

## CONTENTS

<i>Independent Auditor's Report</i>	1
<i>Balance Sheet</i>	2
<i>Statement of Support, Revenue, Expenses and Changes in Fund Balance</i>	3
<i>Statement of Cash Flows</i>	4
<i>Notes to Financial Statements</i>	5 - 8
<b>SUPPLEMENTARY INFORMATION</b>	
<i>Independent Auditor's Report on Supplementary Information</i>	9
<i>Combining Balance Sheet - Program Restricted Funds</i>	10
<i>Combining Statement of Revenues, Expenses and Changes in Fund Balance - Program Restricted Funds</i>	11
<b>SINGLE AUDIT SECTION</b>	
<i>Independent Auditor's Report on Schedule of Federal Awards</i>	12
<i>Schedule of Federal Awards</i>	13
<i>Independent Auditor's Report on Internal Control Structure Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</i>	14 - 15
<i>Single Audit Report on the Internal Control Structure Used in Administering Federal Awards</i>	16 - 18
<i>Independent Auditor's Report on Compliance Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards</i>	19

**SOUTHEASTERN LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION  
STATUS OF PRIOR YEAR AUDIT FINDINGS  
For The Nine Months Ended June 30, 1996**

**Interfund Payables and Receivables**

**Prior Year Finding**

We noted that the interfund payables and receivables did not balance. Several journal entries were required to be posted in order to balance these accounts.

**Current Year Finding**

The interfund payable and receivable amount balances were in balance at June 30, 1996.

**Time Sheets**

**Prior Year Finding**

We noted that supervisory personnel assigned to several federally and state funded programs did not maintain sufficient time and allocation records to support the amount of their time charged to the respective programs.

**Current Year Finding**

Beginning in April 1996, all supervisory personnel assigned to federally and state funded programs began utilizing time and allocation records which supported the amount of their time charged to the respective programs.

**SOUTHEASTERN LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION  
SCHEDULE OF FINDINGS AND QUESTIONED COST  
For The Nine Months Ended June 30, 1996**

Program	Finding	Questioned Cost
	<b>Finding</b>	
Rural Arts Presentation Program	Through March 1996, supervisory personnel assigned to this program did not maintain sufficient time and allocation records to support the amount of their salary charged to this program. In April 1996, supervisory personnel began using appropriate time and allocation records to support the amount of salary and fringes charged to this program.	Not Determinable
	<b>Management's Response</b>	
	It was management's understanding from the State Department of Health and Hospitals that time records (i.e., time sheets) were required for staff assigned to this program, and that supervisory personnel were not required to maintain specific time records. The State Department of Health and Hospitals subsequently notified SELAHEC that time sheets for supervisory personnel would be required effective April 1, 1996.	



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO  
NONMAJOR FEDERAL AWARDS PROGRAM TRANSACTIONS**

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

We have audited the financial statements of SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION ("SELAHEEC") (a nonprofit organization) as of and for the nine months ended June 30, 1996, and have issued our report thereon dated November 11, 1996.

In connection with our audit of the financial statements of SELAHEEC and with our consideration of SELAHEEC's control structure used to administer federal awards programs, as required by Office of Management and Budget Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal programs for the nine months ended June 30, 1996. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on SELAHEEC's compliance with these requirements. 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 preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that SELAHEEC had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Board of Directors, management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*As. Rice, Little, Long & King*

A Professional Accounting Corporation

November 11, 1996

A Professional Accounting Corporation

800 Two Gateway Center, 800 N. Canbyway Blvd., Metairie, LA 70002 (504) 885-5622 FAX (504) 885-5555

P.O. Box 27, Riverdale Drive, Covington, LA 70421 (504) 885-5626 FAX (504) 885-5626

Member of the St. Louis and the New Orleans Companies/Institutes/Associates and P.C. Parties to the  
Intersect and Affiliates with Accounting, Tax, Insurance, etc.

This report is intended for the information of the Board of Directors, management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*La. State, Louis, Long & Warr*

A Professional Accounting Corporation

November 12, 1998



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR  
FEDERAL AWARDS PROGRAMS**

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

We have audited the financial statements of **SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION ("SELAHEC")** (a nonprofit organization) as of and for the nine months ended June 30, 1998, and have issued our report thereon dated November 12, 1998.

