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**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

June 30, 1999

Under provisions of state law, this report is a public document. A copy of the report shall be furnished to the audited entity and other appropriate 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 1-12-00

Audit of Financial Statements

June 30, 1999



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To the Board of Directors
Southeastern Louisiana Area
Health Education Center Foundation

Independent Auditor's Report

We have audited the statement of financial position of **SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION** as of June 30, 1999, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the 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 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, and the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION** as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 16, 1999, on our consideration of **SOUTHEASTERN 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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of **SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION** 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 (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the accompanying financial information in Schedules I through III, is presented for purposes of additional information. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

November 16, 1999

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
STATEMENT OF FINANCIAL POSITION
June 30, 1999**

ASSETS

Cash	\$ 11,076
Due from LSUMC	96,986
Grants Receivable	175,939
Other Receivables	67,800
Deposits	300
Other Assets	15,857
Autos, Furniture and Equipment, Net	<u>32,564</u>
 Total Assets	 <u><u>\$ 400,522</u></u>

LIABILITIES

Accounts Payable	\$ 167,159
Accounts Payable - Other	1,725
Deferred Revenue - LSUMC	36,615
Deferred Revenue - Other	<u>16,242</u>
 Total Liabilities	 221,741

NET ASSETS

Unrestricted - Designated for Future Expenditures	<u>178,781</u>
 Total Liabilities and Net Assets	 <u><u>\$ 400,522</u></u>

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

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 1999**

UNRESTRICTED NET ASSETS

SUPPORT AND REVENUE

Cooperative Endeavor with LSUMC - State Portion	\$ 477,412
Cooperative Endeavor with LSUMC - Federal Portion	72,322
Federal Grant Revenue	856,434
State Grant Revenue	11,311
Dental Revenue	10,384
Interest Income	989
Librarian Services	15,000
Continuing Education Revenue	21,931
Other	<u>182,309</u>

Total Unrestricted Support and Revenue 1,648,092

EXPENSES

Program Services:

Rural Health Outreach Services	133,546
Job Training	306,753
Services to People with AIDS/HIV - Ryan White - Title II	223,402
Rural Aids Prevention III	31,676
Rural Aids Prevention IX	73,522
Educational and Recruitment Programs	24,170
Learning Resource Center	36,004
Contractual	77,972
Other Programs	109,244
Program Management	<u>303,169</u>

Total Program Services 1,319,458

Supporting Services

General and Administrative	<u>330,008</u>
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Total Supporting Services 330,008

Total Expenses 1,649,466

DECREASE IN UNRESTRICTED NET ASSETS (1,374)

UNRESTRICTED NET ASSETS - BEGINNING OF YEAR 180,155

UNRESTRICTED NET ASSETS - END OF YEAR \$ 178,781

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

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 1999**

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in Unrestricted Net Assets	\$ (1,374)
Adjustments to Reconcile Decrease in Unrestricted Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	20,715
(Increase) in Due from LSUMC	(15,707)
(Increase) in Grant Receivable	(62,279)
(Increase) in Other Receivables	(16,841)
(Increase) in Other Assets	(12,743)
Increase in Accounts Payable	75,712
Increase in Accounts Payable - Other	1,725
Increase in Deferred Revenue - LSUMC	18,738
Increase in Deferred Revenue - Other	<u>1,723</u>
Cash Provided by Operating Activities	<u>9,669</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,669
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,407</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 11,076</u></u>

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

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION ("SELAHEC") is a Louisiana nonprofit organization chartered on June 22, 1989. Its purpose is to operate an area health education center in Southeastern Louisiana in order to plan for additional clinical educational opportunities in rural and underserved communities.

FEDERAL INCOME TAXES

SELAHEC is exempt from Federal Income Tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

BASIS OF ACCOUNTING

SELAHEC prepares its financial statements in accordance with generally accepted accounting principles, involving the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

BASIS OF 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 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.

