CHARITY HOSPITAL

SCHOOL OF NURSING ALUMNI ASSOCIATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2003 AND 2002

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 11-17-04

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Charity Hospital School of Nursing Alumni Association

We have audited the accompanying statements of financial position of Charity Hospital School of Nursing Alumni Association (a nonprofit organization) as of December 31, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with accounting standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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 Charity Hospital School of Nursing Alumni Association as of December 31, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 to the financial statements, certain errors resulting in an understatement of previously reported investments as of December 31, 2002, were discovered by management of the Association during the current year. Accordingly, an adjustment has been made to net assets as of December 31, 2002, to correct the error.

June 18, 2004

Certified Public Accountants
CHARITY HOSPITAL SCHOOL OF NURSING ALUMNI ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2003 AND 2002

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$65,903</td>
<td>$55,650</td>
</tr>
<tr>
<td>Investments</td>
<td>21,154</td>
<td>18,509</td>
</tr>
<tr>
<td>Merchandise inventory</td>
<td>517</td>
<td>1,060</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$87,574</td>
<td>$75,219</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>$1,102</td>
<td>$6,454</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$1,102</td>
<td>$6,454</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets - unrestricted</td>
<td>68,397</td>
<td>65,671</td>
</tr>
<tr>
<td>Net assets - temporarily restricted</td>
<td>18,075</td>
<td>3,094</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>86,472</td>
<td>68,765</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$87,574</td>
<td>$75,219</td>
</tr>
</tbody>
</table>

See accompanying NOTES TO FINANCIAL STATEMENTS
# CHARITY HOSPITAL SCHOOL OF NURSING ALUMNI ASSOCIATION

## STATEMENTS OF ACTIVITIES

**DECEMBER 31, 2003 AND 2002**

### UNRESTRICTED NET ASSETS

<table>
<thead>
<tr>
<th>Source</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unrestricted Revenue:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special events</td>
<td>$10,846</td>
<td>$10,752</td>
</tr>
<tr>
<td>Membership fees</td>
<td>7,973</td>
<td>10,361</td>
</tr>
<tr>
<td>Commemorative sales</td>
<td>8,246</td>
<td>5,680</td>
</tr>
<tr>
<td>Newsletter contributions</td>
<td>4,114</td>
<td>3,442</td>
</tr>
<tr>
<td>Member contributions</td>
<td>1,570</td>
<td>1,920</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>1,325</td>
<td>436</td>
</tr>
<tr>
<td>Investment return</td>
<td>4,634</td>
<td>5,263</td>
</tr>
</tbody>
</table>

**Total unrestricted revenues**

38,708  37,854

### Net Assets Released from Restrictions:

**Restrictions satisfied by awarding of scholarships**

3,000  3,700

**Total unrestricted revenues and other support**

41,708  41,554

### Expenses:

**Program services:**

- Special events: 11,768  11,157
- Newsletter: 9,815  8,370
- Scholarships: 3,000  3,700
- Commemorative sales: 2,360  4,952
- Student events: 1,542  1,425

**Support services:**

- Management and general: 10,497  7,055

**Total expenses**

38,982  36,659

### Increase in unrestricted net assets

2,726  4,895

### TEMPORARILY RESTRICTED NET ASSETS

<table>
<thead>
<tr>
<th>Source</th>
<th>2003</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scholarship contributions</td>
<td>17,981</td>
<td>4,650</td>
</tr>
</tbody>
</table>

**Net assets released from restrictions:**

- Restrictions satisfied by awarding of scholarships: (3,000)  (3,700)

**Increase in temporarily restricted net assets**

14,981  950

### Increase in net assets

17,707  5,845

### Net assets at beginning of year

68,765  62,920

### Net assets at end of year

$86,472  $68,765

See accompanying NOTES TO FINANCIAL STATEMENTS
CHARITY HOSPITAL SCHOOL OF NURSING ALUMNI ASSOCIATION
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2003 AND 2002

CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:
Increase in net assets $ 17,707 $ 5,845
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:
Unrealized (gain) on investments (4,195) (4,580)
Changes in assets and liabilities:
(Increase) decrease in:
Merchandise inventory 543 (1,060)
Increase (decrease) in:
Deferred revenue (5,352) 6,454
Net cash from operating activities 8,703 6,659

CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:
Proceeds from sale of investments 1,550 -
Net cash from investing activities 1,550 -
Net increase in cash and cash equivalents 10,253 6,659
Cash and cash equivalents at beginning of year 55,650 48,991
Cash and cash equivalents at end of year $ 65,903 $ 55,650

See accompanying NOTES TO FINANCIAL STATEMENTS
CHARITY HOSPITAL SCHOOL OF NURSING ALUMNI ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Charity Hospital School of Nursing Alumni Association (the Association) provides support for current nursing students through scholarships and by raising funds for student activities. The Association members pay membership dues each year and sell commemorative items in order to raise funds.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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 those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Merchandise Inventory

Inventory, which consists of merchandise for resale, is stated at the lower of cost (first-in, first-out method) or market.
(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Association has adopted SFAS No. 116, Accounting for Contributions Received and Contributions Made. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Income Taxes

The Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(7) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

(2) INVESTMENTS

Investments are recorded at quoted market prices and are subject to normal market risk. Investments as of December 31, 2003 and 2002 are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Fair Value</th>
<th>Carrying Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted as of Dec 31, 2003:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank One common stock, 464 shares</td>
<td>$600</td>
<td>$21,154</td>
<td>$21,154</td>
</tr>
<tr>
<td>Unrestricted as of Dec 31, 2002:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank One common stock, 464 shares</td>
<td>$600</td>
<td>$16,959</td>
<td>$16,959</td>
</tr>
<tr>
<td>United States Savings Bonds</td>
<td>$650</td>
<td>$1,550</td>
<td>$1,550</td>
</tr>
<tr>
<td>Total</td>
<td>$1,250</td>
<td>$18,509</td>
<td>$18,509</td>
</tr>
</tbody>
</table>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended December 31, 2003 and 2002:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted 2003</th>
<th>Unrestricted 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividend</td>
<td>$439</td>
<td>$683</td>
</tr>
<tr>
<td>Unrealized gain (loss)</td>
<td>4,195</td>
<td>4,580</td>
</tr>
<tr>
<td>Total investment return</td>
<td>$4,634</td>
<td>$5,263</td>
</tr>
</tbody>
</table>
DEFERRED REVENUE

Deferred revenue consists of payments made on projects which will be completed and delivered during the next year.

RESTRICTIONS ON NET ASSETS

All of the restrictions are related to contributions specifically for scholarships. Those restrictions are considered to expire when scholarships are awarded. As of December 31, 2003 and 2002, temporarily restricted net assets totaled $18,075 and $3,094, respectively.

PRIOR PERIOD ADJUSTMENT

Certain errors resulting in an understatement of investments, as reported in the Association’s previously issued financial statements, were corrected this year. The December 31, 2002 financial statements have been restated to correct these errors. Accordingly, an adjustment to increase investments by $5,373 was made as of December 31, 2002. A corresponding entry was made to increase previously reported unrestricted net assets by $5,373. The effect of the restatement on net earnings of 2002 is not determinable.