We have also audited SELAHEC's compliance with the requirements governing types of services allowed or unallowed, eligibility, reporting, and claims for advances and reimbursements that are applicable to each of its major federal awards programs, which are identified in the accompanying Schedule of Federal Awards, for the nine months ended June 30, 1998. The management of SELAHEC is responsible for SELAHEC's compliance with these requirements. Our responsibility is to express an opinion on compliance with these requirements 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 Office of Management and Budget Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Organizations." These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the specific requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about the SELAHEC's compliance with these requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed *insubstantial* instances of noncompliance with the requirements referred to in the second paragraph, 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, SELAHEC complied, in all material respects, with the specific requirements referred to in the second paragraph that are applicable to each of its major federal programs for the nine months ended June 30, 1998.

*A Professional Accounting Corporation*

200 Two Liberty Center, 3000 N. Causeway Blvd., Metairie, LA 70002 (504) 885-1022 FAX (504) 885-5555

P.O. Box 20, Metairie, Louisiana, LA 70001 (504) 885-5928 FAX (504) 885-5928

Member of the Institute of Certified Public Accountants of Louisiana  
This report and Addendum, with the original Working Papers, are the property of the Firm and are not to be distributed outside the Firm.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
THE GENERAL REQUIREMENTS APPLICABLE TO  
FEDERAL AWARDS PROGRAMS

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

We have audited the financial statements of SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION ("SEL-HEEC") (a nonprofit organization) as of and for the nine months ended June 30, 1996, and have issued our report thereon dated November 12, 1996.

We have applied procedures to test SEL-HEEC's compliance with the following requirements applicable to each of its federal awards programs, which are identified in the Schedule of Federal Awards, for the nine months ended June 30, 1996: Political Activity, Civil Rights, Cash Management, Federal Financial Reports, Allowable Costs/Cost Principles, Drug-Free Workplace Act and Administrative Requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Learning and Other Nonprofit Institutions." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on SEL-HEEC'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 these 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 SEL-HEEC 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 the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Per: Peter, Leland, Long & Ward*

A Professional Accounting Corporation

November 12, 1996

A Professional Accounting Corporation

100 West Lakeside Center (30th St.) Casemeyer Bldg. Metairie, LA 70002 (504) 885-5444 FAX (504) 885-9141

PO Box 27, Metairie 70001 (504) 885-5444 FAX (504) 885-5444 FAX (504) 885-5444

Member of APFA (Approved by IRS) Financial Computer Provider System and SRS. Please Note: Not an International institution with International Office from 100 St. Inc.



**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  
Southeastern Louisiana Area  
Health Education Center Foundation

We have audited the financial statements of SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION ("SELAHEC") (a nonprofit organization) for the nine months ended June 30, 1996, and have issued our report thereon dated November 12, 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.

Compliance with laws, regulations, contracts and grants applicable to SELAHEC is the responsibility of SELAHEC's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of SELAHEC's compliance with certain provisions 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 of our tests 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 the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*Arthur H. Smith, Chartered Accountant*

A Professional Accounting Corporation

November 12, 1996

A Professional Accounting Corporation

500 Two Gateway Center, Suite 1100, Greentree Blvd., Metairie, LA 70002 | 504-885-5422 | FAX 504-885-5444

P.O. Box 27, Shreveport, Louisiana 71202-0027 | 504-833-0000 | 504-833-0000

Member of AICPA, Ranked by U.S. News & World Report as one of the "Best Places to Work" in the United States  
International Adherence with AccountingSource.com, Inc.



