

NEW ORLEANS HEALTH CORPORATION

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FINANCIAL AND COMPLIANCE AUDIT

TOGETHER WITH

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

FEB 02 2000

Release Date _____

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NEW ORLEANS HEALTH CORPORATION
(A Non-Profit Corporation)

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MEMBER
American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
New Orleans Health Corporation

I have audited the accompanying statement of financial position of New Orleans Health Corporation, hereafter NOHC (a nonprofit organization), as of June 30, 1999, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of NOHC's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

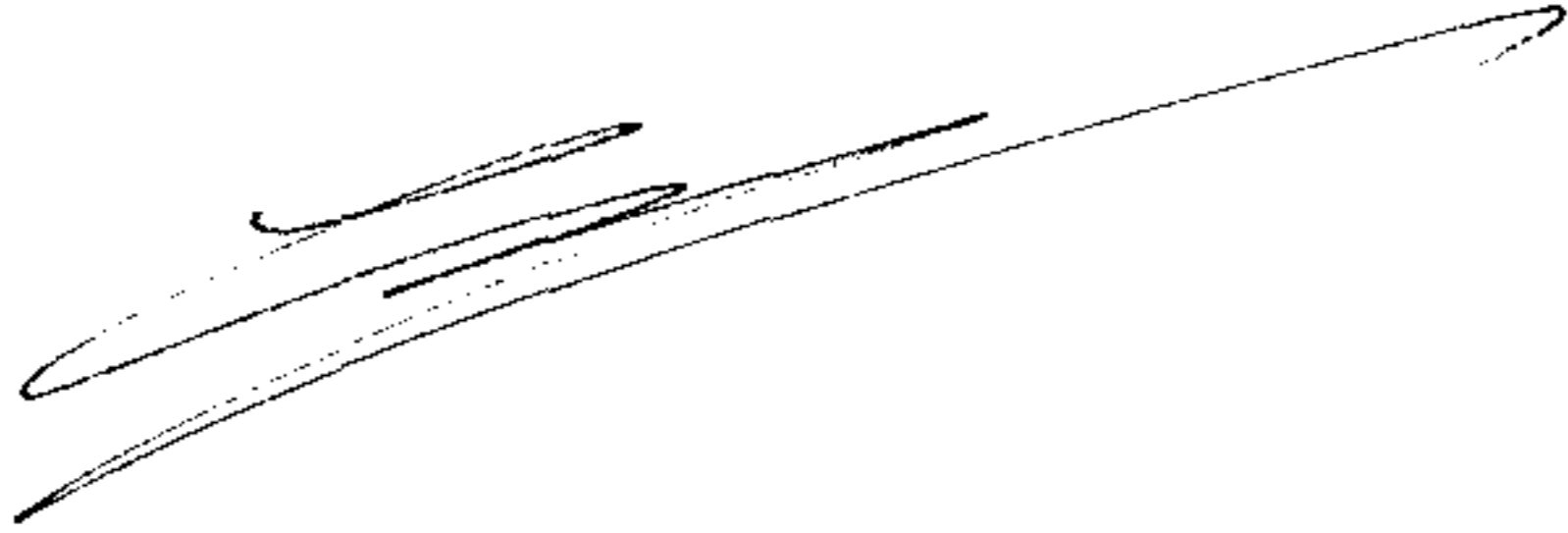
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NOHC as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

As discussed in NOTE 7 to the financial statements, NOHC has not paid certain rents due to a lessor and is currently in negotiation to seek relief of the amounts due. The possible outcome of this matter is uncertain at this time.

In accordance with Government Auditing Standards, I have also issued my report dated January 25, 2000, on my consideration of NOHC's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

My audit was performed for the purpose of forming an opinion on the basic financial statements of NOHC 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 Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, consisting of several overlapping, fluid strokes that form a cursive name.

