

Living Well Foundation
(A Component Unit of
Hospital Service District No. 1 of Ouachita Parish)

Financial Statements
For the Year Ended December 31, 2010

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

For the Year Ended December 31, 2010

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Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

For the Year Ended December 31, 2010

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* Denotes Schedule

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Living Well Foundation
315 Stella Street
West Monroe, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of the **Living Well Foundation** (the Foundation), a component unit of Hospital Service District No. 1 of Ouachita Parish, as of and for the year ended December 31, 2010, which collectively comprise the Foundation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express opinions on these financial statements based on our audit.

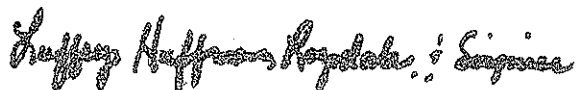
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Foundation as of December 31, 2010, and the respective changes in financial position 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 our report dated February 28, 2011, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 should be considered in assessing the results of our audit.

**Board of Directors
Living Well Foundation
West Monroe, Louisiana**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and page 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in cursive script, appearing to read "Jeffrey Huffman, CPA, CMA".

(A Professional Accounting Corporation)

February 28, 2011

REQUIRED SUPPLEMENTAL INFORMATION
(PART A)

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)
Management's Discussion and Analysis
For The Year Ended December 31, 2010

Our discussion and analysis of the Living Well Foundation (the Foundation) (A Component Unit of Hospital Service District No. 1 of Ouachita Parish) provides an overview of the Foundation's activities for the year ended December 31, 2010. The Foundation, formerly Ward Five Healthcare Foundation, is a Louisiana nonprofit quasi-governmental entity. Please read our discussion and analysis in conjunction with the Foundation's financial statements that begin on page 10.

OVERVIEW OF THE FINANCIAL STATEMENTS

Although the Foundation is a quasi-governmental entity, it uses governmental accounting principles; therefore, it will be considered a governmental entity for financial statement presentation.

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was early implemented for the fiscal year ended December 31, 2010. The purpose of this change in reporting fund balances is to help management and citizens better understand the constraints placed on its resources by providing more structured classifications of fund balance.

This discussion and analysis is intended to serve as an introduction to the Foundation's basic financial statements. The Foundation's basic financial statements comprise three components: 1) government-wide financial statements (GWFS), 2) fund financial statements (FFS), and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The Foundation's government-wide financial statements report information about the Foundation using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities.

The *Statement of Net Assets* presents information on all of the Foundation's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Foundation is improving or deteriorating.

The *Statement of Activities* presents the current year's revenues and expenses and other information showing how the Foundation's net assets changed during the year. The change in net assets is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Foundation, like state and local governments and other quasi-governmental entities, uses fund accounting. The Foundation's General Fund is categorized as a major governmental fund.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Likewise, this information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Foundation maintains one governmental fund - the General Fund. The Foundation adopts an annual appropriated budget for the General Fund, and a budgetary comparison statement is provided on this fund to demonstrate compliance with this budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Foundation's progress in funding its obligation to promote the general health of the community. Required supplemental information can be found on page 29.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the year ended December 31, 2010, the Foundation's assets exceeded liabilities by \$46,717,066. The majority of the Foundation's assets are in investments which total \$46,827,877.

A summary of the Foundation's net assets is as follows:

Living Well Foundation		
Summary of Net Assets		
	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 47,008,326	\$ 47,220,383
Capital assets	48,191	50,584
Total assets	<u>47,056,517</u>	<u>47,270,967</u>
Current liabilities	339,451	619,829
Total liabilities	<u>339,451</u>	<u>619,829</u>
Invested in capital assets	48,191	50,584
Unrestricted	<u>46,668,875</u>	<u>46,600,554</u>
Total net assets	<u>\$ 46,717,066</u>	<u>\$ 46,651,138</u>

Governmental Activities

The Foundation's net assets increased \$65,928 during the current year of operation as compared to its \$983,812 decrease in net assets during the prior year. This increase in net assets during 2010 is primarily due to the Foundation's experiencing unrealized and realized gains on investments of \$139,881 and \$39,542, respectively. Although interest earned on investments decreased from \$855,536 to \$649,835, net interest income increased from \$65,876 to \$829,258 because of the addition of the unrealized and realized gains. During 2009, the Foundation had \$740,732 of unrealized losses and \$48,928 of realized losses. These large losses resulted in a small net interest income of \$65,876.