**SOUTHEASTERN LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION  
STATEMENT OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN FUND BALANCE  
For The Nine Months Ended June 30, 1996**

	<b>Program Fund</b>	<b>Plant Fund</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Contract with LRJMC	\$ 289,372	\$ -	\$ 289,372
Federal Grant Revenue	377,883	-	377,883
State Grant Revenue	30,323	-	30,323
Donated Contributions	5,059	-	5,059
Interest Income	5,544	-	5,544
Other	15,852	-	15,852
Total Support and Revenue	<u>741,372</u>	<u>-</u>	<u>741,372</u>
<b>EXPENSES</b>			
Salaries and Related Benefits	449,749	-	449,749
Supplies and Maintenance	44,768	-	44,768
Equipment Expense	11,856	-	11,856
Rent	36,258	-	36,258
Utilities	8,787	-	8,787
Travel	15,647	-	15,647
Library	11,304	-	11,304
Contractual	111,988	-	111,988
Professional Costs	20,279	-	20,279
Legal Expenses	1,891	-	1,891
Programs	9,828	-	9,828
Dues and Conferences	3,428	-	3,428
Automotive Expenses	18,721	-	18,721
Other	6,329	-	6,329
Depreciation	-	13,483	13,483
Total Expenses	<u>762,794</u>	<u>13,483</u>	<u>776,277</u>
<b>DEFICIENCY OF SUPPORT AND REVENUE UNDER EXPENSES</b>			
	(21,421)	(13,483)	(34,903)
<b>FUND BALANCES - BEGINNING OF YEAR</b>			
	86,280	30,702	116,982
<b>OTHER CHANGES IN FUND BALANCES</b>			
Transfers from LRJMC Funding	1,255	-	1,255
Transfers to Plant/Plant Program	(1,255)	-	(1,255)
Fixed Asset Acquisitions	(1,849)	1,849	-
Total Other Changes	<u>(1,849)</u>	<u>1,849</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>			
	<u>\$ 63,016</u>	<u>\$ 19,068</u>	<u>\$ 82,084</u>

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

<i>Independent Auditor's Report on Compliance with General Requirements Applicable to Federal Awards Programs</i>	20
<i>Independent Auditor's Report on Compliance with Specific Requirements Applicable to Major Federal Awards Programs</i>	21 - 22
<i>Independent Auditor's Report on Compliance with Specific Requirements Applicable to Nonmajor Federal Awards Program Transactions</i>	23
<i>Schedule of Findings and Questioned Costs</i>	24
<i>Status of Prior Year Audit Findings</i>	25



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

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

We have audited the financial statements of SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION ("SELAHEC") (a nonprofit organization) as of and for the nine months ended June 30, 1996, and have issued our report thereon dated November 12, 1996. We have also audited the compliance of SELAHEC with requirements applicable to major federal award programs and have issued our report thereon dated November 12, 1996.

We conducted our audits 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, "Audit 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 SELAHEC 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 nine months ended June 30, 1996, we considered SELAHEC's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements of SELAHEC 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 procedures 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 November 12, 1996.

A Professional Accounting Organization

1000 One Lakeside Center, 9000 N. Causeway Blvd., Metairie, LA 70002 (504) 885-5522 FAX (504) 885-5525

5311, Box 27, Metairie, LA 70002 (504) 885-5522 FAX (504) 885-5525

Member of AICPA Network, Inc. 1700, 1700 Poydras, Corporate Practice Section and SEC Practice Section  
International Alliance of Public Accounting Firms Associated, Inc.



**OFFICIAL  
FILE COPY**  
**DO NOT SEND OUT**

1 Month Retention  
Date:

**SOUTHEASTERN LOUISIANA  
AREA HEALTH EDUCATION  
CENTER FOUNDATION**

June 30, 1996

*Audit of Financial Statements*

June 30, 1996. In accordance with the 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.