Asif Gafur
Certified Public Accountant

January 25, 2000

NEW ORLEANS HEALTH CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1999

ASSETS

Cash	\$ 33,826
Accounts receivable, net of allowance for doubtful accounts (NOTE 3)	266,691
Other assets	10,703
Property and equipment, net of accumulated depreciation of \$420,243 (NOTE 4)	<u>866,617</u>
Total assets	\$ <u>1,177,837</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 224,123
Other payable (NOTE 6)	613,139
Rents payable (NOTE 7)	797,864
Notes payable (NOTE 5)	171,166
Accrued liabilities	144,245
Deferred revenue (NOTE 8)	<u>40,035</u>
Total liabilities	<u>1,990,572</u>

CONTINGENCIES AND COMMITMENTS (NOTE 9)

Net Assets:	
Unrestricted (Note 10)	<u>(812,735)</u>
Total net assets	<u>(812,735)</u>
Total liabilities and net assets	\$ <u>1,177,837</u>

The accompanying notes are an integral part of these financial statements

NEW ORLEANS HEALTH CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1999

	<u>UNRESTRICTED</u>
SUPPORT AND REVENUE	
Support	
Grants	\$ 1,265,997
Title XIX (Medicaid)	845,977
Title XVII (Medicare)	577,690
In-kind support (NOTE 2)	<u>257,371</u>
Total support	<u>2,947,035</u>
Revenue:	
Patient fees	295,679
Other	<u>20,117</u>
Total revenue	<u>315,796</u>
Total support and revenue	<u>3,262,831</u>
Expenses:	
Program services	2,904,499
Support services	<u>953,161</u>
Total expenses	<u>3,857,660</u>
Decrease in net assets	(594,829)
Net assets, beginning of year	<u>(217,906)</u>
Net assets, end of year	\$ <u><u>(812,735)</u></u>

The accompanying notes are an integral part of these
financial statements

NEW ORLEANS HEALTH CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1999

UNRESTRICTED

	Program Services	Support Services	Total (MEMORANDUM ONLY)
Salaries	\$ 2,092,342	\$ 282,173	\$ 2,374,515
Payroll taxes and employee benefits	176,049	31,356	207,405
Insurance	18,592	29,954	48,546
In-kind (NOTE 2)	211,666	45,705	257,371
Other	59,052	173,549	232,601
Professional services	178,001	84,705	262,706
Rental	31,896	183,435	215,331
Repairs and maintenance	13,488	14,040	27,528
Supplies	72,359	12,225	84,584
Telephone	<u>29,770</u>	<u>27,540</u>	<u>57,310</u>
	2,883,215	884,682	3,767,897
Depreciation	<u>21,284</u>	<u>68,479</u>	<u>89,763</u>
Total	<u>\$ 2,904,499</u>	<u>\$ 953,161</u>	<u>\$ 3,857,660</u>

The accompanying notes are an integral part of these financial statements

NEW ORLEANS HEALTH CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1999

Cash Flow from Operating Activities:	
Decrease in net assets	\$ (594,829)
Adjustments to reconcile change in net assets to cash used in operating activities:	
Depreciation	89,763
Write-off of accounts receivable	(614,964)
Changes in Assets and Liabilities	
Decrease (increase) in:	
Accounts receivable	587,630
Other assets	(619)
Increase (decrease) in:	
Accounts payable	67,065
Other payable	89,647
Notes payable	60,324
Accrued liabilities	(16,562)
Deferred revenue	(9,612)
Rents payable	<u>205,716</u>
Net cash used in operating activities	<u>(136,441)</u>
Cash Flow from Investing Activities:	
Acquisition of property and equipment	<u>(650)</u>
Net cash used in investing activities	<u>(650)</u>
Decrease in cash and cash equivalents	(137,091)
Cash and cash equivalents, beginning of year	<u>170,917</u>
Cash and cash equivalents, end of year	\$ <u><u>33,826</u></u>

The accompanying notes are an integral part of these
financial statements

NEW ORLEANS HEALTH CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999

<u>Grantor</u>	<u>CFDA Number</u>	<u>Grant Expenditures</u>
STATE OF LOUISIANA		
Department of Health and Hospitals (Women, Infants and Children)	93.808	\$ 289,189
Department of Health and Hospitals (Medical Center of Louisiana)	N/A	600,000
Department of Health and Hospitals Services passed through primary recipients	93.224	140,353
State of Louisiana passed through City of New Orleans New Orleans East Clinic	N/A	9,612
CITY OF NEW ORLEANS & STATE OF LOUISIANA		
Ryan White	93.914	<u>283,243</u>
TOTAL		<u>\$1,322,397</u>

