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*Financial Report*

*East Jefferson Community Health Center, Inc.*

*December 31, 1995*

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.

Release Date 8-14-96

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December 31, 1995

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Bourgeois Bennett

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
East Jefferson Community Health Center, Inc.

We have audited the accompanying balance sheet of East Jefferson Community Health Center, Inc. (the Health Center) (a nonprofit corporation) as of December 31, 1995, and the related statements of revenue, expenses and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Health Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions. Those standards and OMB Circular A-133 required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Jefferson Community Health Center, Inc. as of December 31, 1995, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 18, 1996, on our consideration of East Jefferson Community Health Center, Inc.'s internal control structure and a report dated June 18, 1996, on its compliance with laws and regulations.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants

New Orleans, La.,  
June 18, 1996.

## BALANCE SHEET

## East Jefferson Community Health Center, Inc.

December 31, 1995

## ASSETS

**Current Assets**

Cash, whose use is limited	\$ 273,168
Cash and cash equivalents	64,402
Petty Cash	150

Total cash	337,720
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Accounts receivable - patients	512
Grants receivable	408,189
Prepaid expenses	8,632

Total current assets	755,053
----------------------	---------

**Property and Equipment**

Equipment net of accumulated depreciation of \$1,905	52,790
Construction in progress	265,164
Land	117,000

Net property and equipment	434,954
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**Other Assets**

Deposits	1,617
Grant receivable	375,000

Total other assets	376,617
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Total	\$ 1,566,624
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## LIABILITIES AND FUND BALANCE

**Current Liabilities**

Accounts payable	\$ 97,292
Payroll taxes payable	5,548
Deferred revenue	573,168

Total current liabilities	676,008
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**Deferred Revenue**

375,000

Total liabilities	1,051,008
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**Fund Balance**

Restricted	409,730
Unrestricted	105,886

515,616

Total	\$ 1,566,624
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See notes to financial statements.

**STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN FUND BALANCE**

**East Jefferson Community Health Center, Inc.**

For the year ended December 31, 1995

**Revenue**

Net patient service revenues	\$ 1,390
Operating gains:	
Grant revenues:	
Jefferson Parish	128,000
East Jefferson General Hospital	27,398
Total revenue	156,788

**Expenses**

Salary and wages	82,795
Payroll taxes	6,854
Advertising	4,114
Accounting fees	5,495
Architectural and design	42,621
Consultant fees	27,914
Contract labor	17,488
Depreciation	1,004
Dues and subscriptions	2,666
Equipment rental	3,428
Health insurance	5,590
Lab and pharmacy fees	518
Legal fees	9,730
Liability and workman's comp insurance	3,640
Malpractice insurance	1,207
Marketing expense	198
Meeting and printing expense	1,155
Miscellaneous	737
Office facilities	1,000
Office supplies	7,459
Postage and box rental	1,220
Professional conference	1,100
Reference material	428
Rent	6,833
Repairs and maintenance	2,477
Staff development	3,724
Supplies	7,571
Taxes and fees	132
Telephone	4,074
Travel	2,317
Utilities	1,193
Total expenses	256,682
Loss from operations	(99,894)

**Exhibit B  
(Continued)**

**Nonoperating Gains**

Grant revenues:

East Jefferson General Hospital	24,434
Community Development Block Grant (CDBG)	292,730

Donations:

Office facilities	1,000
Land	117,000
Interest	7,000

Total nonoperating gains	442,164
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<b>Excess of Revenue and Gains Over Expenses</b>	342,270
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**Fund Balance**

Beginning of year	173,346
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End of year	\$ 515,616
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See notes to financial statements.

## STATEMENT OF CASH FLOWS

## East Jefferson Community Health Center, Inc.

For the year ended December 31, 1995

<b>Cash Flows From Operating Activities and Gains</b>	
Excess of revenue and gains over expenses	\$ 342,270
Adjustments to reconcile excess of revenue and gains over expenses to net cash provided by operating activities and gains:	
Noncash gift of land	(117,000)
Depreciation	1,004
(Increase) in assets:	
Accounts receivable - patients	(512)
Grants receivable	(783,189)
Prepaid expenses and deposits	(10,249)
Increase in liabilities:	
Accounts payable	97,292
Payroll taxes payable	5,548
Deferred revenue	848,168
Net cash provided by operating activities and gains	383,332
<b>Cash Flows Used By Investing Activities</b>	
Construction in progress	(265,164)
Purchase of furniture and equipment	(51,991)
Net cash used by investing activities	(317,155)
<b>Net increase in cash</b>	66,177
<b>Cash</b>	
Beginning of year	271,543
End of year	\$ 337,720

See notes to financial statements.