**INVESTMENT OVERSIGHT AREA  
HEALTH EDUCATION CENTER FUNDATION  
FUNDAMENTAL INFORMATION**

**COMPARING STATEMENTS OF REVENUES AND EXPENSES AS PREPARED BY FUNDATION**  
**FOR THE YEAR ENDED YEAR IN 1999**

	FEDERAL		STATE		LOCAL		TOTAL	
	REVENUE	EXPENSE	REVENUE	EXPENSE	REVENUE	EXPENSE	REVENUE	EXPENSE
<b>BUDGET AND REVENUE</b>								
Contracted LEAD	0	0	0	0	0	0	0	0
Federal Grant Revenue	11,000	0	0	0	0	0	11,000	0
State Grant Revenue	0	0	0	0	0	0	0	0
Fundation's Contribution	0	0	0	0	0	0	0	0
Investment Income	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
<b>Total Revenue</b>	<b>11,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,000</b>	<b>0</b>
<b>EXPENSES</b>								
Administrative Salaries	10,000	0	0	0	0	0	10,000	0
Staff Travel Expenses	0	0	0	0	0	0	0	0
Equipment Expense	0	0	0	0	0	0	0	0
Salaries	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0
Travel	0	0	0	0	0	0	0	0
Library	0	0	0	0	0	0	0	0
Contracted	0	0	0	0	0	0	0	0
Professional Fees	0	0	0	0	0	0	0	0
Legal Expenses	0	0	0	0	0	0	0	0
Printing	0	0	0	0	0	0	0	0
Donor Conference	0	0	0	0	0	0	0	0
Amortization Expense	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
<b>Total Expense</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,000</b>	<b>0</b>

	FEDERAL		STATE		LOCAL		TOTAL	
	REVENUE	EXPENSE	REVENUE	EXPENSE	REVENUE	EXPENSE	REVENUE	EXPENSE
<b>OPERATING REVENUE - BUDGETING OF YEAR</b>								
Investment Income (Pending)	0	0	0	0	0	0	0	0
Transfer to Health Care Program	0	0	0	0	0	0	0	0
Fundation's Contribution	0	0	0	0	0	0	0	0
<b>Total Operating Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OPERATING EXPENSES OF MEMBERS AND BUDGETING OF YEAR</b>								
Administrative Salaries	10,000	0	0	0	0	0	10,000	0
Staff Travel Expenses	0	0	0	0	0	0	0	0
Equipment Expense	0	0	0	0	0	0	0	0
Salaries	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0
Travel	0	0	0	0	0	0	0	0
Library	0	0	0	0	0	0	0	0
Contracted	0	0	0	0	0	0	0	0
Professional Fees	0	0	0	0	0	0	0	0
Legal Expenses	0	0	0	0	0	0	0	0
Printing	0	0	0	0	0	0	0	0
Donor Conference	0	0	0	0	0	0	0	0
Amortization Expense	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
<b>Total Operating Expense</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,000</b>	<b>0</b>

	FEDERAL		STATE		LOCAL		TOTAL	
	REVENUE	EXPENSE	REVENUE	EXPENSE	REVENUE	EXPENSE	REVENUE	EXPENSE
<b>OPERATING REVENUE - BUDGETING OF YEAR</b>								
Investment Income (Pending)	0	0	0	0	0	0	0	0
Transfer to Health Care Program	0	0	0	0	0	0	0	0
Fundation's Contribution	0	0	0	0	0	0	0	0
<b>Total Operating Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OPERATING EXPENSES OF MEMBERS AND BUDGETING OF YEAR</b>								
Administrative Salaries	10,000	0	0	0	0	0	10,000	0
Staff Travel Expenses	0	0	0	0	0	0	0	0
Equipment Expense	0	0	0	0	0	0	0	0
Salaries	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0
Travel	0	0	0	0	0	0	0	0
Library	0	0	0	0	0	0	0	0
Contracted	0	0	0	0	0	0	0	0
Professional Fees	0	0	0	0	0	0	0	0
Legal Expenses	0	0	0	0	0	0	0	0
Printing	0	0	0	0	0	0	0	0
Donor Conference	0	0	0	0	0	0	0	0
Amortization Expense	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
<b>Total Operating Expense</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,000</b>	<b>0</b>

The independent auditor's report is supplementary information.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*John A. Baker, Charles A. Gray & Sons*

A Professional Accounting Corporation

November 12, 1986



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

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

We have audited the financial statements of SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION ("SELAHEC") (a nonprofit organization) as of and for the nine months ended June 30, 1996, and have issued our report thereon dated November 13, 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.

The management of SELAHEC 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 accounted 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 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.