See Independent Auditor's Report

NEW ORLEANS HEALTH CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

Note 1:

Background and General Data:

New Orleans Health Corporation, hereafter NOHC, is a not-for-profit corporation formed in 1970 for the purpose of increasing the general level of health awareness to its patients with dignity and respect, regardless of race, age, religion, nationality or income. NOHC provides comprehensive, primary health care and social services through its three (3) community health centers. Those centers are:

Central City Health Center;
Lower Nine Health Center; and
Desire-Florida Health Center.

During the year ended June 30, 1999, NOHC, also administered the following grants and programs.

HIV Programs

These programs are funded by the Department of Health and Hospitals and the City of New Orleans to improve the quality and availability of health care and support services for individuals and families affected with HIV disease.

WIC Program

This program is funded by the Department of Health and Hospitals to provide special supplemental foods to qualified women, infants and children residing in the State of Louisiana.

Additionally, NOHC is an approved Medicare and Medicaid service provider. NOHC also provides Home Health Care services.

NEW ORLEANS HEALTH CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

Note 2: Summary of Significant Accounting Principles

Principles of Accounting

The financial statements of NOHC are prepared in accordance with generally accepted accounting principles, and are prepared on the accrual basis.

Contributions

In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor restrictions.

Funding

NOHC receives its primary funding through Medicare and Medicaid cost reimbursements and grants from the State of Louisiana and the City of New Orleans, and other private donations.

In-Kind Support

During the year ended June 30, 1999, the value of in-kind support meeting the requirements for recognition in the NOHC's financial statements was \$257,371. These contributed services consisted of the fair value of personnel cost and related fringes which amounted to \$211,666 and professional services amounted to \$45,705.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Accordingly, actual results could differ from those estimates.

Allowance for Losses

Allowance for estimated losses on receivables are provided when in the opinion of management, such losses are expected to be incurred.

NEW ORLEANS HEALTH CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

Note 2: Summary of Significant Accounting Principles, Continued:

Property and Equipment

NOHC follows the practice of capitalizing all property and equipment expenditures over \$500. Property and equipment are stated at cost and depreciation is computed under the straight-line method for all depreciable assets over their respective useful lives estimated to be five (5) years.

Home Health Care Agency charges all property and equipment of \$5,000 and under to expense in accordance with certain policies and procedures.

Compensated Absences

Employees of NOHC are entitled to paid vacation and sick leave accrued at a rate of 5.4 hours per month. Employees compensation for future compensated absences are approximately \$43,188 at June 30, 1999.

Functional Allocation of Expenses

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

Cash Equivalents

For purposes of the statement of cash flows, NOHC considers all investments with original maturities of three months or less to be cash equivalents.

Credit Risk

NOHC maintains several cash balances at a financial institution. Amounts at the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$100,000.

Income Taxes

NOHC is exempt from corporate income taxes under Section 501 (c)(3) of the Internal Revenue Service Code.

NEW ORLEANS HEALTH CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

Note 2: **Summary of Significant Accounting Principles, Continued:**

Financial Statement Presentation

In June 1993, the Financial Accounting Standards Board (FASB) issued two (2) new pronouncements: Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made and SFAS No. 117, Financial Statements of Not-for-Profit Organizations.

Under SFAS No. 116, NOHC must recognize contributions received as revenue, including unconditional promises to give, in the period received at their fair value. At the same time, contributions made, including unconditional promises to give, must be recognized as expenses in the period made at their fair value. At June 30, 1999, there were no unconditional promises to give required to be recognized under SFAS No. 116.

Under SFAS No. 117, NOHC 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. In addition, NOHC is required to present a statement of cash flows.

Total Columns on Statements

The total column on the financial statements of this report is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Such data is not comparable to a consolidation.