**NOTES TO FINANCIAL STATEMENTS****East Jefferson Community Health Center, Inc.**

December 31, 1995

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of East Jefferson Community Health Center, Inc. (the Health Center) is presented to assist in an understanding the Health Center's financial statements. The financial statements and notes are representations of the Health Center's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

**a. Organization**

The East Jefferson Community Health Center, Inc. is a nonprofit corporation, formed to provide primary health care serves to under-served areas in Jefferson Parish.

**b. 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**c. Allowance For Uncollectible Receivables**

The Health Center provides for possible uncollectible receivables as determined by management. At December 31, 1995, no allowance was considered to be necessary.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d. Property and Equipment**

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method. Donated property is recorded at its fair market value at the date of receipt, which is then treated as cost. The land donated to the Health Center from Jefferson Parish will be owned by the Health Center as long as it is used for Health Center operations. Property and equipment acquired with the CDBG grant funds are recorded at cost. Depreciation expense for the year ended December 31, 1995 totaled \$1,004.

**e. Net Patient Service Revenues**

Net patient service revenues represent the estimated net realizable amounts from patients, third-party payers and others for services rendered.

**f. Statement of Revenue, Expenses and Changes In Fund Balances**

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as nonoperating gains and losses.

Resources restricted by grantor for specific operating purposes will be reported in grant revenue to the extent used within the period.

**g. In-Kind Revenue**

From January 16 through May 17, 1995, the office of the Health Center was temporarily located at the Jefferson Parish administrative offices. The value of donated office facilities has been recorded at an estimated fair market value of similar facilities in the area. The value of this office space record in the statement of revenue, expenses and changes in fund balance for the year ended December 31, 1995 is \$1,000.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h. Statement of Cash Flows**

For the purpose of reporting cash flows, the Health Center consider all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**i. Income Taxes**

The Health Center is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

**Note 2 - CONCENTRATION OF CREDIT RISK**

The Health Center has its principal office in Harahan, Louisiana. Medical services are provided to patients of the Health Center who reside primarily in the Harahan and River Ridge area.

In addition, the Health Center maintains its cash balances (including cash equivalents) at several financial institution located in the New Orleans area. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to \$100,000. Uninsured balances are approximately \$72,000 at December 31, 1995.

**Note 3 - CASH WHOSE USE IS LIMITED**

Assets whose use is limited that are required for obligations classified as current liabilities are reported in current assets. The cash limited in these financial statements is the unused portion of the grant proceeds from East Jefferson General Hospital (\$125,000 and \$200,000, originally) restricted by the grantor for funding of the Medical Director's salary and benefits and capital construction.

**Note 4 - GRANTS RECEIVABLE**

Grants receivable at December 31, 1995 comprised the following amounts:

	<u>Building Construction</u>	<u>Office and Medical Equipment/ Supplies</u>	<u>Medical Director</u>	<u>Total</u>
Current:				
Community Development Block Grant	\$ 75,854	\$32,335	\$ -	\$108,189
East Jefferson General Hospital	<u>300,000</u>	-	-	<u>300,000</u>
Totals	<u>\$375,854</u>	<u>\$32,335</u>	<u>\$-0-</u>	<u>\$408,189</u>
Noncurrent:				
East Jefferson General Hospital	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$375,000</u>	<u>\$375,000</u>

Grant receivable from East Jefferson General Hospital is to be received in three annual installments in the amount of \$125,000 per year for the years 1996 through 1998.

**Note 5 - DEFERRED REVENUE**

Deferred revenue at December 31, 1995 comprised the following amounts:

	<u>Building Equipment</u>	<u>Medical Director</u>	<u>Total</u>
Current:			
East Jefferson General Hospital	<u>\$472,837</u>	<u>\$100,331</u>	<u>\$573,168</u>
Noncurrent:			
East Jefferson General Hospital	<u>\$-0-</u>	<u>\$375,000</u>	<u>\$375,000</u>

**Note 6 - RESTRICTED FUND BALANCE**

The restricted fund balance at December 31, 1995 consisted of the net book value of property and equipment acquired by the Health Center with proceeds from grantors who stipulate that property and equipment purchased with those funds must be used for the expressed nonprofit purpose of the Health Center.

In the event of change of ownership from nonprofit to for profit or a change in the purpose of the Health Center the grantors are entitled to be repaid or donated property must be returned to the grantor.

**Note 7 - FINANCIAL SUPPORT**

In August, 1995, the Board of Directors of the East Jefferson General Hospital agreed to fund up to one million dollars towards the following areas; \$500,000 for capital costs and \$500,000 for the Medical Director's salary and benefits.