Living Well Foundation **Summary of Governmental Activities**

	<u>2010</u>	<u>2009</u>
Revenues		
General revenues		
Interest income	\$ 829,258	\$ 65,876
Expenses		
Health and welfare	<u>763,330</u>	<u>1,049,688</u>
Increase (Decrease) in net assets	65,928	(983,812)
Net assets at beginning of the year	46,651,138	47,634,950
Net assets at end of year	<u>\$ 46,717,066</u>	<u>\$ 46,651,138</u>

FINANCIAL ANALYSIS OF THE FOUNDATION'S FUNDS

As previously noted, the Foundation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial statements of the Foundation present its General Fund as a major governmental fund. Further, the changes discussed in the section below provide explanations of the fund's activities during the year.

Governmental Funds

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of the Foundation's net resources available for spending at the end of the fiscal year.

As of December 31, 2010, the Foundation had \$47,008,326 in assets and \$339,451 in liabilities. Additionally, the Foundation's fund balance (total assets less total liabilities) increased by \$68,321 during its fourth year of operation, of which \$9,214 was reserved for prepaid expenses.

GENERAL BUDGETARY ANALYSIS

General Fund

The Foundation uses formal budgetary integration as a management control device during the year. Budgeted amounts included in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual include the original adopted budget amounts and the final amended budget amounts. The original budget, adopted December 1, 2009, was based on estimated revenues, estimated expenses, and other financial information known to the Foundation at the time of the budget's adoption. Amendments to the original budget are made throughout the year as changes in operations, expected funding levels, and estimated expenditures occur. The final amended budget is prepared at the time the Foundation anticipates no additional significant increases or decreases in revenues and expenses for the year and no expected changes in operations. There were no amendments to the fiscal year 2010 original budget.

The positive variation between the originally budgeted investment income and actual investment income resulted from the economy's slow recovery during fiscal year 2010. Additionally, expenses for grants were less than expected due to financial limitations that inhibited the Board's ability to approve more grant applications.

CAPITAL ASSETS

During 2010, the Foundation made purchases of capital assets consisting of computer hardware, software, and office furniture. Total purchases in 2010 totaled \$5,644.

ECONOMIC FACTORS AND FUTURE OUTLOOK

The Foundation's budgeted revenues and expenditures for 2011 reflect a continued effort to use its investment income to facilitate the awarding of grants to nonprofit organizations that have demonstrated the ability to improve the community by promoting healthier lifestyles.

CONTACTING THE FOUNDATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Foundation's finances and to show its accountability for the money it expends. If you have questions about this report or need additional financial information, contact Julian Johnston, CPA, Chairman of the Finance / Investment Committee of the Foundation, at 3007 Armand Street, Monroe, LA 71201 or by phone at (318) 322-5156.

BASIC FINANCIAL STATEMENTS

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Governmental Fund-Balance Sheet (FFS) /
Governmental Activities-Statement of Net Assets (GWFS)

December 31, 2010

	<u>Balance Sheet</u> <u>Major Fund</u> <u>General Fund</u>	<u>Adjustments</u>	<u>Statement of</u> <u>Net Assets</u>
Assets			
Cash	\$ 19,747	\$ -	\$ 19,747
Investments	46,827,877	-	46,827,877
Investment income receivable	151,488	-	151,488
Prepaid expenses	9,214	-	9,214
Capital assets	-	48,191	48,191
Total Assets	<u>\$ 47,008,326</u>	<u>\$ 48,191</u>	<u>\$ 47,056,517</u>
Liabilities			
Accounts payable	\$ 140,733	\$ -	\$ 140,733
Grants payable	135,067	-	135,067
Payable-OPSB East Ouachita	60,000	-	60,000
Accrued liabilities	3,651	-	3,651
Total Liabilities	<u>339,451</u>	<u>-</u>	<u>339,451</u>
Fund Balance / Net Assets			
Fund Balance			
Restricted for:			
Prepaid expenses	9,214		
Unassigned	<u>46,659,661</u>		
Total Fund Balance	<u>46,668,875</u>	(46,668,875)	
Total Liabilities and Fund Balance	<u>\$ 47,008,326</u>		
Net Assets			
Invested in capital assets		48,191	48,191
Unrestricted		<u>46,668,875</u>	<u>46,668,875</u>
Total Net Assets		<u>\$ 46,717,066</u>	<u>\$ 46,717,066</u>

The accompanying notes are an integral part of this statement.