Note 3: **Accounts Receivable**

The following represents an analysis for the allowance for doubtful accounts for the year ended June 30, 1999.

Balance at June 30, 1998	\$ 614,964
Add: Provisions for bad debts	-0-
Less: Write-off of bad debts	<u>614,964</u>
Balance at June 30, 1999	<u><u>\$ -0-</u></u>

NEW ORLEANS HEALTH CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

Note 4: Property and Equipment:

At June 30, 1999 property and equipment consisted of the following:

Land	\$ 675,000
Furniture and equipment	283,234
Automobiles	<u>328,626</u>
	1,286,860
Less: Accumulated depreciation	<u>(420,243)</u>
Total	\$ <u>866,617</u>

Note 5: Notes Payable:

NOHC has an unsecured credit agreement with a bank. The terms are as follows:

Monthly payments should be equal to the greater of a) \$150 or b) 1 ½% of the outstanding balance of principal and interest, at 1% plus Wall Street Journal Prime rate, maturing on August 18, 1999. This credit agreement is renewed annually. \$ 65,756

NOHC has a note payable to a financial institution. The terms are as follows:

Monthly payments of \$1053.48, secured by a Medical Mobile Unit, interest rate at 10% per annum, matures on December 31, 2002. \$ 42,610

Less: Current portion 11,319

Long-term debt \$ 31,291

NOHC has defaulted on the note, and the Medical Mobile Unit has been confiscated by the holder of the note. NOHC is in the process of re-acquiring the Medical Mobile Unit by agreeing to pay all current amount due. The matter as of January 25, 2000 is not resolved. The cost of the Medical Mobile Unit is \$228,847.

Also, NOHC has an unsecured note payable to a corporation. The terms are

NEW ORLEANS HEALTH CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

Note 5: Note Payable, Continued

as follows:

Interest rate of 8% per annum, no monthly payments, and an initial maturity date of January 31, 1999. No payment has been paid as of January 25, 2000. This note has been re-negotiated, at the same terms with a new maturity date of May 31, 2000.

\$ 60,000

Current portion

\$ 60,000

Note 6: Other Payables

Other payable included amounts due to Title XIX, (Medicaid) program & Title XVII (Medicare) program resulting from preliminary review and final settlement of yearly cost reports and advances from both these programs.

Note 7: Rents Payable:

Included in rents payable at June 30, 1999 is \$582,864 which represents rent due to the City of New Orleans for the year ended June 30, 1996, June 30, 1997, June 30, 1998 and June 30, 1999 for facilities owned by the City and leased via annual operating leases. Management has decided to pay the City based on its financial capabilities. During the year ended June 30, 1999 no payments were made to the City. The City has not demanded payment of the balance and NOHC is not financially capable of paying the rent currently, and is in negotiation with the City to seek relief of amounts due to the City.

Note 8: Deferred Revenue:

Deferred revenue at June 30, 1999 consists of the following:

Grant from State of Louisiana (New Orleans East Clinic) for which revenues will be recognized in subsequent year as the funds are expended

\$ 40,035

On January 13, 1995, a Cooperative Endeavor Agreement between the State

NEW ORLEANS HEALTH CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

Note 8: **Deferred Revenue, Continued**

of Louisiana, the City of New Orleans and NOHC was executed for a project entitled "EAST NEW ORLEANS HEALTH CLINIC FOR THE NEW ORLEANS HEALTH CORPORATION LAND ACQUISITION, PLANNING AND CONSTRUCTION" containing an appropriation of \$2,250,000. Under this agreement, at June 30, 1999, \$779,000 was received by NOHC of which \$743,860 has been expended toward site acquisition and maintenance.

Note 9: **Commitments and Contingencies:**

NOHC leases administrative office space under an operating lease expiring August 31, 1999. Rental expense for the year ended June 30, 1998 under this lease was \$60,000. This lease is renewed annually.

Additionally, NOHC has annual operating leases with the City of New Orleans expiring on December 31, 1999 for each of three (3) clinics it operates. The terms of these leases provide for monthly payments of \$3 plus NOHC's pro rata share of the facility's operating expenses which amounts to \$12,140 for all three (3) clinics combined per month. Total annual rental expense pertaining to these leases amount to \$145,716.

