

**SOUTHWEST LOUISIANA AREA
HEALTH EDUCATION CENTER
FOUNDATION**

Lafayette, Louisiana

Financial Report

Years Ended June 30, 2018 and 2017

TABLE OF CONTENTS

Page

INDEPENDENT AUDITORS' REPORT

1-2

FINANCIAL STATEMENTS

Statements of Financial Position

3

Statements of Activities

4

Statement of Functional Expenses - 2018

5-7

Statement of Functional Expenses - 2017

8-10

Statements of Cash Flows

11

NOTES TO FINANCIAL STATEMENTS

12-19

SUPPLEMENTAL INFORMATION

INTERNAL CONTROL, COMPLIANCE AND OTHER GRANT INFORMATION

Schedule of Expenditures of Federal Awards

22

Notes to the Schedule of Expenditures of Federal Awards

23

Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

24-25

Independent Auditors' Report on Compliance For Each Major Program and On
Internal Control Over Compliance Required By the Uniform Guidance

26-27

Schedule of Findings and Questioned Costs

28-29

Summary Schedule of Prior Audit Findings

30

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INDEPENDENT AUDITORS' REPORT

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The Board of Directors
Southwest Louisiana Area Health
Education Center Foundation
Lafayette, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Southwest Louisiana Area Health Education Center Foundation (SWLAHEC) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

Unless otherwise expressly indicated, any tax advice contained in this communication, or attachments are not intended for use and cannot be used: (i) to avoid any penalties under the Internal Revenue Code; or (ii) to promote, market or recommend to another party the tax consequences of any matter addressed therein. This communication (and/or the documents accompanying it) may contain confidential information belonging to the sender, which is protected by the Accountant-Client privilege. The information is intended only for the use of the individual or entity named above. If you are not the intended recipient, you are hereby notified that any use, disclosure, copying, distribution, or the taking of any action in reliance on the contents of this information is strictly prohibited. If you have received this communication in error, please notify us by telephone immediately.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SWLAHEC as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of SWLAHEC'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 solely 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 effectiveness of the SWLAHEC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SWLAHEC's internal control over financial reporting and compliance.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

Lafayette, Louisiana
November 30, 2018

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and Interest Bearing Deposits	\$ 449,198	\$ 425,946
Due from Other Agencies	677,521	672,570
Prepaid Expenses	<u>4,711</u>	<u>3,603</u>
Total Current Assets	<u>1,131,430</u>	<u>1,102,119</u>
 PROPERTY AND EQUIPMENT (NET)	 <u>474,939</u>	 <u>484,488</u>
 OTHER ASSETS		
Utility Deposits	<u>1,206</u>	<u>1,206</u>
Total Other Assets	<u>1,206</u>	<u>1,206</u>
 TOTAL ASSETS	 <u>\$ 1,607,575</u>	 <u>\$ 1,587,813</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 56,402	\$ 106,325
Accrued Liabilities	72,983	74,148
Deferred Revenue	<u>48,723</u>	<u>6,542</u>
Total Current Liabilities	<u>178,108</u>	<u>187,015</u>
 NET ASSETS		
Unrestricted	1,394,454	1,368,060
Temporarily Restricted	<u>35,013</u>	<u>32,738</u>
Total Net Assets	<u>1,429,467</u>	<u>1,400,798</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,607,575</u>	 <u>\$ 1,587,813</u>

The accompanying notes are an integral part of these statements.

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**STATEMENTS OF ACTIVITIES
JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
UNRESTRICTED NET ASSETS		
REVENUES AND OTHER SUPPORT		
Grant Revenue	\$ 3,562,996	\$ 3,920,959
Interest Income	1,341	975
Miscellaneous Revenue	<u>85,936</u>	<u>99,671</u>
Total Unrestricted Revenues and Other Support	3,650,273	4,021,605
 NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of Equipment Acquisition Restrictions	<u>(2,275)</u>	<u>(6,502)</u>
 Total Revenues, Other Support, and Net Assets Released From Restrictions	 <u>3,647,998</u>	 <u>4,015,103</u>
 EXPENSES		
Program Services:		
Health Education	3,003,290	3,384,667
Supporting Services:		
Management and General	<u>618,314</u>	<u>612,349</u>
Total Expenses	<u>3,621,604</u>	<u>3,997,016</u>
 CHANGE IN UNRESTRICTED NET ASSETS	 <u>26,394</u>	 <u>18,087</u>
 TEMPORARILY RESTRICTED NET ASSETS		
Equipment Acquisition Restrictions	<u>2,275</u>	<u>6,502</u>
 CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	 <u>2,275</u>	 <u>6,502</u>
 CHANGE IN NET ASSETS	 28,669	 24,589
 NET ASSETS AT BEGINNING OF YEAR	 <u>1,400,798</u>	 <u>1,376,209</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 1,429,467</u>	 <u>\$ 1,400,798</u>

The accompanying notes are an integral part of these statements.