Living Well Foundation
(A component Unit of Hospital Service District No. 1 of Ouachita Parish)

Reconciliation of the Governmental Fund-Balance Sheet (FFS)
to the Governmental Activities-Statement of Net Assets (GWFS)

December 31, 2010

Fund Balance	\$ 46,668,875
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

The cost of capital assets purchased is reported as an expenditure in the Governmental Funds. The Statement of Net Assets includes those capital assets among the assets of the Foundation as a whole. The cost of those capital assets will be allocated over their estimated useful lives (as depreciation expense) to Health and Welfare as reported as Governmental Activities in the Statement of Activities.

Property and equipment	\$ 67,747	
Accumulated depreciation	<u>(19,556)</u>	<u>48,191</u>

Net Assets	\$ <u><u>46,717,066</u></u>
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Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Governmental Fund-Statement of Revenues, Expenditures and Changes in Fund Balance (FFS)
Governmental Activities-Statement of Activities (GWFS)

For the Year Ended December 31, 2010

	Major Fund		Statement of
	General Fund		Activities
	Statement of Revenues,	Adjustments	Statement of
	Expenditures and		Activities
	Changes in		
	Fund Balance		
Revenues			
General Revenues			
Interest income	\$ 829,258	\$ -	\$ 829,258
Expenditures / Expenses			
Current			
Health & welfare			
Grants, initiatives and programs			
Grants awards	208,294	-	208,294
Return of unspent grant awards	(17,254)	-	(17,254)
School-based healthcare:			
East Ouachita Health Center	30,000	-	30,000
Riser Middle School Health Center	70,927	-	70,927
West Monroe High School Health Center	58,753	-	58,753
Virtual Clinic-Access to Healthcare	130,000	-	130,000
Healthy lifestyles pilot programs	9,046	-	9,046
Total grants, initiatives and programs	489,766	-	489,766
All other charges			
Accounting	10,068	-	10,068
Advertising and promotion	1,510	-	1,510
Auditing	16,790	-	16,790
Contractual services	6,271	-	6,271
Depreciation expense	-	8,037	8,037
Dues and subscriptions	4,811	-	4,811
Education expense	6,553	-	6,553
Insurance	12,884	-	12,884
Investment fees	95,497	-	95,497
Legal fees	11,720	-	11,720
Miscellaneous	7,657	-	7,657
Postage and freight	62	-	62
Rent	3,600	-	3,600
Salaries and benefits	73,014	-	73,014
Supplies	2,779	-	2,779
Telephone	5,381	-	5,381
Travel and mileage	3,730	-	3,730
Website services	3,200	-	3,200
	265,527	8,037	273,564
Capital outlay	5,644	(5,644)	-
Total Expenditures / Expenses	760,937	2,393	763,330
Excess (deficiency) of Revenues Over Expenditures / Expenses	68,321	(2,393)	65,928
Fund Balance/Net Assets at Beginning of Year	46,600,554	50,584	46,651,138
Fund Balance/Net Assets at End of Year	\$ 46,668,875	\$ 48,191	\$ 46,717,066

The accompanying notes are an integral part of this statement.

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

**Reconciliation of the Governmental Fund-Statement of Revenues, Expenditures
and Changes in Fund Balance (FFS) to Governmental Activities -
Statement of Activities (GWFS)**

For the Year Ended December 31, 2010

Change in Fund Balance	\$ 68,321
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in the Governmental Funds as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	5,644	
Depreciation	<u>(8,037)</u>	(2,393)

Change in Net Assets	\$ <u>65,928</u>
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Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Financial Statements
For the Year Ended December 31, 2010

Introduction

The Living Well Foundation (the Foundation) was created on August 17, 2006. On December 7, 2010, the Board of Directors (the Board) voted to amend its Articles of Incorporation to change the Foundation's name from Ward Five Healthcare Foundation to the Living Well Foundation. The Foundation is the sole component unit member of Hospital Service District No. 1 of Ouachita Parish (the District).