In planning and performing our audit of the financial statements of SELAHEC for the nine months ended June 30, 1996, 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 risks in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

**A Professional Accounting Corporation**

200 First Landing Center, 30th N. Causeway Blvd., Metairie, LA 70002 (504) 885-7444 FAX (504) 885-9171  
P.O. Box 27, Metairie, La 70001 (504) 885-7444 FAX (504) 885-7500

Members of APCA are Chartered Certified Public Accountants and are not affiliated with the International Federation of Accountants (IFAC) or the International Federation of Accountants (IFA).



**SOUTHEASTERN LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION  
BALANCE SHEET  
June 30, 1976**

**ASSETS**

	<u>Program Funds</u>	<u>Plant Fund</u>	<u>Total</u>
<b>RESTRICTED ASSETS</b>			
Cash	\$ 147,582	\$ -	\$ 147,582
Grants Receivable	74,215	-	74,215
Due from Other Programs	69,988	-	69,988
Deposits	380	-	380
Other Assets	5,184	-	5,184
Total Restricted Assets	<u>297,189</u>	<u>-</u>	<u>297,189</u>
<b>FIXED ASSETS</b>			
Autos, Furniture and Office Equipment	-	90,180	90,180
Less: Accumulated Depreciation	<u>-</u>	<u>(51,812)</u>	<u>(51,812)</u>
Net Fixed Assets	<u>-</u>	<u>38,368</u>	<u>38,368</u>
Total Assets	<u>\$ 297,189</u>	<u>\$ 38,368</u>	<u>\$ 335,477</u>

**LIABILITIES AND FUND BALANCE**

<b>LIABILITIES</b>			
Accounts Payable	\$ 61,456	\$ -	\$ 61,456
Grants Advances	18,241	-	18,241
Payroll Tax Liabilities	-	-	-
Deferred Revenue	83,773	-	83,773
Due to Other Programs	<u>69,988</u>	<u>-</u>	<u>69,988</u>
Total Liabilities	<u>233,458</u>	<u>-</u>	<u>233,458</u>
<b>FUND BALANCE</b>			
Restricted - Designated for Future Expenditures	63,728	-	63,728
Investment in Fixed Assets	<u>-</u>	<u>38,288</u>	<u>38,288</u>
Total Fund Balance	<u>63,728</u>	<u>38,288</u>	<u>102,017</u>
Total Liabilities and Fund Balance	<u>\$ 297,189</u>	<u>\$ 38,288</u>	<u>\$ 335,477</u>

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



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

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

We have audited the financial statements of SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION ("SELAHEC") (a nonprofit organization) as of and for the nine months ended June 30, 1996, and have issued our report thereon dated November 12, 1996. These financial statements are the responsibility of SELAHEC'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, "Audit of Institutions of Higher Education and Other Nonprofit Organizations." 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 made for the purpose of forming an opinion on the basic financial statements of SELAHEC taken as a whole. The accompanying Schedule of Federal Awards 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.

*Ho, Little, Little, Long & Lind*

A Professional Accounting Corporation

November 12, 1996

A Professional Accounting Corporation

500 Two Lakeshore Center #200 N. Caenestary Blvd, Shreveport, LA 70502 (504) 835-7111 FAX (504) 835-7121

PO Box 1047, Shreveport-Lafayette Corridor, LA 70504 (504) 835-5656 FAX (504) 835-5656

Member of AICPA affiliated with CPA Financial Companies For the Public and SEC. Member of the

International Affiliates with the Accounting, Audit, Tax, and SEC. Member of the

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 constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*H. R. Rife, Arthur Young & Gere*