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2018**

	Calcasieu Parish Health Unit	Launch	Fetal Infant Mortality Review	HIV/AIDS- HAP	HOSA
Compensation and Related Expenses					
Salaries	\$ 339,505	\$ 299,528	\$ 106,107	\$ 18,474	\$ -
Employee Benefits					
Medical and Dental Insurance	31,317	19,055	9,237	3,685	-
401(k) Retirement Contributions	10,914	8,487	3,037	720	-
Payroll Taxes	<u>27,312</u>	<u>22,787</u>	<u>8,376</u>	<u>1,465</u>	<u>-</u>
	409,048	349,857	126,757	24,344	-
Conference Registration	-	4,828	-	-	1,225
Contractual Services	-	106,428	-	1,663	845
Depreciation	-	2,289	944	-	303
Equipment	-	-	-	-	-
Insurance	1,558	1,360	505	88	-
Marketing Expense	-	-	-	20	-
Meetings Expense	-	10,700	-	1,324	9,517
Other	1,026	4,375	47	-	310
Postage	-	102	-	44	69
Printing	-	-	-	186	42
Professional Fees	-	-	-	-	-
Rental Expense	-	-	-	1,902	-
Repairs and Maintenance	-	-	-	-	-
Stipends	-	-	-	-	-
Sponsorship Expenses	-	-	-	-	-
Subscriptions	-	-	-	-	-
Supplies	72	93,805	1,887	4,191	12,032
Travel and Transportation	530	37,308	2,697	4,066	5,308
Utilities and Telephone	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,273</u>	<u>353</u>
TOTAL	<u>\$ 412,234</u>	<u>\$ 611,052</u>	<u>\$ 132,837</u>	<u>\$ 39,101</u>	<u>\$ 30,004</u>

The accompanying notes are an integral part of these statements.

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES - continued
JUNE 30, 2018**

	<u>SNAP</u>	<u>Nurse Family Partnership</u>	<u>Well Ahead</u>	<u>Partnership</u>	<u>Navigator</u>
Compensation and Related Expenses					
Salaries	\$ 59,000	\$ 287,744	\$ 23,111	\$ 39,330	\$ 136,630
Employee Benefits					
Medical and Dental Insurance	10,318	9,778	2,827	5,000	18,173
401(k) Retirement Contributions	1,499	6,735	879	1,520	4,830
Payroll Taxes	4,668	22,877	2,740	3,048	11,358
	<u>75,485</u>	<u>327,134</u>	<u>29,557</u>	<u>48,898</u>	<u>170,991</u>
Conference Registration	700	-	1,150	198	477
Contractual Services	-	200	175,595	1,502	231,011
Depreciation	-	2,449	-	151	1,002
Equipment	-	-	-	-	-
Insurance	251	95	95	181	1,812
Marketing Expense	-	-	-	-	2,067
Meetings Expense	-	-	-	-	-
Other	-	320	1,715	1,026	58
Postage	-	-	153	24	1,748
Printing	2,683	-	159	-	5,913
Professional Fees	-	-	-	-	-
Rental Expense	-	-	-	252	-
Repairs and Maintenance	-	-	-	-	-
Stipends	-	-	-	-	-
Sponsorship Expenses	-	-	-	-	-
Subscriptions	-	-	-	-	-
Supplies	5,052	13,211	6,087	-	2,224
Travel and Transportation	7,105	33,459	6,762	893	8,852
Utilities and Telephone	-	-	237	-	4,102
	<u>-</u>	<u>-</u>	<u>237</u>	<u>-</u>	<u>4,102</u>
TOTAL	<u>\$ 91,276</u>	<u>\$ 376,868</u>	<u>\$ 221,510</u>	<u>\$ 53,125</u>	<u>\$ 430,257</u>

The accompanying notes are an integral part of these statements.

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES - continued
JUNE 30, 2018**