Note 10: **Deficit:**

NOHC has \$812,735 in cumulative deficit. This deficit resulted from preliminary review and final Medicaid and Medicare Cost Report Settlements for various fiscal years and operating deficits for fiscal year ended June 30, 1997 and June 30, 1999.

Note 11: **Fair Value of Financial Instruments:**

The carrying amount approximates the fair value of cash and short-term financial instruments based on quoted market prices at June 30, 1999. Those financial instruments consist of cash, temporary cash investments and notes payable at June 30, 1999.

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MEMBER

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**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
New Orleans Health Corporation

I have audited the financial statements of New Orleans Health Corporation, hereafter NOHC, (a nonprofit organization), as of and for the year ended June 30, 1999, and have issued my report thereon dated January 25, 2000. I conducted my 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.

As mentioned in the Auditor's Financial Report and discussed in Note 7 to the financial statements, NOHC has not paid certain rents due to a lessor and is currently in negotiation to seek relief of the amounts due. The possible outcome of this matter is uncertain at this time.

Compliance

As part of obtaining reasonable assurance about whether NOHC's financial statements are free of material misstatement, I 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs.

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

Internal Control Over Financial Reporting

In planning and performing my audit, I considered NOHC's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect NOHC's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Board of Directors, management, State of Louisiana, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Asif Gafur
Certified Public Accountant

January 25, 2000

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**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
New Orleans Health Corporation

Compliance

I have audited the compliance of New Orleans Health Corporation, hereafter NOHC, (a nonprofit organization), with the types of compliance requirements described in the "U.S. 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. NOHC's major federal programs are identified in the Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of NOHC's management. My responsibility is to express an opinion on NOHC's compliance based on my audit.

I conducted my 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 I 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 NOHC's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of NOHC's compliance with those requirements.

As described in the accompanying schedule of findings and questioned costs, NOHC did not

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

comply with requirements regarding reporting that are applicable to its Ryan White program. Compliance with such requirements is necessary, in my opinion, for NOHC to comply with requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, NOHC 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.* The results of my auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs.

Internal Control Over Compliance


The management of NOHC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning, and performing my audit, I considered NOHC's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider *to be reportable conditions.* Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect NOHC's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

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 a 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. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness.

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

This report is intended for the information of the Board of Directors, management, State of Louisiana, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Asif Gafur
Certified Public Accountant

January 25, 2000

**NEW ORLEANS HEALTH CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1999**

Ryan White - HIV

1. Reporting

Per my examination, I noted instances of monthly cost reimbursement requests for fiscal year ended June 30, 1999 not reconciled to the general ledger amounts.

I recommend that procedures should be implemented to reconcile monthly cost reimbursement amounts to the general ledger.

Management Corrective Action Plan

Management has taken action and presently cost report amounts are periodically reconciled to the general ledger amounts.

Patient Balances

2. Reportable Condition - Receivables

Per my examination, I noted no patient or patient aged accounts receivable trial balance is being maintained on a current basis that reconciles to the general ledger.

NOHC should maintain a patient and an aged patient accounts receivable trial balance that should be reconciled to the general ledger control account on a monthly basis.

Management Corrective Action Plan

Management stated that they concur with the above finding and have partially implemented a system. The system is gradually being implemented because of cost and time constraints.

**NEW ORLEANS HEALTH CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1999**

Medicare, Medicaid and Patient Balances

3. Reportable Condition- Receivable

Per my examination, I noted Medicare, Medicaid and patient fees allowance for doubtful accounts balances were not periodically adjusted to reflect the current collectible outstanding balance.

I recommend that Medicare, Medicaid and patient fees allowance for doubtful accounts outstanding balances be periodically reviewed and adjusted to reflect the current collectible outstanding balance.

Management Corrective Action Plan

Management stated that previously the auditor was responsible for adjusting the Medicare, Medicaid and patient receivable balances. In the future, NOHC will periodically review and adjust the Medicare and Medicaid balances since detailed allowance for doubtful accounts balances are available and a computerized system has been implemented to track Medicaid and Medicare billing and payment activity by specific claim and/or billing. Patient balances will be periodically reviewed and adjusted when a computerized system to track patient billing and payment activity by specific claim and/or billing has been fully implemented.