A Professional Accounting Corporation

November 13, 1996

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

**SCHEDULE 1  
COMBINED BALANCE SHEET  
Fiscal Year, 1976**

LOEAM Funding	Federal Health Outreach Program		ITPS		Rural Health Promotion Program		Rural Health Disease Prevention Program		Rural Health Disease Prevention Program		Totals
	\$	%	\$	%	\$	%	\$	%	\$	%	
50,000	100	100	-	-	10,000	20	10,000	-	-	-	100,000
10,000	20	20	20,000	40	10,000	20	-	-	-	-	50,000
40,000	80	80	-	-	-	-	-	-	-	-	40,000
60,000	120	120	-	-	-	-	-	-	-	-	120,000
<b>\$ 140,000</b>	<b>280</b>	<b>280</b>	<b>\$ 20,000</b>	<b>40</b>	<b>\$ 30,000</b>	<b>60</b>	<b>\$ 30,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 200,000</b>
<b>LIABILITIES</b>											
Accounts Payable	-	-	4,500	9	-	-	1,000	2	-	-	5,500
Grant Advances	10,241	20	-	-	-	-	-	-	-	-	10,241
Payroll Tax Liabilities	-	-	-	-	-	-	-	-	-	-	-
Deferred Revenues	4,000	8	-	-	-	-	76,000	150	-	-	80,000
Due to Other Programs	-	-	24,500	49	13,300	27	4,000	8	-	-	41,800
<b>Total Liabilities</b>	<b>14,241</b>	<b>28</b>	<b>28,500</b>	<b>57</b>	<b>17,300</b>	<b>35</b>	<b>81,000</b>	<b>162</b>	<b>\$ -</b>	<b>\$ -</b>	<b>131,041</b>
<b>FUND BALANCE (DEFICIT)</b>											
Rural Health - Encumbered for Future Expenditures	64,000	128	117	0.23	-	-	-	-	-	-	64,117
<b>Total Fund Balance (Deficit)</b>	<b>64,000</b>	<b>128</b>	<b>117</b>	<b>0.23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64,117</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 140,241</b>	<b>280</b>	<b>\$ 28,617</b>	<b>57</b>	<b>\$ 17,300</b>	<b>35</b>	<b>\$ 81,000</b>	<b>162</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 200,117</b>

The independent auditor's report on supplementary information.



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

**Independent Auditor's Report  
on Supplementary Information**

Our report on the basic financial statements of SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION ("SELAHEC") (a nonprofit organization) for June 30, 1996 appears on page 1. The audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information contained in Schedules I and II is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respect in relation to the basic financial statements taken as a whole.

*W. H. Hester, Charles H. Hester & Hester*

A Professional Accounting Corporation

November 12, 1996

A Professional Accounting Corporation

200 West Lafayette Center, Suite 10, Cameron Hill, Shreveport, LA 70508 (504) 835-7522 FAX: (504) 835-7525  
P.O. Box 27, Shreveport-Lafayette Corridorway, L.A. 70508 (504) 835-5050 FAX: (504) 835-5050

Members of AIA/PA include the CPA, Financial Computer Practice Institute and ICF, Financial Institute.  
(This document constitutes a full disclosure of the relationship between the Institute and the CPA.)

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

**NOTE D**

**RETIREMENT PLAN**

SELAHEC established an employer sponsored 401(k) Annuity Plan effective October 1, 1998 to provide retirement benefits for employees of SELAHEC and the payment of benefits to employees and their beneficiaries. The Organization's contribution was 7% of the employees' salaries during the nine months ended June 30, 1996. Additionally, an amount determined by resolution of the Board of Directors of SELAHEC may be contributed to the Plan. The contribution to the Plan for June 30, 1996 amounted to \$27,744.

**NOTE E**

**OPERATING LEASE AGREEMENTS**

SELAHEC leases office space under operating leases expiring in 1998.

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

1996	<u>\$ 33,680</u>
------	------------------

Total rent expense incurred by SELAHEC was \$16,200.

**NOTE F**

**GRANT ADVANCES**

The balance of Grant Advances reflected on the balance sheet of SELAHEC pertains to advance funding provided by LSC&EC for the costs associated with SELAHEC's Primary Care Elective Program and its DRH Linkage Program.

Through SELAHEC's Primary Care Elective Program, medical students are placed in various health care facilities to complete their primary care elective. This elective requires students to provide health care services at the facility in which they have been placed. Students who participate in the DRH Linkage Program work directly with HIV infected patients. Both of these programs operate primarily during the months of June through August.

Students who participate in these programs receive a stipend to cover costs such as travel and meals. In order to ease the cash flow burden imposed on SELAHEC during the months in which these programs are operative, funding is requested throughout the contract year. This enables SELAHEC to have the costs available to pay the stipends to the participating students.