	WIC IV	WIC V	Other Programs	Total Program Services	Management and General	Total
Compensation and Related Expenses						
Salaries	\$ 120,318	\$ 96,083	\$ 160,777	\$ 1,686,607	\$ 368,350	\$ 2,054,957
Employee Benefits						
Medical and Dental Insurance	9,371	17,154	6,047	141,962	40,148	182,110
401(k) Retirement Contributions	761	3,482	3,281	46,145	14,827	60,972
Payroll Taxes	<u>9,790</u>	<u>7,777</u>	<u>12,776</u>	<u>134,974</u>	<u>27,294</u>	<u>162,268</u>
	140,240	124,496	182,881	2,009,688	450,619	2,460,307
Conference Registration	-	-	1,344	9,922	3,267	13,189
Contractual Services	-	-	63,279	580,523	68,899	649,422
Depreciation	-	-	3,195	10,333	11,954	22,287
Equipment	-	-	-	-	230	230
Insurance	524	449	766	7,684	33,289	40,973
Marketing Expense	-	-	193	2,280	-	2,280
Meetings Expense	-	-	2,238	23,779	4,739	28,518
Other	-	-	2,971	11,848	1,141	12,989
Postage	-	-	415	2,555	1	2,556
Printing	-	-	411	9,394	1,014	10,408
Professional Fees	-	-	-	-	746	746
Rental Expense	-	-	14,806	16,960	3,824	20,784
Repairs and Maintenance	-	-	-	-	2,974	2,974
Stipends	-	-	20,240	20,240	160	20,400
Sponsorship Expenses	-	-	-	-	750	750
Subscriptions	-	-	117	117	717	834
Supplies	-	-	19,244	157,805	7,965	165,770
Travel and Transportation	2,383	-	22,344	131,707	10,168	141,875
Utilities and Telephone	<u>-</u>	<u>54</u>	<u>2,436</u>	<u>8,455</u>	<u>15,857</u>	<u>24,312</u>
TOTAL	<u>\$ 143,147</u>	<u>\$ 124,999</u>	<u>\$ 336,880</u>	<u>\$ 3,003,290</u>	<u>\$ 618,314</u>	<u>\$ 3,621,604</u>

The accompanying notes are an integral part of these statements.

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2017**

	Calcasieu Parish Health Unit	Launch	Fetal Infant Mortality Review	HIV/AIDS- HAP	HOSA
Compensation and Related Expenses					
Salaries	\$ 335,085	\$ 266,776	\$ 142,459	\$ 17,990	\$ -
Employee Benefits					
Medical and Dental Insurance	35,107	18,903	12,495	4,172	-
401(k) Retirement Contributions	11,465	10,684	5,586	739	-
Payroll Taxes	27,247	19,602	11,377	1,448	-
	<u>408,904</u>	<u>315,965</u>	<u>171,917</u>	<u>24,349</u>	<u>-</u>
Conference Registration	-	5,610	400	-	5,280
Contractual Services	-	84,093	-	-	100
Depreciation	-	1,841	993	-	303
Equipment	-	-	-	-	-
Incentives	-	-	-	-	-
Insurance	1,449	1,155	635	78	-
Marketing Expense	-	-	-	205	-
Meetings Expense	-	13,543	-	588	39,795
Other	403	431	-	150	330
Postage	-	24	102	24	106
Printing	-	-	-	221	120
Professional Fees	-	-	-	-	-
Rental Expense	-	2,544	-	2,052	-
Repairs and Maintenance	-	-	-	-	-
Stipends	-	-	-	-	-
Sponsorship Expenses	-	-	-	-	-
Subscriptions	-	-	-	-	97
Supplies	156	26,912	2,459	3,189	5,934
Travel and Transportation	131	14,197	3,129	3,024	11,412
Utilities and Telephone	-	-	-	1,272	251
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,272</u>	<u>251</u>
TOTAL	<u>\$ 411,043</u>	<u>\$ 466,315</u>	<u>\$ 179,635</u>	<u>\$ 35,152</u>	<u>\$ 63,728</u>

The accompanying notes are an integral part of these statements.

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES - continued
JUNE 30, 2017**

	SNAP	Nurse Family Partnership	Well Ahead	Partnership	Navigator
Compensation and Related Expenses					
Salaries	\$ 48,844	\$ 249,419	\$ 101,731	\$ 32,443	\$ 205,786
Employee Benefits					
Medical and Dental Insurance	7,426	7,040	11,937	4,413	27,599
401(k) Retirement Contributions	485	4,435	2,260	499	6,107
Payroll Taxes	3,975	19,616	8,400	2,425	16,099
	60,730	280,510	124,328	39,780	255,591
Conference Registration	700	-	289	148	1,052
Contractual Services	-	-	170,650	322	690,580
Depreciation	-	605	-	151	1,002
Equipment	-	-	-	-	(657)
Incentives	-	-	-	-	700
Insurance	191	581	461	132	1,316
Marketing Expense	-	-	305	-	16,004
Meetings Expense	-	-	274	73	21
Other	-	180	340	663	872
Postage	4	-	496	-	2,304
Printing	3,957	-	4,206	107	8,723
Professional Fees	-	-	-	-	-
Rental Expense	-	-	-	252	-
Repairs and Maintenance	-	-	-	-	-
Stipends	-	-	-	-	-
Sponsorship Expenses	-	-	-	-	500
Subscriptions	-	-	-	252	-
Supplies	1,213	12,384	2,940	812	7,472
Travel and Transportation	4,577	19,147	11,005	691	21,770
Utilities and Telephone	4,000	-	1,299	-	9,476
	\$ 75,372	\$ 313,407	\$ 316,593	\$ 43,383	\$ 1,016,726
TOTAL	\$ 75,372	\$ 313,407	\$ 316,593	\$ 43,383	\$ 1,016,726

The accompanying notes are an integral part of these statements.

