivalents	\$ 199,516
Accounts Receivable	8,924
Property and Equipment, Net of Accumulated Depreciation	30,197
Other Assets	<u>4,890</u>
Total Assets	<u>\$ 243,527</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts Payable	\$ 7,664
Accrued Payroll	4,374
Accrued Expenses and Withholdings	1,330
SEP Payable	9,608
Compensated Absences Payable	10,425
Lease Payable	<u>8,763</u>
Total Liabilities	42,164
Net Assets:	
Unrestricted Net Assets	<u>201,363</u>
Total Liabilities and Net Assets	<u>\$ 243,527</u>

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

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER , INC.

STATEMENT OF ACTIVITIES
JUNE 30, 2007

	<u>Unrestricted</u>
SUPPORT AND REVENUE	
Support	
LSU Medical Center	\$ 464,312
Med Job Reimbursement	26,338
Tobacco Free Living Reimbursement	450
Children's Trust Fund Reimbursement	9,175
AHEC of a Summer	21,875
Other Revenue	2,106
Interest Income	2,714
	<u>526,970</u>
EXPENSES	
Program Services	
Educational Programs	219,221
Program Management	111,620
	<u>330,841</u>
Support Services	
General & Administrative	222,437
	<u>222,437</u>
Total Expenses	<u>553,278</u>
Change in Net Assets	(26,308)
Net Assets, Beginning of Year	227,671
	<u>201,363</u>
Net Assets, End of Year	<u>\$ 201,363</u>

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

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2007

	<u>PROGRAM SERVICES</u>			<u>SUPPORT SERVICES</u>		<u>TOTAL EXPENSES</u>
	<u>Educational Programs</u>	<u>Program Management</u>	<u>Total</u>	<u>General & Administrative</u>		
Salaries	\$ 84,369	\$ 84,369	\$ 168,738	\$ 86,925	\$	\$ 255,663
Payroll Taxes	5,700	7,555	13,255	6,828		20,083
Fringe Benefits	16,151	16,810	32,961	16,980		49,941
Program Expenses	98,738	-	98,738	-		98,738
Educational Expense	11,378	-	11,378	-		11,378
Insurance	-	-	-	6,096		6,096
Legal & Professional	-	-	-	16,346		16,346
Travel	-	-	-	11,021		11,021
Office Expense	-	-	-	14,401		14,401
Duplication/Printing	-	-	-	610		610
Telephone/Communication	-	-	-	10,447		10,447
Postage	-	-	-	1,599		1,599
Office Lease and Occupancy	-	-	-	42,952		42,952
Interest Expense	-	-	-	312		312
Other Expense	-	-	-	4,463		4,463
Total Expenses Before Depreciation and Other Losses	216,336	108,734	325,070	218,980		544,050
Loss on Disposal of Equipment Depreciation	2,886	2,886	5,772	572		572
TOTAL EXPENSES	\$ 219,222	\$ 111,620	\$ 330,842	\$ 222,437		\$ 553,279

The accompanying notes are an integral part of these financial statements

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER , INC.
STATEMENT OF CASH FLOWS
JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (26,308)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	8,657
Loss on disposal of equipment	572
(Increase)Decrease in Accounts Receivable	81,960
Increase(Decrease) in Accounts Payable	7,664
Increase(Decrease) in Compensated Absences	1,651
Increase(Decrease) in Accrued Expenses	<u>14,168</u>
Net Cash Provided by Operating Activities	<u>88,364</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	(16,994)
Purchase of Utility Deposits	<u>(3,140)</u>
Net Cash Used by Investing Activities	<u>(20,134)</u>

CASH FLOWS FORM FINANCING ACTIVITIES

Obligation on Equipment Lease	<u>8,452</u>
Net Increase in Cash and Cash Equivalents	76,682
Cash and Cash Equivalents, June 30, 2006	<u>122,834</u>
Cash and Cash Equivalents, June 30, 2007	<u><u>\$ 199,516</u></u>

There were no non-cash investing or financing transactions for the year ended June 30, 2007.
There were \$ 312 cash payments for interest and no income taxes for the year ended June 30, 2007.

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

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1: Summary of Significant Accounting Policies

Organization

Central Louisiana Area Health Education Center, Inc. (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 501C (3) of the Internal Revenue Code.

Basis of Accounting

The accounting policies of CLAHEC conform to generally accepted accounting principles as applicable to non-profit organizations, (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Financial position and activities are reported according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. 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 ended June 30, 1992 shall remain with LSUMC.

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

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 as determined by management.

Compensated Absences

CLAHEC accrues compensated absences up to a maximum of 96 hours that can be carried over into the next fiscal year. Compensated absences include vacation and sick leave which can be compensated up to 136 hours of accumulation. An amount has been recorded in the financial statements for this liability.

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, 2007 totaled \$ 199,516 (book balance) and \$ 240,729 (bank balance). These deposits are held by local financial institutions and insured by FDIC.

NOTE 3 Accounts Receivable

Accounts receivable at June 30, 2007 totaled \$ 8,924 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. The following are due to AHEC.

Med Job Program	\$	5,372
Children's Trust Fund		3,552
	\$	<u>8,924</u>

NOTE 4 Property and Equipment

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

	Computers	\$	53,555
	Learning Resource Center		23,785
	Other Equipment		36,198
	Equipment-Baton Rouge		4,013
	Furniture		22,182
	Leasehold Improvements		3,075
Less:	Accumulated Depreciation		<u>(112,611)</u>
	Net Property & Equipment	\$	<u>30,197</u>

Depreciation expense for the year ended June 30, 2007 totaled \$ 8,657.

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 14.5% of each employees earned income to a SEP-IRA plan for the year ended June 30, 2007.

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 would adversely affect the aggregate amount of funds CLAHEC will receive in the next fiscal year.

NOTE 7 Operating Leases

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 March 26, 2007 on office space and furnishings at a monthly amount of \$ 2,655. The lease expires March 26, 2010, with a (3) year renewable option. For the year ended June 30, 2007, CLAHEC paid \$ 7,965 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 \$ 1,200 and paid quarterly. During the year ended June 30, 2007, CLAHEC paid \$ 1,200 under this lease.

Future payments under these lease agreements for the year ending June 30, 2008 are \$ 33,060. Future payments under the three year building lease are \$ 87,615.

Telephone Lease: During the year, CLAHEC contracted under a telephone system lease recorded as a capitalized lease. The monthly principle and interest payment are \$ 138.46 for 60 months, commencing on December 13, 2006. Monthly sales tax due each month is \$12.46.

NOTE 8 Other Contracts and Agreements

CLAHEC 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 equipment, furnishings and computers. Any equipment provided by CLAHEC to the center remains the property of CLAHEC. CLAHEC also provides supplies including books, journals, periodicals and database services.

Paul Dauzat, CPA

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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

Board of Directors
Central La. Area Health and Education Center, Inc.
Alexandria, Louisiana

I have audited the financial statements of the Central La. AHEC, Inc. as of June 30, 2007, and have issued my report thereon dated September 25, 2007. I conducted my audit in accordance with United States 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Central La. AHEC, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Central La. AHEC, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Central La. AHEC, Inc.'s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Central La. AHEC, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Central La. AHEC, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by the Central La. AHEC's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Central La. AHEC, Inc.'s internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Central La. AHEC, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, and Federal and State agencies and is not intended to be and should not be used by anyone other than these specified parties.



Paul Dauzat
Certified Public Accountant

September 25, 2007

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2007

There were no findings for the year ended June 30, 2006.