At June 30, 1996, SELAHEC had received approximately \$57,080 to fund these two programs. However, the actual amount of stipends earned by students at June 30, 1996 was approximately \$18,780. Thus, the remaining balance of approximately \$18,180 pertains to funding received to pay stipends which will be incurred in July and August of 1996.

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

**NOTE B**

**RESTATEMENT OF BEGINNING FUND BALANCES (Continued)**

In the prior year financial statements, funds in the amount of \$8,669 were provided to the Federal Rural Health Outreach Program to cover expenses which exceeded revenues. The \$8,669 was deemed to be a transfer to the Federal Rural Health Outreach Program from the LSAHEC Funding. During the nine months ended June 30, 1996, it was determined that the \$8,669 provided to the Federal Rural Health Outreach Program should have been recognized by the LSAHEC Funding and the Federal Rural Health Outreach Program as an inter-program receivable and payable, respectively.

**NOTE C**

**EQUIPMENT**

LSAHEC held the following assets in its Plant Fund as of June 30, 1996:

Vehicles	\$ 16,695
Equipment - Medical/Educational	1,538
Office Equipment	28,152
Office Equipment - Donated (Valued at Fair Market Value)	<u>22,715</u>
	80,100
Less: Accumulated Depreciation	<u>31,812</u>
	<u>\$ 48,288</u>

All assets are depreciated using the straight-line basis over the estimated useful lives of the assets. Depreciation expense for the nine months ended June 30, 1996 totaled \$13,463.

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

Furniture and Fixtures	\$ 8,037
Computer Hardware	15,794
Audio/Visual Equipment	7,613
Office Equipment	3,571
Library Furniture and Fixtures	28,126
Computer Software	<u>2,388</u>
	<u>\$ 65,529</u>

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

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**REVENUE AND EXPENSES (Continued)**

During the nine months ended June 30, 1996, SELAHEC was awarded several grants from various State and Federal governmental agencies. For these grants, revenues are recognized as expenses are incurred.

**EQUIPMENT**

Effective with the October 1, 1994, cooperative endeavor between LSUMC and SELAHEC, title to equipment purchased with these funds is to remain with SELAHEC. Prior to October 1, 1994, title to equipment purchased with these funds was to remain with LSUMC. Therefore, equipment purchased with funds provided by LSUMC during the fiscal year ended June 30, 1995 has been capitalized and reported in the Plant Fund, accordingly. In addition, the cost of minor, furniture and other equipment purchased with funds as provided by the DHS grant has been capitalized and reported in the Plant Fund, accordingly.

**CASH FLOW INFORMATION**

SELAHEC considers all short-term investments with an original maturity of three months or less to be cash equivalents. SELAHEC did not make any cash payments for interest or income taxes during the year ended June 30, 1996.

**ECONOMIC DEPENDENCY**

Support for SELAHEC is provided primarily by Louisiana State University and Agricultural and Mechanical College acting on behalf of the Louisiana State University Medical Center (LSUMC) and other governmental grants. The continued operations of SELAHEC are dependent upon the renewal by these funding sources.

**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 disclosures 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 these estimates.

**ADVERTISING COSTS**

Advertising costs are expensed as incurred.

**NOTE B**

**RESTATEMENT OF BEGINNING FUND BALANCES**

The beginning fund balances for the Federal Rural Health Outreach Program and the LSUMC Funding have been restated to correct the accounting of funds provided to the Federal Rural Health Outreach Program for expenses incurred which exceeded revenues for the program in the prior year.



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

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ORGANIZATION**

SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION ("SELAHEC") is a Louisiana nonprofit organization chartered on June 23, 1989. Its purpose is to operate an area health education center in Southeastern Louisiana in order to plan for additional clinical educational opportunities in rural and underserved communities.

**FEDERAL INCOME TAXES**

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

**FUND ACCOUNTING**

The accounting system is organized and operated on a basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restriction or limitations. The various funds presented in the financial statements in this report are as follows:

*Program Restricted Funds* - SELAHEC has combined several funds into the category of Program Restricted Funds. Program Restricted Funds show the total of all funds that have been restricted for specific uses. These consist primarily of government funded programs. The government funded programs represent all programs for which SELAHEC has contracted directly or indirectly with a governmental agency to perform certain services.