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES - continued
JUNE 30, 2017**

	<u>WIC IV</u>	<u>WIC V</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total</u>
Compensation and Related Expenses						
Salaries	\$ 117,131	\$ 91,577	\$ 87,868	\$ 1,697,109	\$ 350,983	\$ 2,048,092
Employee Benefits						
Medical and Dental Insurance	21,166	12,400	396	163,054	39,715	202,769
401(k) Retirement Contributions	4,170	1,726	2,251	50,407	17,918	68,325
Payroll Taxes	<u>9,520</u>	<u>7,499</u>	<u>6,537</u>	<u>133,745</u>	<u>27,394</u>	<u>161,139</u>
	151,987	113,202	97,052	2,044,315	436,010	2,480,325
Conference Registration	-	-	-	13,479	1,450	14,929
Contractual Services	-	-	22,433	968,178	41,407	1,009,585
Depreciation	-	-	2,486	7,381	11,433	18,814
Equipment	-	-	3,707	3,050	1,857	4,907
Incentives	-	-	-	700	-	700
Insurance	508	391	352	7,249	35,477	42,726
Marketing Expense	-	-	480	16,994	-	16,994
Meetings Expense	-	-	1,189	55,483	6,866	62,349
Other	-	-	2,573	5,942	5,100	11,042
Postage	-	-	202	3,262	1,304	4,566
Printing	-	-	181	17,515	1,026	18,541
Professional Fees	-	-	-	-	21,061	21,061
Rental Expense	-	-	14,404	19,252	4,271	23,523
Repairs and Maintenance	-	-	-	-	4,823	4,823
Stipends	-	-	20,400	20,400	1,200	21,600
Sponsorship Expenses	-	-	-	500	250	750
Subscriptions	-	-	370	719	7,553	8,272
Supplies	-	-	13,457	76,928	10,419	87,347
Travel and Transportation	2,150	834	13,390	105,457	6,665	112,122
Utilities and Telephone	<u>-</u>	<u>-</u>	<u>1,565</u>	<u>17,863</u>	<u>14,177</u>	<u>32,040</u>
TOTAL	<u>\$ 154,645</u>	<u>\$ 114,427</u>	<u>\$ 194,241</u>	<u>\$ 3,384,667</u>	<u>\$ 612,349</u>	<u>\$ 3,997,016</u>

The accompanying notes are an integral part of these statements.

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**STATEMENTS OF CASH FLOWS
JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 28,669	\$ 24,589
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation	22,287	18,814
Changes in Current Assets and Liabilities:		
Due from Other Agencies	(4,951)	130,435
Prepaid Expenses	(1,108)	(1)
Accounts Payable	(49,923)	(3,027)
Accrued Liabilities	(1,165)	(7,589)
Deferred Revenue	<u>42,181</u>	<u>6,427</u>
Net Cash Provided By Operating Activities	<u>35,990</u>	<u>169,648</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	<u>(12,738)</u>	<u>(40,641)</u>
Net Cash (Used In) Investing Activities	<u>(12,738)</u>	<u>(40,641)</u>
NET INCREASE IN CASH AND EQUIVALENTS	23,252	129,007
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>425,946</u>	<u>296,939</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 449,198</u>	<u>\$ 425,946</u>

The accompanying notes are an integral part of these statements.

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Southwest Louisiana Area Health Education Center Foundation (SWLAHEC) is a Louisiana nonprofit corporation chartered on March 7, 1991. The mission of SWLAHEC is to improve health status through access to information, education and health services. The Organization seeks to improve health through numerous programs focusing on two main areas: 1) recruiting and educating health professionals and 2) educating the public on how to live healthier lives.

SWLAHEC is an independent nonprofit organization and a member of the national network of Area Health Education Centers (AHECs) operating in 48 states. AHECs are administered by the U.S. Health Resources and Services Administration's Bureau of Health Professions. The AHEC network was launched in 1972 by federal legislation.

Basis of Presentation

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.

Basis of Accounting

The financial statements of SWLAHEC have been prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Contributions and Support

All contributions received are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets in the statement of activities.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Allowance for Doubtful Accounts

SWLAHEC considers accounts receivable/due from other agencies to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded at June 30, 2018 and 2017.

The Organization generally does not require collateral, and the majority of its receivables are unsecured. The carrying amount for accounts receivable approximates fair value.