A cooperative endeavor agreement which outlines the scope of services to be performed by the Foundation was signed by representatives of the Foundation and the District on January 31, 2007. The Foundation agrees to administer activities related to rendering care to the sick and injured or in the promotion of health, to cooperate with other public and private institutions and agencies engaged in providing hospital and other health care services to residents of the district, and to participate in activities designed and conducted to promote the general health of the community, including but not limited to the following services:

Identifying, selecting, funding and conducting clinical or other programs to improve the health of the residents of the District and the community;

Identifying, selecting and providing grants to nonprofit charitable organizations and public agencies that provide health and wellness related services in the District and the community;

Promoting, supporting and conducting educational programs that enable residents of the community to improve their health and wellness; and

Engaging in fund raising activities for the support of the Foundation and that assist in achieving its goals of community health and wellness.

The Foundation's area of service includes the following eight northeastern Louisiana parishes: Caldwell, Franklin, Jackson, Lincoln, Morehouse, Ouachita, Richland, and Union.

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 1 - Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the Foundation have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Although the Foundation is a quasi-governmental entity, it uses governmental accounting principles, and therefore, it will be considered a governmental entity for financial statement presentation. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Financial Reporting Entity

The Foundation was officially incorporated on August 17, 2006, in accordance with the Louisiana Nonprofit Corporation Law and will operate a program of social welfare for the aid and support of the needy within the meaning of Article 7, Section 14(B)(1) of the Louisiana Constitution. During 2010, the Board voted to amend the Foundation's Articles of Incorporation and By-Laws. The Board consists of 12 members, 9 of which are recommended by the nominee recommendation committee, nominated by the Board, and elected by the District. The remaining 3 members, nominated and elected by the Ouachita Parish Police Jury (the Police Jury), represent the 3 districts that overlap with the territory of the District.

GASB Statement 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity (the Police Jury). Therefore, the Foundation's financial statements are not a substitute for the reporting entity's financial statements of the District or the reporting entity's financial statements of the Parish. The accompanying financial statements have been prepared in conformity with GAAP as applied to governmental units. These financial statements are not intended to and do not report on the reporting entity of the District or the Parish; rather, they are intended to reflect only the financial statements of the Foundation.

Under provisions of Statement 14, the Foundation is considered a component unit of the District and the District is considered a component unit of the Police Jury which is the reporting entity of the Parish. As a component unit, the accompanying financial statements of the Foundation should be included within the reporting of the

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Financial Statements
For the Year Ended December 31, 2010

primary government (the District), either blended into those financial statements or separately reported as a discrete component unit.

The accompanying basic financial statements present information only on the fund maintained by the Foundation and do not present information on the District or the Police Jury.

C. Fund Accounting

The financial transactions of the Foundation are recorded in individual funds, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a set of self-balancing accounts that includes its assets, liabilities, fund equity, revenues and expenditures/expenses. Fund accounting segregates a fund according to its intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Foundation uses the following fund type:

Governmental Funds

Governmental funds account for the Foundation's general governmental activities including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of capital assets. Governmental funds are divided into major and nonmajor funds. Major funds are funds that meet certain dollar tests of their assets, liabilities, revenues and expenditures/expenses. Major funds are larger, more significant funds. Nonmajor funds are the Governmental Funds that do not meet the dollar tests for major funds. Governmental funds include:

General Fund - The General Fund is the general operating fund of the Foundation. It accounts for all of its financial resources except those required to be accounted for in another fund, and it is always a major fund.

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Financial Statements
For the Year Ended December 31, 2010

D. Basis of Accounting / Measurement Focus

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions are recognized when the Foundation has an enforceable legal claim to the revenues, expenses, gains, losses, assets and liabilities.

Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds reported in the fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental funds reported in the fund financial statements are accounted for on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual – that is when they become both measurable and available to pay current period liabilities.

Expenditures are recorded when the related fund liability is incurred.

The Foundation early implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the fiscal year ended December 31, 2010. This statement replaces the previous fund balance classifications (reserved, unreserved, designated, or undesignated) for governmental funds with five new classifications: nonspendable, restricted, committed, assigned, and unassigned.