All Programs

4. Timely Completion of the Audit of the Financial Statements

The audit was not completed within a six month period of the close of the fiscal year as required by state laws.

Management stated that NOHC was not able to timely engage an auditor because of changes in management personnel and outstanding accounts payable.

To achieve the objective that an audit be completed within six months of the close of the fiscal year, NOHC should engage the auditor in the early part of next fiscal year.

**NEW ORLEANS HEALTH CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1999**

All Programs - Continued

Management Corrective Action Plan

Management plans, in the future, to engage an auditor in the early part of the next fiscal year.

**NEW ORLEANS HEALTH CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 1999**

Ryan White - HIV

1. Reporting

Monthly costs reimbursement requests for fiscal year ended June 30, 1998 were not reconciled to the general ledger amounts.

Current Status

Management has taken corrective actions and presently cost report amounts are periodically reconciled to the general ledger amounts.

Medicare and Medicaid - Receivable

2. Reportable Condition- Receivable

Accounts receivable subsidiary ledger is not maintained that supports the outstanding Medicare/Medicaid receivable balance to a specific claim that has been denied or for which payment has not yet been received.

Current Status

The above has been implemented for Medicare program as of July 1, 1997 and for Medicaid program as of July 1, 1998.

Patient Balances

3. Reportable Condition - Receivable

No aged patient accounts receivable trial balance is being maintained on a current basis that

**NEW ORLEANS HEALTH CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 1999**

Patient Balances, Continued

reconciles to the general ledger.

Current Status

The system is gradually being implemented because of cost and time constraints.

Medicare, Medicaid and Patient Balances

4. Reportable Condition - Receivable

Medicare, Medicaid and patient fees allowance for doubtful accounts were not periodically adjusted to reflect the current collectible outstanding balance.

Current Status

NOHC will periodically review and adjust the Medicare and Medicaid balances since detailed allowance for doubtful accounts balances are available and a computerized system has been implemented to track Medicare/Medicaid billing and payment activity by specific claim and/or billing. Patient receivable balances will be periodically reviewed and adjusted when a computerized system to track patient billing and payment activity by specific claim and/or billing has been fully implemented.

All Programs

5. Timely Completion of the Audit of the Financial Statements

The audit was not completed within a six month period of the close of the fiscal year as

**NEW ORLEANS HEALTH CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 1999**

All Programs, Continued

required by state laws.

Current Status

For fiscal year ended June 30, 2000, an audit will be completed within a six month period of the close of the fiscal year.

DATA COLLECTION FORM (SF-SAC)

OMB No. 0348-0057

U.S. DEPARTMENT OF COMMERCE - BUREAU OF THE CENSUS
ACTING AS COLLECTING AGENCY FOR
OFFICE OF MANAGEMENT AND BUDGET

Data Collection Form for Reporting on
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS

Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." **RETURN TO:** Single Audit Clearinghouse
1201 E. 10th Street
Jeffersonville, IN 47132

PART I GENERAL INFORMATION (To be completed by auditee, except for item 7)

1. Fiscal year ending date for this submission.
Month Day Year
06 / 30 / 99

2. Type of Circular A-133 audit
1 Single audit 2 Program-specific audit

3. Audit period covered
1 Annual 2 Biennial 3 Other - Months

4. Date received by Federal clearinghouse

FEDERAL GOVERNMENT USE ONLY

5. Employer Identification Number (EIN)
a. Auditee EIN: 7 2 0 7 5 9 0 0 8
b. Are multiple EINs covered in this report? 1 Yes 2 No