Deferred Revenue

Deferred revenue represents funding received for which the related expenses have not been incurred by the Organization. At June 30, 2018 and 2017 deferred revenues were \$48,723 and \$6,542, respectively.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Federal Financial Awards

Revenues for direct and indirect federal contracts are recorded based on expenses incurred for contracts that are on a cost reimbursement basis, and based on the units of service for those contracts which are on a fee for service basis. In the Statement of Activities, these revenues are referred to as 'grant revenue'. Related contract receivables are referred to as 'due from other agencies' in the Statement of Financial Position.

Donated Services

SWLAHEC receives donated services from unpaid volunteers who assist in program services during the year. These donated services are not reflected in the statements of activities because the criteria for recognition under Accounting Standards Codification (ASC) 958-605-50-1 have not been satisfied.

Property and Equipment

The Organization capitalizes all expenditures in excess of \$500 for property and equipment at historical cost at the date of acquisition. Property and equipment purchased with grant funds, excluding those purchased under the LSUHSC agreement as discussed below, are considered to be temporarily restricted. In the absence of donor stipulations regarding how long the asset must be used, SWLAHEC has adopted a policy of implying a time restriction that expires over the useful life of the assets. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Estimated useful lives for buildings are 39 years and equipment, furniture and fixtures have useful lives ranging from 5 to 10 years.

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Property and Equipment - continued

The cost of office furniture and equipment purchased under the cooperative endeavor between LSUHSC and SWLAHEC has not been capitalized. Title to the equipment purchased under this agreement remains with LSUHSC. The total cost of equipment at June 30, 2018 and 2017, purchased under the cooperative endeavor with LSUHSC, was \$101,391 and \$101,391, respectively.

Impairments

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of June 30, 2018, and in the opinion of management, there was no impairment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Compensated Absences

Employees of the Organization earn leave in varying amounts depending upon length of service. Accrual is capped at either 15 or 20 days depending upon years of service. As such, no employee may have more than 20 days of service accrued at any time. Subject to the above limitation, unused time is paid to an employee upon retirement or resignation at hourly rates being earned by that employee at separation. At June 30, 2018 and 2017, accrued annual leave totaled \$75,524 and \$73,975, respectively, and are included in accrued liabilities in the Statement of Financial Position.

Income Taxes

SWLAHEC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

As of June 30, 2018, the tax years that remain subject to examination by taxing authorities begin with 2015. Tax returns for 2015, 2016, and 2017 remain open to examination by taxing authorities. Management believes that all positions taken in those returns would be sustained if examined by taxing authorities.

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Fair Value Considerations

Fair value is used to measure financial and certain nonfinancial assets and liabilities measured or disclosed at fair value on a recurring basis (at least annually). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs – Level 1) and the lowest priority to a reporting entity’s internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs – Level 3).

The fair value option allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an entity elects the fair value option for an eligible item, changes in that item’s fair value in subsequent reporting periods must be recognized in current earnings. The fair value option was not elected for the measurements of any eligible assets or liabilities.

The estimated fair values of each entity’s short-term financial instruments (primarily cash and cash equivalents, receivables, accounts payables, accrued expenses, short-term debt and lines of credit) approximate their individual carrying amounts due to the relatively short period between their origination and expected realization or payment. Based on market rates for similar loans, the fair value of long-term debt approximates their carrying value.

(B) DUE FROM OTHER AGENCIES

Due from other agencies consisted of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
State of Louisiana	\$ 448,945	\$ 314,948
Federal Government	22,189	97,609
Other	<u>206,387</u>	<u>260,013</u>
Total	<u>\$ 677,521</u>	<u>\$ 672,570</u>

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

(C) PROPERTY AND EQUIPMENT

Property and Equipment consist of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 224,294	\$ 224,294
Building	264,814	261,869
Equipment	182,487	172,695
Furniture and Fixtures	<u>13,695</u>	<u>13,695</u>
	685,290	672,553
Less: Accumulated Depreciation	<u>(210,351)</u>	<u>(188,065)</u>
Total Fixed Assets	<u>\$ 474,939</u>	<u>\$ 484,488</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$22,287 and \$18,814, respectively.

(D) RETIREMENT BENEFITS

SWLAHEC maintains a 401(k) Retirement Plan for its employees. Generally, all employees are eligible to participate in the plan. The Organization's contribution was 4 percent of gross payroll for each eligible participant in fiscal years 2018 and 2017. Contributions made for the fiscal years ended June 30, 2018 and 2017 were \$60,972 and \$68,325, respectively.

(E) CONCENTRATION OF CREDIT RISK

SWLAHEC typically maintains cash and cash equivalents in local banks which may, at times, exceed the Federal Deposit Insurance Corporation (FDIC) limits.

The majority of SWLAHEC's revenues and accounts receivable are from contracts with the Louisiana Department of Health and Hospitals (DHH) and the U.S. Department of Health and Human Services. The contracts are administered by DHH under programs which are funded primarily by federal government grants. If federal funding levels for the programs are reduced, or if the contracts are not renewed, the impact on the Organization could be severe.