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Financial Statements
For the Year Ended December 31, 2010

E. Budgetary Practices

A preliminary operating budget based on the accrual basis of accounting for the General Fund is prepared annually by the Finance/Investment Committee. The proposed budget is reviewed by the Board and thereafter by the Board of Commissioners of the District and revised as deemed necessary.

The budgetary data included in the accompanying financial statements includes the originally adopted budget and any amendments thereto.

F. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Foundation may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For financial statement purposes, the Foundation considers cash in its checking account to be the only cash item.

G. Investments

Under state law, the District may invest in United States treasury notes or certificates. These funds are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents. In accordance with the provisions of GASB Statement 31, investments are carried at fair value or amortized cost.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Financial Statements
For the Year Ended December 31, 2010

I. Capital Assets

Capital Assets are reported in the governmental fund in the government-wide financial statements. The Foundation considers assets with an initial individual cost of \$1,000 or more and an estimated life of 1 year or more as a capital asset. Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that any salvage value would be immaterial. Half-year depreciation is used based on the following useful lives:

Seven years - Signage
Seven to twenty years-Designs
Five to seven years - Equipment
Fifteen years - Leasehold Improvements

J. Grants Payable

The Foundation awards grants that promote the health and enhance the quality of life of all residents within certain northeastern Louisiana parishes to nonprofit entities based on an application process on a periodic basis during the year. When grants are approved by the Board, they are recorded as a payable at that time and are disbursed according to the terms of the grant agreement at a certain point in the future.

K. Compensated Absences

The Foundation has the following policy relating to vacation and sick leave:

All full-time employees earn 10 days of vacation leave each year. Annual leave is credited at the beginning of each calendar year. Upon termination of employment, unused annual leave is paid to employees at the employee's current rate of pay. Sick leave is accrued at a rate of one day per month with a maximum accrual of 60 days, and it is not payable upon discharge or termination.

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Financial Statements
For the Year Ended December 31, 2010

Annual leave is reported in the Statement of Net Assets as a short-term liability and expensed in the Statement of Activities. Annual leave accrued in the Statement of Net Assets as of the end of the year is valued using the employee's current rate of pay. Accrued annual leave will be paid from future years' resources. A liability for annual leave is reported in the Governmental Funds only if it is payable at year-end. As of December 31, 2010, the Foundation accrued \$1,172 in annual leave.

L. Nonspendable, Restricted, Committed, Assigned, and Unassigned Fund Balances

The nonspendable portion of fund balance represents items that cannot be spent, such as food inventory. Portions of fund equity reported in the fund financial statements are restricted by tax ordinances or by local, state, or Federal grant regulations for future use and are, therefore, unavailable for future appropriation or expenditure. Committed unassigned fund balances indicate the Foundation's tentative plans for the use of financial resources in a future period. Fund balance commitments are made by Board approved resolutions. The Foundation has authority to assign the General Fund's unassigned fund balance with a two-thirds vote and District approval. The Board has not established a formal policy regarding the order of spending fund balances that are restricted, committed, or assigned.

The Foundation's informal policy for the spending prioritization of fund balances would deem the highest priority of spending to restricted fund balances, followed by committed. Assigned would receive the least spending priority and would be authorized only if adequate funds were available. If expenditures incurred exceeded the amount that have been committed or assigned to a specific purpose, amounts unassigned would be reduced to eliminate the deficit.

Restricted for Prepaid Expenses

This amount represents a portion of fund balance that is not an available, expendable resource even though it is a component of assets.

M. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 2 - Cash

Custodial credit risk—deposits. The custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. The Foundation's policy that mitigates this risk requires each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Foundation that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the Foundation had no custodial credit risk related to its deposits at December 31, 2010.

At December 31, 2010, the Foundation had a reconciled cash balance of \$19,747, with a bank balance of \$20,972. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by Federal deposit insurance or the pledge of securities owned by the fiscal agent bank if the amount exceeds \$250,000. All of the Foundation's cash was secured by Federal deposit insurance at December 31, 2010.

Note 3 - Investments

As of December 31, 2010, the Foundation's investments of \$46,827,877 consist of the following securities and are carried at fair value.