The Health Center received \$125,000 during August, 1995 for the Medical Director's salary and benefits. Unearned funds have been deferred to pay future salary and benefits of the Medical Director. Amounts allocated for capital expenditures will be paid in installments to a construction account at various stages of construction. In September, 1995, \$200,000 of these funds were received, placed in a special bank account, and to the extent unused, is reflected as unearned revenues in these financial statements.

In February, 1995 the Jefferson Parish Council allocated \$28,000 of its District No. 3's Off Track Betting Fund for costs associated with the architectural and design services of Phase I of the East Jefferson Community Health Center building. All of these funds have been spent and are reflected in these financial statements.

In late 1995 the Council released the restrictions on the \$100,000 appropriated in 1994 for the funding of a Medical Director. These funds were previously reported as long term deferred revenue. For the year ended December 31, 1995, these funds were used for operating expenses.

**Note 10 - CONTINGENCY**

As discussed in Note 7, the Health Center was awarded a grant of \$452,000 by the Jefferson Parish Council from their Community Development Block Grant funds. The term of the grant provide for repayment under certain conditions which generally relate to change in ownership from nonprofit to for profit or changes in uses of such assets procured with the grant funds. These terms will remain in effect until the year 2025.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON**  
**INTERNAL CONTROL STRUCTURE BASED ON**  
**AN AUDIT OF FINANCIAL STATEMENTS PERFORMED**  
**IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,  
East Jefferson Community Health Center, Inc.

We have audited the financial statements of East Jefferson Community Health Center, Inc. (a nonprofit corporation) as of and for the year ended December 31, 1995, and have issued our report thereon dated June 18, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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.

The management of East Jefferson Community Health Center, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure of future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.



In planning and performing our audit of the financial statements of East Jefferson Community Health Center, Inc. for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

- 1) **Condition** - During 1995 the Executive Director approved invoices for payment, prepared checks, and signed checks. Significant responsibility for cash disbursements remained with this one individual.

**Recommendation** - As the Health Center enters the operational stage of its' development and additional staff are hired some of these responsibilities should be delegated to others in order to achieve a proper segregation of duties.

**Response** - The Executive Director was the only employee until March, 1995 when an executive assistant was hired. These two were the only employees until November, 1995. It was impossible to have a proper separation of duties. In 1995 all checks written had to be signed by the Executive Director and one board member. All invoices over \$2,500 had to be approved by the Board of Directors for payment. The bank reconciliations were prepared by our outside CPA. We now have a full time accountant and sufficient staff to segregate duties.

- 2) **Condition** - When reviewing certain cash disbursements, it was noted that some expenses were paid from vendors' statements without invoices as support for the disbursement. This practice can lead to the Health Center duplicating payments to vendors.

**Recommendation** - Cash disbursements should be properly supported with a vendor's invoice. The invoice should have proper approval to be paid documented on it along with documentation that the goods or services have been received.

**Response** - We never paid a Vendor's statement without verifying it back to the original invoices. We kept the invoices in a vendor file separate from the paid statements. We needed to have this to provide to Jefferson Parish Community Development Department as

requested. The statements were kept in a cash disbursement file as support for the checks written. The new accountant is designing a new system for the processing of vendor's invoices.

- 3) **Condition** - When reviewing cash disbursements it was noted that certain invoices were not properly canceled as being paid. Documentation should be provided on invoices as being paid in order to avoid duplicate payment.

**Recommendation** - When invoices to vendors are paid the invoice should document the date paid, check number and account distribution for the disbursement.

**Response** - We had so few invoices for the majority of the year we were able to keep close control of their status. We are not aware of how important this procedure is and will incorporate it into our system.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we 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 and various Federal and local audit agencies. However, this report is a matter of public record, and its distribution is not limited.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants

New Orleans, La.,  
June 18, 1996.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL STRUCTURE USED  
IN ADMINISTERING FEDERAL AWARD**

To the Board of Directors,  
East Jefferson Community Health Center, Inc.

We have audited the financial statements of East Jefferson Community Health Center, Inc. (a nonprofit corporation) as of and for the year ended December 31, 1995, and have issued our report thereon dated June 18, 1996. We also audited the compliance of East Jefferson Community Health Center, Inc. with requirements applicable to its major federal award program and have issued our report thereon dated June 18, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-133 (OMB), Audits of Institutions of Higher Education and Other Nonprofit Institutions. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether East Jefferson Community Health Center, Inc. complied with laws and regulations, noncompliance with which would be material to a major federal award program.