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

(F) SUMMARY OF GRANTS/CONTRACT FUNDING

SWLAHEC is funded through the following grants and contracts for the year ended June 30, 2018:

<u>Funding Source</u>	<u>Award Number</u>	<u>Support</u>
State of Louisiana Department of Health and Hospitals:		
HIV Prevention Program	LAGOV: 721388	\$ 43,204
Fetal Infant Mortality Review	DHH: 059255	149,407
Nurse Family Partnership Program	CFMS: 727912	412,219
WIC IV	CFMS: 721524	153,496
WIC V	CFMS: 721566	138,620
Launch	CFMS: 727181	664,126
Well Ahead	CFMS: 734943	243,763
State of Louisiana Division of Administration:		
Louisiana State University School of Medicine	96-89102-A35-SW 96-89102-A36-SW	443,438
State of Louisiana Department of Public Safety:		
Louisiana Highway Safety Commission Social Norming for Alcohol Prevention	SRM: 2000246671	112,553
U.S. Department of Health and Human Services:		
Navigator Grant		242,071
Navigator Grant	SNAVACA150282-02-00	221,078
Calcasieu Parish Police Jury		509,187
City of Lake Charles		7,571
Southwest Louisiana Area Health Education Center:		
Eat, Play, Grow		92,277
Louisiana Board of Regents:		
Gear-Up		10,979
AIDS United		37,025
Louisiana State University		67,626
Tulane University		9,356
Blue Cross		5,000
Total		<u>\$ 3,562,996</u>

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

(F) SUMMARY OF GRANTS/CONTRACT FUNDING – (continued)

Approximately 51% of the total fiscal year 2018 grants and contract revenues are provided by the State of Louisiana Department of Health and Hospitals through various grant programs. Approximately 13% is provided by the Louisiana State University and Agricultural and Mechanical College acting on behalf of the Louisiana State University Health Sciences Center (LSUHSC).

LSUHSC has been awarded a grant by the state government, and the agreement entered into between LSUHSC and SWLAHEC for providing services fulfills the purpose of the grant. Another 13% of the total fiscal year 2018 grants and contracts revenue is provided by the U.S. Department of Health and Human Services for the Navigator grant. In addition, the Organization has entered into various agreements with state and local agencies to provide various health related services amounting to the remaining 23% of grant and contract revenues.

(G) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Equipment	<u>\$ 35,013</u>	<u>\$ 32,738</u>

(H) NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose or the expiration of time during the years ended June 30, 2018 and 2017 as follows:

	<u>2018</u>	<u>2017</u>
Equipment	<u>\$ 10,462</u>	<u>\$ 7,509</u>
Totals	<u>\$ 10,462</u>	<u>\$ 7,509</u>

(I) FINANCIAL INSTRUMENTS

Financial instruments that potentially subject SWLAHEC to concentrations of credit risk consist principally of temporary cash investments. The Organization places its temporary cash investments with several high quality financial institutions. At times, amounts may be in excess of the FDIC insurance limit of \$250,000. As of June 30, 2018, the Organization has cash balances in excess of these limits by \$271,521.

The fair values of SWLAHEC's financial instruments are as follows:

Cash and short-term investments – The carrying amount approximates fair value because of the short maturities of those investments.

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

(J) COMPENSATION, BENEFITS AND OTHER PAYMENTS TO EXECUTIVE DIRECTOR

A detail of compensation, benefits, and other payments paid to the former Executive Director, Margaret Durand and current Executive Director, Brian Burton, for the year ended June 30, 2018:

<u>Purpose</u>	<u>Margaret Durand</u>	<u>Brian Burton</u>
Salary	\$ 50,734	\$ 40,000
Benefits – Insurance	\$ 6,128	\$ 3,064
Benefits – Retirement	\$ 2,029	\$ 1,600
Reimbursements	\$ 150	\$ -
Conference Travel	\$ 586	\$ 1,729

(K) SUBSEQUENT EVENTS

Subsequent events were evaluated through November 30, 2018, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**INTERNAL CONTROL, COMPLIANCE
AND OTHER GRANT INFORMATION**