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Total</u>
U.S. Treasury Bills	\$ 31,803,690	67.9%
U.S. Treasury Notes	9,413,151	20.1%
Federal National Mortgage Association	3,826,017	8.2%
Federal Home Loan Bank	879,458	1.9%
Federal Home Loan Mortgage Corporation	865,963	1.8%
JP Morgan Prime Money Market Fund	39,598	0.1%
Total	<u>\$ 46,827,877</u>	<u>100.0%</u>

Living Well Foundation
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Notes to the Financial Statements
For the Year Ended December 31, 2010

The Foundation maintains two investment accounts (a short-term account and an intermediate managed income portfolio account) at JPMorgan Chase. Each of these accounts has the following characteristics except where differentiated:

Credit risk – The Foundation minimizes credit risk, which is the risk due to the failure of the security issuer or backer by limiting investments to certain investments primarily limited to:

- a. direct United States Treasury obligations;
- b. bonds; debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies, provided such obligations are backed by the full faith and credit of the United States of America or such other instruments that are federally sponsored;
- c. direct security repurchase agreements of any federal book entry only securities enumerated in paragraphs in (a) or (b) above;
- d. time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks or share accounts and share certificate accounts of federally or state-chartered credit unions issuing time certificates of deposit;
- e. mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. Investment of funds in such mutual or trust fund institutions shall be limited to 25% of the monies considered available for investment; and
- f. investment grade (A-1/P-1) commercial paper of domestic United States corporations.

Investments in derivatives of the above instruments require authorization by the Foundation's Board members and prior establishment of internal controls for any derivatives to ensure that the risks inherent in derivatives are adequately managed.

Concentration of credit risk – The investments shall be diversified by:

- a. Limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities);
- b. Limiting investment in securities that have higher credit risks;
- c. Investing in securities with varying maturities; and

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Notes to the Financial Statements
For the Year Ended December 31, 2010

- d. Continuously investing a portion of the portfolio in readily available funds such as money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

In establishing specific diversification strategies, portfolio maturities are staggered to avoid undue concentration of assets in a specific maturity sector. Maturities selected provide stability of income and reasonable liquidity.

Interest rate risk – The Foundation manages its exposure to declines in fair values by limiting the maturities of its investment portfolio to 6 months or less for its short term account. The Foundation’s first \$31.5 million must be invested in the short term account. The fair value invested in this account was \$31,817,612 at December 31, 2010. The Foundation’s intermediate managed income portfolio account requires the weighted average duration of the portfolio to remain within 75% and 125% of the Lehman Brother’s Intermediate Government Bond Index. For the year ended December 31, 2010, the Foundation’s rate was 96.51%, and the fair value invested in this account was \$15,010,265.

Note 4 - Capital Assets

A summary of the changes in capital assets for the year ended December 31, 2010, is as follows:

	Balance 1/1/2010	Additions	Deletions	Balance 12/31/2010
Capital assets being depreciated				
Office equipment	\$ 17,019	\$ 2,566	\$ -	\$ 19,585
Furniture and fixtures	8,733	3,078	-	11,811
Leasehold improvements	13,763	-	-	13,763
Signage	12,158	-	-	12,158
Brochure design	3,750	-	-	3,750
Identity / logo design	6,680	-	-	6,680
Total capital assets being depreciated	62,103	5,644	-	67,747
Less accumulated depreciation	(11,519)	(8,037)	-	(19,556)
Net capital assets being depreciated	\$ 50,584	\$ 13,681	\$ -	\$ 48,191

Depreciation expense for 2010 totaled \$8,037.

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 5 - Grant Awards

During 2010, the Foundation awarded grants to the following organizations, of which \$135,067 is included in Grants Payable at December 31, 2010:

Recipient / Purpose	Balance 1/1/2010	Awarded in 2010	Paid in 2010	Balance 12/31/2010
Association for Retarded Citizens / Ouachita				
Partners in Early Intervention	\$ 27,500	\$ -	\$ (25,000)	\$ 2,500
Children's Coalition				
Fetal Infant Mortality Review	122,372	-	(110,000)	12,372
First West Counseling Center				
Project HELP	33,050	163,305	(114,703)	81,652
Morehouse General Hospital				
Maternal/Pre-natal Care Improvement	66,031	-	(66,031)	-
North Louisiana Area Health Education Center				
Healthy Tomorrows	137,000	-	(132,000)	5,000
Primary Health Services Center				
Purchase of Diagnostic Ultrasound	4,800	-	(4,800)	-
Seeker Springs				
Team Up: Adolescent Counseling	-	22,825	(11,412)	11,413
University of Louisiana at Monroe				
Infant Nutrition Education	48,363	-	(44,311)	4,052
University of Louisiana at Monroe				
Mobile Health Screening Unit	5,600	-	(5,600)	-
University of Louisiana at Monroe				
Riser Dental Hygiene Clinic	7,266	22,164	(18,348)	11,082
Volunteers of America				
Twin City Early Head Start	50,996	-	(44,000)	6,996
Total	<u>\$ 502,978</u>	<u>\$ 208,294</u>	<u>\$ (576,205)</u>	<u>\$ 135,067</u>