In planning and performing our audit for the year ended December 31, 1995, we considered the internal control structure of East Jefferson Community Health Center, Inc. in order to determine our audit procedures for the purpose of expressing our opinions on the financial statements of East Jefferson Community Health Center, Inc. and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedure relevant to compliance with requirements applicable to federal award programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated June 18, 1996.

The management of East Jefferson Community Health Center, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering its federal award program in the following categories:

**Accounting**

- Cash Disbursements
- Property and Equipment
- Payroll
- Federal Grant Program

**General Requirements**

- Political Activity
- Civil Rights
- Cash Management
- Allowance Cost / Cost Principles
- Drug-Free Workplace Act
- Administrative Requirements

**Specific Requirements**

- Claims For Advances and Reimbursement

For all of the internal control structure categories listed in the preceding paragraph, we obtained an understanding of the design or relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1995, East Jefferson Community Health Center, Inc. expended 100% percent of its total federal awards under its major federal award program.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operations of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Organization's major federal award programs, which are identified in the accompanying Schedule of Federal Awards. Our procedures were less in scope that would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted a certain matter involving the internal control structure and its operation that we consider to be reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Organization's ability to administer federal award programs in accordance with applicable laws and regulations.

**Condition** - For the year ended December 31, 1995 the Health Center failed to maintain a listing of fixed assets purchased with federal funds. Failure to maintain this listing would prohibit the Health Center from complying with federal requirements on property management.

**Recommendation** - The Health Center should maintain a fixed asset listing in accordance with the property management standards included in OMB Circular A-110 as follows:

- A description of the equipment.
- Manufacturer's serial number, model number, or other identification number.
- Source of the equipment, including the award number.
- Whether title vests in the receipt or the Federal Government.
- Acquisition date and cost.
- Information form which one can calculate the percentage of Federal participation in the cost of the equipment.
- Location and condition of the equipment and the date the information was reported.
- Unit acquisition cost.
- Ultimate disposition data, including date of disposal and sales price.

**Response** - Beginning on our January, 1996 financial reports, we had accounted for the assets purchased with Federal funds in a "General Fixed Asset" group of accounts and began depreciating them. Our CPA is the only one who kept a listing of fixed assets purchased, however, only to their cost amounts. A full time accountant has just recently been hired. This person has been put in charge of formalizing the Health Center's fixed assets listing in conformance with OMB Circular A-110.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal award program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the reportable condition described above is not a material weakness.

This report is intended for the information of the board of directors, management and various Federal and local audit agencies. However, this report is a matter of public record, and its distribution is not limited.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants

New Orleans, La.,  
June 18, 1996.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,  
East Jefferson Community Health Center, Inc.

We have audited the financial statements of East Jefferson Community Health Center, Inc. (a nonprofit corporation) as of and for the year ended December 31, 1995, and have issued our report thereon dated June 18, 1996.

We conducted our audit in accordance with generally accepted auditing standards; 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.

Compliance with laws, regulations, contracts and grants applicable to East Jefferson Community Health Center, Inc. is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of East Jefferson Community Health Center, Inc.'s compliance with certain provision of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results our test disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the board of directors, management and various Federal and local audit agencies. However, this report is a matter of public record, and its distribution is not limited.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants

New Orleans, La.,  
June 18, 1996.





Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE WITH THE GENERAL REQUIREMENTS  
APPLICABLE TO FEDERAL AWARD PROGRAM**

To the Board of Directors,  
East Jefferson Community Health Center, Inc.

We have audited the financial statements of East Jefferson Community Health Center, Inc. (a nonprofit corporation) as of and for the year ended December 31, 1995, and have issued our report thereon dated June 18, 1996.

We have applied procedures to test the compliance of East Jefferson Community Health Center, Inc. with the following requirements applicable to its federal award program, which is identified in the accompanying Schedule of Federal Awards, for the year ended December 31, 1995.

- Political Activity
- Civil Rights
- Cash Management
- Allowable Cost / Cost Principles
- Drug Free Workplace Act
- Administrative Requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Circular A-133 Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on East Jefferson Community Health Center, Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that East Jefferson Community Health Center, Inc. had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the board of directors, management and various Federal and local audit agencies. However, this report is a matter of public record, and its distribution is not limited.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants

New Orleans, La.,  
June 18, 1996.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON**  
**COMPLIANCE WITH SPECIFIC REQUIREMENTS**  
**APPLICABLE TO MAJOR FEDERAL AWARD PROGRAM**

To the Board of Directors,  
East Jefferson Community Health Center, Inc.

We have audited the financial statements of East Jefferson Community Health Center, Inc. (a nonprofit corporation) as of and for the year ended December 31, 1995, and have issued our report thereon dated June 18, 1996.