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018**

Program Title	CFDA	Federal Assistance I.D. Number	Pass-Through Grantor Number	Expenditures	Paid to Subrecipients
DIRECT PROGRAMS:					
U.S. Department of Health and Human Services-					
PHF - 2016 - Cooperative Agreement to Support Navigators in Federally-facilitated and State-facilitated Exchanges	93.332	5 NAVCA150282-02-00	-	\$ 221,078	147,641
PHF - 2017 - Cooperative Agreement to Support Navigators in Federally-facilitated and State-facilitated Exchanges	93.332		-	242,071	82,769
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	N/A	-	190,390	-
PASS-THROUGH PROGRAMS:					
U.S. Department of Health and Human Services-					
State Department of Health and Hospitals:					
Fetal Infant Mortality Review	93.994	N/A	DHH: 059255	149,407	-
Nurse Family Partnership	93.994	N/A	CFMS: 727912	220,329	-
HIV Prevention Activities - Health Department Based Launch	93.940	N/A	LAGOV: 721388	42,386	-
Well Ahead Program	93.243 *	N/A	CFMS: 72781	664,126	-
	93.758	N/A	CFMS: 734943	243,763	-
Louisiana State University Health Sciences Center:					
Area Health Model Program	93.107	N/A	-	80,565	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	N/A	-	67,626	-
Southwest Louisiana Area Health Education Center:					
Calcasieu Parish Police Jury:					
Project K.I.S.S.	93.569	N/A	-	980	-
U.S. Department of Agriculture-					
State Department of Health and Hospitals:					
WIC IV	10.557	N/A	CFMS: 721524	153,496	-
WIC V	10.557	N/A	CFMS: 721566	138,620	-
U.S. Department of Transportation-					
State Department of Public Safety and Corrections:					
SNAP Partnership Grant	20.607	N/A	SRM: 2000246671	112,553	-
U.S. Department of Education					
Louisiana Board of Regents:					
GEAR-UP	84.334	N/A	-	10,757	-
U.S. Department of Housing and Urban Development					
City of Lake Charles:					
Dare to be Healthy	14.218	N/A	-	<u>7,571</u>	<u>-</u>
Total Expenditures				<u>\$2,545,718</u>	<u>230,410</u>

* - denotes a major program.

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
JUNE 30, 2018**

(A) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Southwest Louisiana Area Health Education Center Foundation under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

(B) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as reimbursements.

(2) Pass-through entity identifying numbers are presented where available.

(C) INDIRECT COST RATE

SWLAHEC has elected not to use the 10% de minimis indirect cost rate for the year ended June 30, 2018.

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

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JAMES H. DUPUIS, CPA, CFP *

JAN H. COWEN, CPA *

LANCE E. CRAPPELL, CPA, CGMA *

MICAH R. VIDRINE, CPA *

TRAVIS M. BRINSKO, CPA *

RICK L. STUTES, CPA, CVA/ABV,
APA, CFF/MAFF*

CHRISTINE R. DUNN, CPA**

DAMIAN H. SPIESS, CPA, CFP **

JOAN MARTIN, CPA, CVA, CFF, FABFA**

* A PROFESSIONAL CORPORATION
** A LIMITED LIABILITY COMPANY



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KEITH SIBILLE, CPA

ROBIN G. STOCKTON, CPA

TINA B. VIATOR, CPA

STEPHANIE L. WEST, CPA, MBA

The Board of Directors
Southwest Louisiana Area Health
Education Center Foundation
Lafayette, Louisiana

We have audited, in accordance with the 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, the financial statements of Southwest Louisiana Area Health Education Center Foundation (SWLAHEC) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SWLAHEC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SWLAHEC's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Unless otherwise expressly indicated, any tax advice contained in this communication, or attachments are not intended for use and cannot be used: (i) to avoid any penalties under the Internal Revenue Code; or (ii) to promote, market or recommend to another party the tax consequences of any matter addressed therein. This communication (and/or the documents accompanying it) may contain confidential information belonging to the sender, which is protected by the Accountant-Client privilege. The information is intended only for the use of the individual or entity named above. If you are not the intended recipient, you are hereby notified that any use, disclosure, copying, distribution, or the taking of any action in reliance on the contents of this information is strictly prohibited. If you have received this communication in error, please notify us by telephone immediately.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SWLAHEC's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

Lafayette, Louisiana
November 30, 2018

WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors
Southwest Louisiana Area Health
Education Center Foundation
Lafayette, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Southwest Louisiana Area Health Education Center Foundation's (SWLAHEC) (a nonprofit organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of SWLAHEC's major federal programs for the year ended June 30, 2018. SWLAHEC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of SWLAHEC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 SWLAHEC'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 on compliance for each major federal program. However, our audit does not provide a legal determination of SWLAHEC's compliance.

Opinion on Each Major Federal Program

In our opinion, SWLAHEC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of SWLAHEC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SWLAHEC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SWLAHEC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC***

**WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants**

Lafayette, Louisiana
November 30, 2018

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

We have audited the financial statements of Southwest Louisiana Area Health Education Center Foundation as of and for the year ended June 30, 2018, and have issued our report thereon dated November 30, 2018. 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. Our audit of the financial statements as of June 30, 2018 resulted in an unmodified opinion.

Section I - Summary of Auditors' Reports

a. ***Report on Internal Control and Compliance Material to the Financial Statements***

Internal Control

Significant Deficiencies	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Material Weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Compliance

Noncompliance Material to Financial Statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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b. ***Federal Awards***

Major Programs Identification

SWLAHEC at June 30, 2018, had one major program:

- Department of Health and Human Services – CFDA No. 93.243

Low-Risk Auditee

SWLAHEC is considered a low-risk auditee for the year ended June 30, 2018.