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 6 - Commitments and Contingencies

Ouachita Parish School Board

The Foundation has a three-year commitment through June 30, 2010, with the Ouachita Parish School Board to cover financial deficiencies of federal, state and local funding sources, as well as insurance reimbursements and expenses associated with school based health centers located at Riser Middle School and West Monroe High School.

Students from Lenwil Elementary, Riverbend Elementary, Crosley Elementary, Riser Middle School, and all Ouachita Parish LA-4 Pre-K students are served at the Riser Middle School location.

Students from Boley Elementary, West Monroe High School, and Ouachita Parish Alternative/Expulsion Center are served at the West Monroe High School location.

This commitment with the Ouachita Parish School Board is designed to provide medical and mental healthcare to students who are limited in their ability to access the existing healthcare systems in the community.

During 2010, the Foundation provided funding of \$70,927 to Riser Middle School and \$58,753 to West Monroe High School. As of December 31, 2010, \$21,491 was payable to Riser Middle School, and \$20,811 was payable to West Monroe High School.

Ouachita Parish Police Jury

On December 31, 2009, the Foundation entered into a ten-year agreement ending December 31, 2018, with the Police Jury to provide two school based health centers in East Ouachita Parish at Martin Luther King, Jr., Middle School and Richwood High School. St Francis Medical Center (St. Francis) agreed to partner with the Foundation and the Police Jury to provide the medical needs at the clinics.

Students from Minnie Ruffin Elementary, Burg Jones Lane Elementary, Jefferson Upper Elementary, and Martin Luther King, Jr., Middle School are served by Martin Luther King, Jr., Middle School.

Students from Shady Grove Elementary, Swayze Elementary, Robinson Elementary, and Richwood Junior and High Schools are served at the Richwood High School location.

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Financial Statements
For the Year Ended December 31, 2010

Under this agreement, the Foundation provides \$15,000 to each of the two locations which is matched by the Police Jury.

For the 2008-2009 school year, St. Francis received a planning grant from the State of Louisiana (the State) to begin the two school based health centers. None of the Foundation's money was used for this planning stage. After receipt of the planning grant, the State did not award St. Francis with an implementation grant for the 2009-2010 year or the 2010-2011 year. Without the state portion of the money, the program cannot be established. In 2009, the Foundation gave \$30,000 to St. Francis for the creation of the school based health program; however, the money was returned to the Foundation due to the lack of state funds. The \$30,000 balance due to St. Francis at the end of each fiscal year will continue to accumulate until the school based health programs are implemented. Also, the funds remain designated in the Foundation's 2011 budget.

Note 7 - Retirement System

The Foundation contributes up to 3% of salaries into a SIMPLE IRA Plan, a defined contribution plan, for all part-time and full-time employees. The Foundation requires 90 days of service before an employee is added onto the plan. During 2010, the Foundation contributed \$2,059 into this retirement plan.

Note 8 - Rental Expense

The Foundation entered into an operating lease for its office space. The term of the lease is for thirty-nine months commencing on October 1, 2007 and ending on December 31, 2010. Monthly payments are \$300 and rent expense under this lease totaled \$3,600 for the year ended December 31, 2010. Upon expiration, the lease will continue to be ongoing until written notice is given by the lessor to terminate the agreement.

Note 9 - Related Party Transactions

On January 18, 2011, the District waived its right for reimbursement from the Foundation for expenses incurred by the District during 2010. The \$30,000 that is

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Notes to the Financial Statements
For the Year Ended December 31, 2010

payable annually to the District, as stated in the 2007 cooperative endeavor agreement, will continue to be budgeted because the District could require payment at any time.