USE OF ESTIMATES

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

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. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or 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. No contributions were received during the year.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DONATED GOODS AND SERVICES

Under SFAS No. 116, organizations are required to recognize as revenue and related expense, services received if the organization would typically need to purchase the services if not received as donations. No amounts have been reflected in the financial statements for donated goods and services because there was either no objective basis available to measure their value or the value given was immaterial to the financial statements taken as a whole.

REVENUE AND EXPENSES

Support for SELAHEC is provided primarily by the Louisiana State University and Agricultural and Mechanical College acting on behalf of the Louisiana State University Medical Center (LSUMC), and by federal grants received either directly from federal agencies or passed through state and local governmental agencies.

Expenditures pertaining to the funding provided by LSUMC are to be made in accordance with a budget which has been adopted and made a part of the cooperative endeavor with LSUMC. SELAHEC is to be reimbursed by LSUMC for costs incurred in carrying out the provisions of the agreement.

For federal and state grants administered on a cost-reimbursement basis, revenue is recognized as expenses are incurred.

AUTOS, FURNITURE AND EQUIPMENT

Effective with the October 1, 1994 cooperative endeavor between LSUMC and SELAHEC, title to equipment purchased with these funds is to remain with SELAHEC. Prior to October 1, 1994, title to equipment purchased with these funds was to remain with LSUMC. Therefore, equipment purchased with funds provided by LSUMC during the fiscal year ended June 30, 1999 has been capitalized and recorded in the Statement of Financial Position. In addition, the costs of automobiles, furniture, and office equipment purchased with funds provided by federal award programs have been capitalized and recorded in the Statement of Financial Position. Acquisitions of property and equipment in excess of \$1,000 and an economic useful life greater than one year are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

CASH FLOW INFORMATION

SELAHEC considers all short-term investments with an original maturity of three months or less to be cash equivalents. SELAHEC did not make any cash payments for interest or income taxes during the year ended June 30, 1999.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ECONOMIC DEPENDENCY

Support for SELAHEC is provided primarily by appropriations from the Louisiana State Legislature via a cooperative endeavor with the Louisiana State University Medical Center (LSUMC). SELAHEC also receives grants through federal and state agencies. The continued operations of SELAHEC are dependent upon the renewal by these funding sources.

ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising expense totaled \$5,517 for the year.

NOTE B

AUTOS, FURNITURE AND EQUIPMENT

As of June 30, 1999, SELAHEC held the following assets:

Equipment - Medical/Educational	\$ 2,538
Office Equipment	63,542
Office Equipment - Donated (Valued at Fair Market Value)	<u>22,714</u>
	88,794
Less: Accumulated Depreciation	<u>(56,230)</u>
	<u>\$ 32,564</u>

All assets are depreciated using the straight-line basis over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 1999 totaled \$20,715.

The amount of equipment used in program and support services, but not capitalized as described in Note A above is as follows:

Furniture and Fixtures	\$ 8,037
Computer Hardware	15,794
Audio Visual Equipment	7,413
Office Equipment	7,371
Library Furniture and Fixtures	28,126
Computer Software	<u>2,308</u>
	<u>\$ 69,049</u>

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE C

RETIREMENT PLAN

SELAHEC established an employer sponsored 403(b) Annuity Plan effective October 1, 1990 to provide retirement benefits for employees of SELAHEC and the payment of benefits to employees and their beneficiaries. The Organization's contribution was 7% of the employees' salaries during the year ended June 30, 1999. Additionally, an amount determined by resolution of the Board of Directors of SELAHEC may be contributed to the Plan. The contribution to the Plan for June 30, 1999 amounted to \$45,746.

NOTE D

OPERATING LEASE AGREEMENTS

SELAHEC leases office space under operating leases expiring in 1999.

Minimum future rental payments under these operating leases are as follows:

1999	<u>\$ 48,480</u>
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Total rent expense incurred by SELAHEC was \$62,640.