Major Programs - Threshold

The dollar threshold to distinguish between Type A and Type B programs is \$750,000 for the year ended June 30, 2018.

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued
YEAR ENDED JUNE 30, 2018**

Auditors' Report - Major Programs

An unmodified opinion has been issued on SWLAHEC's compliance for its major programs as of and for the year ended June 30, 2018.

Significant Deficiencies – Major Program

There were no significant deficiencies noted during the audit of the major federal programs.

Section II - Financial Statement Findings

There were no findings in the current year.

Section III - Federal Awards Findings and Questioned Costs

The audit did not disclose any material noncompliance findings or questioned costs relative to its federal programs.

**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018**

There were no prior year findings.

**SOUTHWEST LOUISIANA AREA
HEALTH EDUCATION CENTER
FOUNDATION**

Lafayette, Louisiana

Independent Accountants' Report
On Applying Agreed-Upon Procedures

Year Ended June 30, 2018

WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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* A PROFESSIONAL CORPORATION
** A LIMITED LIABILITY COMPANY



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To the Board of Directors and Management
Southwest Louisiana Area Health Education
Center Foundation
Lafayette, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Southwest Louisiana Area Health Education Center Foundation and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Southwest Louisiana Area Health Education Center Foundation's compliance with certain laws, regulations and best practices during the year ended June 30, 2018. Management of Southwest Louisiana Area Health Education Center Foundation is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Written policies and procedures were obtained and address the functions noted above.

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and address the functions noted above.

- c) **Disbursements**, including processing, reviewing, and approving

Written policies and procedures were obtained and address the functions noted above.

- d) **Receipts**, including receiving, recording, and preparing deposits

Written policies and procedures were obtained and address the functions noted above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Written policies and procedures were obtained and address the functions noted above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Written policies and procedures were obtained and address the functions noted above.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

Written policies and procedures were obtained and address the functions noted above.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Written policies and procedures were obtained and address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

This section is not applicable to not for profit entities.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

This section is not applicable to not for profit entities.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

This was not required to be tested in the fiscal year.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

Not applicable.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

This was not required to be tested in the fiscal year.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

This was not required to be tested in the fiscal year.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

This was not required to be tested in the fiscal year.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

This was not required to be tested in the fiscal year.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

This was not required to be tested in the fiscal year.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

This was not required to be tested in the fiscal year.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Written documentation was obtained and address the functions noted above. The person responsible for collecting cash also records the cash in the general ledger, mitigating controls were noted and the entity collects minimal cash during the year.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

This was not required to be tested in the fiscal year.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

This was not required to be tested in the fiscal year.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

This was not required to be tested in the fiscal year.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

This was not required to be tested in the fiscal year.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

This was not required to be tested in the fiscal year.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

This was not required to be tested in the fiscal year.

- e) Trace the actual deposit per the bank statement to the general ledger.

This was not required to be tested in the fiscal year.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

This was not required to be tested in the fiscal year.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

This was not required to be tested in the fiscal year.

- b) At least two employees are involved in processing and approving payments to vendors.

This was not required to be tested in the fiscal year.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Written policies and procedures were obtained and address the functions noted above, however, the person responsible for processing payments does add vendors to the disbursement system only after the vendor has been approved by the executive director.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

This was not required to be tested in the fiscal year.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

This was not required to be tested in the fiscal year.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

This was not required to be tested in the fiscal year.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

This was not required to be tested in the fiscal year.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

This was not required to be tested in the fiscal year.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

This was not required to be tested in the fiscal year.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing).

13. (continued) For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

This was not required to be tested in the fiscal year.

Travel and Expense Reimbursement

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

This was not required to be tested in the fiscal year.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

This was not required to be tested in the fiscal year.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

This was not required to be tested in the fiscal year.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

This was not required to be tested in the fiscal year.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

This is not applicable, entity is a not for profit and is not required to follow the Louisiana Public Bid Law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exception noted.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

N/A

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exception noted.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Listing of employees with their related salaries and management's representation that the listing is complete was obtained.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

This was not required to be tested in the fiscal year.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

This was not required to be tested in the fiscal year.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exception noted.

- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete.

18. (continued) Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

This was not required to be tested in the fiscal year.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

This was not required to be tested in the fiscal year.

Ethics (excluding nonprofits)

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

This is not applicable to not for profit entities.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

This is not applicable to not for profit entities.

Debt Service (excluding nonprofits)

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

This is not applicable to not for profit entities.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

This is not applicable to not for profit entities.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Southwest Louisiana Area Health Education Center Foundation and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

Lafayette, Louisiana
November 19, 2018