Note 10 - Income Tax Status

The Foundation, a nonprofit corporation, has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

Note 11 - Subsequent Event

On January 18, 2011, the District agreed to transfer \$2,000,000 to the Foundation pursuant to an additional cooperative endeavor agreement on terms and conditions substantially similar to those set forth in the 2007 Cooperative Endeavor Agreement. The \$2,000,000 will be placed in the Foundation's principal account and is not to be spent or used to provide funding. The Board will vote on the new cooperative endeavor agreement at its meeting in March.

REQUIRED SUPPLEMENTAL INFORMATION
(PART B)

Living Well Foundation
(A Component Unit of Hospital Service District No. 1 of Ouachita Parish)

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

Governmental Fund-General Fund

For the Year Ended December 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary fund balance, beginning of year	\$ 46,774,617	\$ 46,651,138	\$ 46,600,554	\$ (50,584)
Resources				
General Revenues				
Investment income	600,000	600,000	829,258	229,258
Charges to appropriations				
Current				
Health & welfare				
Grants, initiatives and programs				
Grants awarded	405,000	405,000	208,294	196,706
Return of unspent grant awards	-	-	(17,254)	17,254
School-based healthcare:				
East Ouachita Parish Health Center	30,000	30,000	30,000	-
Riser Middle School Health Center	56,000	56,000	70,927	(14,927)
West Monroe High School Health Center	79,000	79,000	58,753	20,247
Virtual Clinic-Access to Healthcare	120,000	120,000	130,000	(10,000)
Healthy lifestyles pilot programs	15,000	15,000	9,046	5,954
Other foundation initiatives	100,000	100,000	-	100,000
Total grants, initiatives and programs	805,000	805,000	489,766	315,234
All other charges				
Accounting	12,000	12,000	10,068	1,932
Advertising and promotion	9,000	9,000	1,510	7,490
Auditing	14,000	14,000	16,790	(2,790)
Conference/Training	5,000	5,000	6,553	(1,553)
Contractual reimbursement-Hospital Service District No. 1	30,000	30,000	-	30,000
Contractual services	2,000	2,000	6,271	(4,271)
Depreciation	8,500	8,500	-	8,500
Dues and subscriptions	2,000	2,000	4,811	(2,811)
Insurance	14,000	14,000	12,884	1,116
Investment fees	96,000	96,000	95,497	503
Legal fees	16,000	16,000	11,720	4,280
Maintenance and repair	6,000	6,000	-	6,000
Miscellaneous	4,000	4,000	7,657	(3,657)
Office expense	5,500	5,500	-	5,500
Postage and freight	1,200	1,200	62	1,138
Printing	1,200	1,200	-	1,200
Rent	3,600	3,600	3,600	-
Salaries and benefits	70,000	70,000	73,014	(3,014)
Supplies	3,000	3,000	2,779	221
Telephone	5,000	5,000	5,381	(381)
Travel and mileage	5,000	5,000	3,730	1,270
Website services	6,000	6,000	3,200	2,800
Total other charges	319,000	319,000	265,527	53,473
Capital outlay	-	-	5,644	(5,644)
Total Health and Welfare	1,124,000	1,124,000	760,937	363,063
Excess (deficiency) of Revenues Over Expenditures	(524,000)	(524,000)	68,321	592,321
Fund Balance at End of Year	\$ 46,250,617	\$ 46,127,138	\$ 46,668,875	\$ 541,737

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

**Board of Directors
Living Well Foundation
315 Stella Street
West Monroe, Louisiana**

We have audited the financial statements of the governmental activities and the major fund of **Living Well Foundation** (the Foundation), a component unit of Hospital Service District No. 1 of Ouachita Parish, as of and for the year ended December 31, 2010, which collectively comprise the Foundation's basic financial statements and have issued our report thereon dated February 28, 2011. 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.

Internal Control over Financial Reporting

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

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.

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

**Board of Directors
Living Well Foundation
West Monroe, Louisiana**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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*.

This report is intended solely for the information and use of management of the Foundation, Hospital Service District No. 1 of Ouachita Parish, entities granting funds to the Foundation, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Huffman, Huffman, Raymond, & Sengine

(A Professional Accounting Corporation)

February 28, 2011