6. AUDITEE INFORMATION

a. Auditee name
New Orleans Health Corporation

b. Auditee address (Number and street)
1008 Jourdan Ave.
City
New Orleans
State Louisiana ZIP Code 70117

c. Auditee contact
Name
Burnell Langie
Title
Finance Director

d. Auditee contact telephone
(504) 947-7775

e. Auditee contact FAX (Optional)
(504) 947-7190

f. Auditee contact E-mail (Optional)
NOHEALTH@aol.com

7. AUDITOR INFORMATION (To be completed by auditor)

a. Auditor name
Asif Gafur, CPA

b. Auditor address (Number and street)
4659 Charlmark Dr.
City
New Orleans
State Louisiana ZIP Code 70127

c. Auditor contact
Name
Asif Gafur
Title
C. P. A.

d. Auditor contact telephone
(504) 241-9328

e. Auditor contact FAX (Optional)
() -

f. Auditor contact E-mail (Optional)

8. AUDITEE CERTIFICATION STATEMENT - This is to certify that to the best of my knowledge and belief, the auditee has: (1) Engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in Parts I, II, and III of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

Signature of certifying official
Burnell Langie
Date
Month Day Year
01 / 25 / 00
Name/Title of certifying official
Burnell Langie/Finance Director

9. AUDITOR STATEMENT - The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, items 5 and 6, was transferred from the auditor's report(s) for the period described in Part I, items 1 and 3, and is not a substitute for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in Parts II and III of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Signature of auditor
[Signature]
Date
Month Day Year
01 / 25 / 00

PART I GENERAL INFORMATION - Continued

8. Indicate whether the auditee has either a Federal cognizant or oversight agency for audit. (Mark (X) one box)
 Cognizant agency Oversight agency

9. Name of Federal cognizant or oversight agency for audit (Mark (X) one box).
- | | | | |
|--|--|---|---|
| <input type="checkbox"/> 01 African Development Foundation | <input type="checkbox"/> 33 Federal Emergency Management Agency | <input type="checkbox"/> 16 Justice | <input type="checkbox"/> 08 Peace Corps |
| <input type="checkbox"/> 02 Agency for International Development | <input type="checkbox"/> 34 Federal Mediation and Conciliation Service | <input type="checkbox"/> 17 Labor | <input type="checkbox"/> 59 Small Business Administration |
| <input type="checkbox"/> 10 Agriculture | <input type="checkbox"/> 39 General Services Administration | <input type="checkbox"/> 43 National Aeronautics and Space Administration | <input type="checkbox"/> 96 Social Security Administration |
| <input type="checkbox"/> 11 Commerce | <input type="checkbox"/> 93 Health and Human Services | <input type="checkbox"/> 89 National Archives and Records Administration | <input type="checkbox"/> 19 State |
| <input type="checkbox"/> 94 Corporation for National and Community Service | <input type="checkbox"/> 14 Housing and Urban Development | <input type="checkbox"/> 05 National Endowment for the Arts | <input type="checkbox"/> 20 Transportation |
| <input type="checkbox"/> 12 Defense | <input type="checkbox"/> 03 Institute for Museum Services | <input type="checkbox"/> 06 National Endowment for the Humanities | <input type="checkbox"/> 21 Treasury |
| <input type="checkbox"/> 84 Education | <input type="checkbox"/> 04 Inter-American Foundation | <input type="checkbox"/> 47 National Science Foundation | <input type="checkbox"/> 62 United States Information Agency |
| <input type="checkbox"/> 81 Energy | <input type="checkbox"/> 15 Interior | <input type="checkbox"/> 07 Office of National Drug Control Policy | <input checked="" type="checkbox"/> Other - Specify:
State Legislative Auditor |
| <input type="checkbox"/> 66 Environmental Protection Agency | | | |

PART II FINANCIAL STATEMENTS (To be completed by auditor)

1. Type of audit report (Mark (X) one box)
 1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion
2. Is a "going concern" explanatory paragraph included in the audit report? 1 Yes 2 No
3. Is a reportable condition disclosed? 1 Yes 2 No - SKIP to Item 5
4. Is any reportable condition reported as a material weakness? 1 Yes 2 No
5. Is a material noncompliance disclosed? 1 Yes 2 No

PART III FEDERAL PROGRAMS (To be completed by auditor)