*Land, Building and Equipment Fund* - The Land, Building and Equipment Fund contains all assets of SELAHEC used for both program and supporting services.

**REVENUE AND EXPENSES**

Support for SELAHEC is provided primarily by Louisiana State University and Agricultural and Mechanical College acting on behalf of the Louisiana State University Medical Center (LSUMC). Effective October 1, 1994, all funding provided by LSUMC was all State funds. Prior to October 1, 1994, all funding provided by LSUMC originated from the U.S. Department of Health and Human Services, and then considered to be Federal funds.

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

Additionally, SELAHEC has been awarded a grant by the U.S. Department of Health and Human Services (DHHS). Expenditures are to be made in accordance with a budget which has been adopted and made a part of the grant agreement with DHHS. SELAHEC is to be reimbursed by DHHS for costs incurred in carrying out the provisions of the agreement.

NORTHEASTERN LOUISIANA AREA HEALTH  
EDUCATION CENTER FOUNDATION  
STATEMENT OF CASH FLOWS  
For The Nine Months Ended June 30, 1994

	Program Funds	Plant Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Efficiency of Support and Revenue Under Expenses Adjustments to Reconcile Efficiency of Support and Revenue Under Expenses to Net Cash Provided by Operating Activities	\$ (21,022)	\$ (12,663)	\$ (33,685)
Depreciation	-	13,460	13,460
Decrease in Grant Receivable	37,841	-	37,841
Decrease in Due from Other Programs	13,187	-	13,187
(Decrease) in Other Assets	(2,280)	-	(2,280)
Increase in Accounts Payable	35,240	-	35,240
(Decrease) in Grant Advances	(16,029)	-	(16,029)
(Decrease) in Payroll Tax Liabilities	(16,738)	-	(16,738)
(Decrease) in Deferred Revenue	(58,288)	-	(58,288)
(Decrease) in Due to Other Programs	(13,187)	-	(13,187)
	<u>(40,670)</u>	<u>-</u>	<u>(40,670)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Assets, Furniture and Office Equipment	(1,649)	-	(1,649)
	<u>(1,649)</u>	<u>-</u>	<u>(1,649)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(42,319)	-	(42,319)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>189,022</u>	<u>-</u>	<u>189,022</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 146,703</u>	<u>\$ -</u>	<u>\$ 146,703</u>

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

**SOUTHEASTERN LOUISIANA AIDS HEALTH  
EDUCATION CENTER FOUNDATION  
SCHEDULE OF FEDERAL AWARDS  
For The Nine Months Ended June 30, 1996**

<u>Federal Grants/ Pass-through Grants/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass through Grant's Number</u>	<u>Expenditures/ Expenses</u>
<b>Major Programs</b>			
<b><u>U.S. Department of Health and Human Services</u></b>			
Rural Health Outreach Demonstration Program	99.912	N/A	\$ 104,187
<b><u>U.S. Department of Labor</u></b>			
Passed through from State Department of Labor and the Tangipahoa Parish School System			
Job Training Partnership Act	17.248	N/A	215,601
Subtotal - Major Programs			319,821
<b><u>Other Federal Awards</u></b>			
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through from State Department of Health and Hospitals - Office of Public Health			
Rural AIDS Prevention Program	91.548	013568	48,915
Total			<u>\$ 368,736</u>

The management of SELAHHC 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 recorded 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 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 federal programs in the following categories:

Accounting Applications	General Requirements	Specific Requirements
Cash Receipts	Political Activity	Types of Services Allowed or Unallowed
Purchasing/Receiving	Civil Rights	Reporting Eligibility
Accounts Payable	Cash Management	Claims For Advances and Reimbursements
Cash Disbursements	Federal Financial Reports	
Payroll	Allowable Costs/Cost Principles	
Property and Equipment	Drug-Free Work Place	
General Ledger	Administrative Requirements	
Receivables		

For all of the internal control structure categories listed in the preceding paragraph, 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.

During the nine months ended June 30, 1996, SELAHHC expended 86% of its total federal awards under major federal award programs.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation 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 such of the SELAHHC's major federal award programs, which are identified in the accompanying Schedule of Federal Awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.