NOTE E

DEFERRED REVENUE - LSUMC

The balance of Deferred Revenue - LSUMC reflected on the statement of financial position of SELAHEC pertain to advance funding provided by LSUMC for the costs associated with SELAHEC's Primary Care Elective Program.

Through SELAHEC's Primary Care Elective Program, medical students are placed in various health care facilities to complete their primary care elective. This elective requires students to provide health care services at the facility in which they have been placed. This program operates primarily during the months of June through August.

Students who participate in this program receive a stipend to cover costs such as travel and meals. In order to ease the cash flow burden required of SELAHEC during the months in which this program is effective, funding is requested throughout the contract year. This enables SELAHEC to have the cash available to pay the stipends to the participating students.

At June 30, 1999, SELAHEC had received approximately \$69,000 to fund the program. However, the actual amount of stipends earned by students pertaining to the 1998/1999 budget was approximately \$32,385. Thus, the remaining balance of approximately \$36,615 pertains to funding received to pay stipends, which will be incurred in July and August of 1999.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

NOTE F

DEFERRED REVENUE - OTHER

Deferred Revenue - Other consists of funds received but not earned as of June 30, 1999. These funds pertain to the following contracts:

Ryan White II	\$ 12,000
Robert Wood Johnson	1,608
LSUMC – School of Dentistry	1,434
HOPWA	<u>1,200</u>
	<u>\$ 16,242</u>

For these contracts, revenues are recognized as expenses are incurred.

NOTE G

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and 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.

SOUTHEASTERN LOUISIANA AREA
HEALTH EDUCATION CENTER FOUNDATION
SUPPLEMENTARY INFORMATION

SCHEDULE I
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
JUNE 30, 1999

	LSUMC Funding	LLAPS Program	JTPA	Ryan White Title IV/ HOPWA	Rural Aids Prevention Program Region III	Rural Aids Prevention Program Region IX	Other Programs	Plant Fund	Totals
ASSETS									
Cash	\$ 10,149	\$ 927	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,076
Due from LSUMC	96,986	-	-	-	-	-	-	-	96,986
Grants Receivable	-	9,533	35,213	58,231	7,779	8,287	56,896	-	175,939
Other Receivables	66,209	1,591	-	-	-	-	-	-	67,800
Due from Other Programs	132,174	-	-	-	-	-	-	-	132,174
Deposits	300	-	-	-	-	-	-	-	300
Other Assets	3,857	-	-	12,000	-	-	-	-	15,857
Autos, Furniture and Equipment, Net	-	-	-	-	-	-	-	32,564	32,564
Total Assets	\$ 309,675	\$ 12,051	\$ 35,213	\$ 70,231	\$ 7,779	\$ 8,287	\$ 56,896	\$ 32,564	\$ 532,696
LIABILITIES									
Accounts Payable	\$ 122,163	\$ 8,206	\$ 12,819	\$ 15,623	\$ 896	\$ 1,073	\$ 6,379	\$ -	\$ 167,159
Accounts Payable	1,725	-	-	-	-	-	-	-	1,725
Deferred Revenue - LSUMC	36,615	-	-	-	-	-	-	-	36,615
Deferred Revenue - Other	1,434	-	-	13,200	-	-	1,608	-	16,242
Due to Other Programs	-	3,845	22,394	41,321	6,883	7,214	50,517	-	132,174
Total Liabilities	161,937	12,051	35,213	70,144	7,779	8,287	58,504	-	353,915
NET ASSETS									
Unrestricted - Designated for Future Expenditures	146,130	-	-	87	-	-	-	32,564	178,781
Total Liabilities and Net Assets	\$ 308,067	\$ 12,051	\$ 35,213	\$ 70,231	\$ 7,779	\$ 8,287	\$ 58,504	\$ 32,564	\$ 532,696

SOUTHEASTERN LOUISIANA AREA
HEALTH EDUCATION CENTER FOUNDATION
SUPPLEMENTARY INFORMATION

SCHEDULE II

COMBINING SCHEDULE OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN NET ASSETS