1. Type of audit report on major program compliance
 1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion
2. What is the dollar threshold to distinguish Type A and Type B programs § .520(b)?
 \$300,000
3. Did the auditee qualify as a low-risk auditee (§ .530)?
 1 Yes 2 No
4. Are there any audit findings required to be reported under § .510(a)?
 1 Yes 2 No
5. Which Federal Agencies are required to receive the reporting package? (Mark (X) all that apply)
- | | | | |
|--|--|---|---|
| <input type="checkbox"/> 01 African Development Foundation | <input type="checkbox"/> 33 Federal Emergency Management Agency | <input type="checkbox"/> 16 Justice | <input type="checkbox"/> 08 Peace Corps |
| <input type="checkbox"/> 02 Agency for International Development | <input type="checkbox"/> 34 Federal Mediation and Conciliation Service | <input type="checkbox"/> 17 Labor | <input type="checkbox"/> 59 Small Business Administration |
| <input type="checkbox"/> 10 Agriculture | <input type="checkbox"/> 39 General Services Administration | <input type="checkbox"/> 43 National Aeronautics and Space Administration | <input type="checkbox"/> 96 Social Security Administration |
| <input type="checkbox"/> 11 Commerce | <input type="checkbox"/> 93 Health and Human Services | <input type="checkbox"/> 89 National Archives and Records Administration | <input type="checkbox"/> 19 State |
| <input type="checkbox"/> 94 Corporation for National and Community Service | <input type="checkbox"/> 14 Housing and Urban Development | <input type="checkbox"/> 05 National Endowment for the Arts | <input type="checkbox"/> 20 Transportation |
| <input type="checkbox"/> 12 Defense | <input type="checkbox"/> 03 Institute for Museum Services | <input type="checkbox"/> 06 National Endowment for the Humanities | <input type="checkbox"/> 21 Treasury |
| <input type="checkbox"/> 84 Education | <input type="checkbox"/> 04 Inter-American Foundation | <input type="checkbox"/> 47 National Science Foundation | <input type="checkbox"/> 62 United States Information Agency |
| <input type="checkbox"/> 81 Energy | <input type="checkbox"/> 15 Interior | <input type="checkbox"/> 07 Office of National Drug Control Policy | <input type="checkbox"/> 64 Veterans Affairs |
| <input type="checkbox"/> 66 Environmental Protection Agency | | | <input type="checkbox"/> 00 None |
| | | | <input checked="" type="checkbox"/> Other - Specify:
State Legislative Auditor |

EIN: 7 2 0 7 5 9 0 0 8

PART III PROGRAMS - Continued

6. AWARDS EXPENDED DURING FISCAL YEAR		7. AUDIT FINDINGS AND QUESTIONED COSTS					
number ¹ (a)	Name of program (b)	Amount expended (c)	Major program (a)	Type of compliance requirement? ² (b)	Amount of questioned costs (c)	Internal control findings ³ (d)	Audit finding reference number(s) (e)
93.808	Women, Infants and Children	\$ 289,189	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	L	\$-0-	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	4
93.914	Ryan White	\$ 283,243	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	L	\$-0-	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input checked="" type="checkbox"/> B	1,4
93.224	Excelth	\$ 140,353	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	L	\$-0-	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	4
N/A	Medical Center of Louisiana	\$ 600,000	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	L	\$-0-	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	4
N/A	New Orleans East Clinic	\$ 9,612	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	L	\$-0-	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	4
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
TOTAL	AWARDS EXPENDED →	\$ 1,322,397					

IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS.

¹ Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available.
² Type of compliance requirement (Enter the letter(s) or all that apply to audit findings and questioned costs reported for each Federal program.)
 A. Activities allowed or unallowed G. Matching, level of effort, earmarking L. Reporting
 B. Allowable costs/cost principles H. Period of availability of funds M. Subrecipient monitoring
 C. Cash management I. Procurement N. Special tests and provisions
 D. Davis-Bacon Act J. Program income O. None
 E. Eligibility K. Real property acquisition and relocation assistance
 F. Equipment and real property management
³ Type of internal control findings (Mark (X) all that apply)
 A. Material weaknesses B. Reportable conditions C. None reported