We have also audited the compliance of East Jefferson Community Health Center, Inc. with the requirements governing claims for advances and reimbursements to its major federal award program, which is identified in the accompanying Schedule of Federal Award, for the year ended December 31, 1995. The management of East Jefferson Community Health Center, Inc. is responsible for the Health Center's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the material noncompliance with the requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about the Health Center's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, East Jefferson Community Health Center, Inc. complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to its major federal award program for the year ended December 31, 1995.

This report is intended for the information of the audit committee, management and various Federal and local audit agencies. However, this report is a matter of public record, and its distribution is not limited.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants

New Orleans, La.,  
June 18, 1996.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON  
SCHEDULE OF FEDERAL AWARD**

To the Board of Directors,  
East Jefferson Community Health Center, Inc.

We have audited the financial statements of East Jefferson Community Health Center, Inc. (a nonprofit corporation) as of and for the year ended December 31, 1995, and have issued our report thereon dated June 18, 1996. These financial statements are the responsibility of the Health Center's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of East Jefferson Community Health Center, Inc. taken as a whole. The accompanying Schedule of Federal Award is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants

New Orleans, La.,  
June 18, 1996.

SCHEDULE OF FEDERAL AWARD

**East Jefferson Community Health Center, Inc.**

For the year ended December 31, 1995

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Agency Or Pass-Through Number	Program Or Award Amount	Accrued Or (Deferred) Revenue at January 1, 1995	Receipts Or Revenue Recognized	Federal Disbursements/ Expenditures	Accrued Or (Deferred) Revenue at December 31, 1995
U.S. Department of Housing and Urban Development/Jefferson Parish Community Development Department: Community Development Block Grant	14.218	95-24-02	<u>\$ 452,000</u>	<u>\$ -</u>	<u>\$ 184,541</u>	<u>\$ 292,730</u>	<u>\$ 108,189</u>

## NOTES TO SCHEDULE OF FEDERAL AWARDS

### **East Jefferson Community Health Center, Inc.**

December 31, 1995

#### **Note 1 - SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133, SINGLE AUDIT ACT OF 1984**

All Federal grant awards of the East Jefferson Community Health Center, Inc. are included in the scope of the OMB Circular A-133, Single Audit Act of 1984. The United States Department of Housing and Urban Development is the cognizant federal audit agency and the Jefferson Parish Community development is the local cognizant audit agency for the single audit.

#### **Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Financial Assistance has been prepared on the accrual basis of accounting.

#### **Note 3 - FINDINGS OF NONCOMPLIANCE**

The findings of noncompliance are disclosed in the Schedule of Findings and Questioned Cost. The potential reimbursement effects of the findings are not ascertainable.



**SCHEDULE OF FINDING AND QUESTIONED COSTS**

**East Jefferson Community Health Center, Inc.**

For the year ended December 31, 1995

<u>Program</u>	<u>Finding</u>	<u>Questioned Cost</u>
Housing and Urban Development - CDBG	<p>1. <b>Finding</b> - During our review of expenditures charged to the program we noted charges for training of personnel on a computerized billing system purchased by the Health Center. Although the purchase of the billing system was allowable under the grant agreement we were unable to determine if the training charges were an allowable charge.</p> <p><b>Recommendation</b> - The Health Center should contact the local oversight agency and obtain approval for the charge.</p> <p><b>Response</b> - The amounts budgeted for Computer hardware and software included the cost of trading. Although it may not have been indicated by the line item budget, Community Development received the invoice which included all the costs charged by item or service and they reimbursed us for 100%.</p>	\$3,375
Housing and Urban Development - CDBG	<p>2. <b>Finding</b> - When reviewing equipment procurement which was charged to the program we noted two cases in which the Health Center obtained three proposals and awarded the contract to the lowest bidder. The request for bids was not advertised in the newspaper. We feel if the advertisement for bids would have taken place it would have created a more competitive procurement process as required by Circular A-110.</p>	\$ -

Program

Finding

Questioned  
Cost

2. (Continued)

**Recommendation** - In the future the Health Center should advertise a request for bids on significant procurement transactions.

**Response** - Before the computer software and equipment was purchased, the Executive Director had visited and spoken with several other Health Clinics about the system they used and their satisfaction levels. Based upon this advice, bids were requested only from the companies that were recommended by the other Clinics.

The Health Center was starting from scratch when it came to purchasing all the medical equipment and supplies needed to be fully operational. To advertise for the many items of equipment needed was not cost affective. The Executive director only contacted the companies that could supply all of the needed equipment and supplies.

In the future, as items are needed to be replaced or new equipment is needed (one by one) advertisements will be placed.