For The Year Ended June 30, 1999

	LSUMC Funding	LLAPS Program	JTPA	Ryan White Title II/ HOPWA	Rural Aids		Rural Aids Prevention Program Region IX	Other Programs	Plant Fund	Totals
					Prevention Program Region III	Prevention Program Region IX				
SUPPORT AND REVENUE										
Cooperative Endeavor with LSUMC - State Portion	\$ 477,412	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 477,412
Cooperative Endeavor with LSUMC - Federal Portion	72,322	-	-	-	-	-	-	-	-	72,322
Federal Grant Revenue	-	133,546	306,753	229,514	51,676	73,522	81,423	11,311	-	856,434
State Grant Revenue	-	-	-	-	-	-	-	-	-	11,311
Dental Revenue	10,384	-	-	-	-	-	-	-	-	10,384
Interest Income	989	-	-	-	-	-	-	-	-	989
Librarian Services	15,000	-	-	-	-	-	-	-	-	15,000
Continuing Education Revenue	21,931	-	-	-	-	-	-	-	-	21,931
Other	165,799	-	-	-	-	-	16,510	-	-	182,309
Total Support and Revenue	763,837	133,546	306,753	229,514	31,676	73,522	109,244	-	-	1,648,092
EXPENSES										
Salaries and Related Benefits	462,922	82,859	234,865	93,780	27,497	64,549	58,326	-	-	1,024,798
Supplies and Maintenance	45,476	22,245	16,700	6,798	556	1,995	2,910	-	-	96,680
Equipment Expense	13,846	-	6,489	6,199	200	-	-	-	-	26,734
Rent	25,517	3,394	25,800	8,308	-	-	1,664	-	-	64,683
Utilities	5,569	1,008	7,773	10,086	776	1,285	-	-	-	26,497
Travel	4,377	8,367	-	730	1,862	3,747	8,791	-	-	27,874
Library	36,004	-	-	-	-	-	-	-	-	36,004
Contractual	77,972	14,938	-	-	-	-	-	-	-	92,910
Professional Costs	30,959	-	1,206	-	785	1,761	12,329	-	-	47,040
Legal Expenses	1,120	-	-	-	-	-	-	-	-	1,120
Programs	24,170	-	-	-	-	-	-	-	-	24,170
Client Services	-	-	-	85,333	-	-	-	-	-	85,333
Dues and Conferences	6,603	-	-	969	-	185	-	-	-	7,757
Automotive Expenses	-	570	-	-	-	-	-	-	-	570
Depreciation	-	-	-	-	-	-	-	-	20,715	20,715
Other	16,073	165	13,920	11,199	-	-	25,224	-	-	66,581
Total Expenses	730,608	133,546	306,753	223,402	31,676	73,522	109,244	20,715	-	1,549,466
INCREASE (DECREASE) IN NET ASSETS	13,229	-	-	6,112	-	-	-	(20,715)	-	(1,374)
NET ASSETS - BEGINNING OF YEAR	132,901	-	-	(6,025)	-	-	-	53,279	-	180,155
NET ASSETS - END OF YEAR	\$ 146,130	\$ -	\$ -	\$ 87	\$ -	\$ -	\$ -	\$ -	\$ 32,564	\$ 178,781

**SOUTHEASTERN LOUISIANA AREA
HEALTH EDUCATION CENTER FOUNDATION
SUPPLEMENTARY INFORMATION**

**SCHEDULE III
ALLOCATION OF PROGRAM MANAGEMENT AND GENERAL
AND ADMINISTRATIVE EXPENSES
For The Year Ended June 30, 1999**

Expense Description	Amount	Allocation	
		Program Management	General and Administrative
Salaries and Related Benefits	\$ 462,922	\$ 229,146	\$ 233,776
Supplies and Maintenance	45,476	22,511	22,965
Rent	25,517	12,631	12,886
Professional Costs	30,959	15,325	15,634
Depreciation	20,715	-	20,715
Travel	4,377	2,167	2,210
Dues and Conferences	6,603	3,268	3,335
Utilities	5,569	2,757	2,812
Equipment Expense	13,846	6,854	6,992
Legal Expenses	1,120	554	566
Other	16,073	7,956	8,117
Totals	<u>\$ 633,177</u>	<u>\$ 303,169</u>	<u>\$ 330,008</u>

OMB CIRCULAR A-133 SECTION

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 1999**

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Revenue Recognized</u>	<u>Federal Disbursements Expenditures</u>
<u>U.S. Department of Health and Human Services</u>				
Direct Award:				
Rural Health Outreach	93.912	N/A	\$ 133,546	\$ 133,546
Passed-through Louisiana State University Medical Center:				
Area Health Education Centers - Model Programs	93.107	None	72,322	72,322
Passed-through City of New Orleans - Office of Health Policy:				
Ryan White Comprehensive Aids Resources Emergency Act of 1990 - Title I	93.914	98OHP0014C	53,504	53,504
Passed-through State Department of Health and Hospitals:				
Ryan White Comprehensive Aids Resources Emergency Act of 1990 - Title II	93.917	16527/17005	200,040	193,928
Women's Preventive Health Program	93.919	15617	27,919	27,919
Rural Aids Prevention Program Region III	93.940	14547/16716	31,676	31,676

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended June 30, 1999**

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Revenue Recognized</u>	<u>Federal Disbursements Expenditures</u>
Rural Aids Prevention Program Region IX	93.940	14547/16716	<u>73,522</u>	<u>73,522</u>
Subtotal - U.S. Department of Health and Human Services			<u>592,529</u>	<u>586,417</u>
<u>U.S. Department of Labor</u>				
Passed-through State Department of Labor and the Tangipahoa Parish School System				
Job Training Partnership Act	17.246	1206	<u>306,753</u>	<u>306,753</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed-through State Department Health and Hospitals				
Housing Opportunities for Persons with Aids	14.241	16501	<u>29,474</u>	<u>29,474</u>
Total			<u>\$ 928,756</u>	<u>\$ 922,644</u>

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 1999**

NOTE A

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the grant activity of **SOUTHEASTERN 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*.



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

To the Board of Directors
**Southeastern Louisiana Area
Health Education Center Foundation**

We have audited the financial statements of **SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION ("SELAHEC")** (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued our report thereon dated November 16, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether SELAHEC'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 statements 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 SELAHEC'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.

This report is intended for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, 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.



A Professional Accounting Corporation

November 16, 1999



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

To the Board of Directors
Southeastern Louisiana Area
Health Education Center Foundation

Compliance

We have audited the compliance of **SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION's ("SELAHEC")** (a nonprofit organization) with the types of compliance requirements described in the United States 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 June 30, 1999. SELAHEC'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 SELAHEC's management. Our responsibility is to express an opinion on SELAHEC's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 SELAHEC'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 SELAHEC's compliance with those requirements.

In our opinion, SELAHEC complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of SELAHEC is responsible for 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 SELAHEC'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 an opinion on compliance and to test and report on 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 material in relation to the major federal program 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 compliance that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, 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.



A Professional Accounting Corporation

November 16, 1999

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COST
For The Year Ended June 30, 1999**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of SELAHEC.
2. No reportable conditions relating to the audit of the financial statements of SELAHEC were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of SELAHEC were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is 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.
5. The auditor's report on compliance for the major federal award programs for SELAHEC expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for SELAHEC are reported in Part C. of this Schedule.
7. The programs tested as major programs included:

<u>PROGRAM</u>	<u>CFDA No.</u>
Job Training Partnership Act	17.246
Ryan White Comprehensive Aids Resources Emergency Act of 1990 - Title II	93.917

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. SELAHEC was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended June 30, 1999**

There were no findings noted in the prior year audit.