

NEW ORLEANS HEALTH CORPORATION

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**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED JUNE 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the market, or reviewed, orally 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: SEP 1 6 1997

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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 statements of financial position of New Orleans Health Corporation, hereinafter NOHC is nonprofit organization, as of June 30, 1997, 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, 1997, 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 August 25, 1998, on my consideration of NOHC's internal control over financial reporting and my test 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.



Asif Gafar
Certified Public Accountant

August 25, 1998

NEW ORLEANS HEALTH CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1997

ASSETS

Cash and temporary investments	\$ 62,825
Temporary cash investment, restricted to secure note payable (NOTE 5)	80,325
	143,150
Accounts receivable, net of allowance for doubtful accounts of \$428,734 (NOTE 3)	256,990
Other assets	1,980
Property and equipment, net of accumulated depreciation of \$241,468 (NOTE 4)	991,171
Total assets	\$ 1,373,271

LIABILITIES AND NET ASSETS

Accounts payable	\$ 111,313
Other payable (NOTE 6)	784,184
Rent payable (NOTE 7)	283,432
Note payable (NOTE 5)	73,573
Accrued liabilities	349,083
Deferred revenue (NOTE 8)	64,172
Total liabilities	1,667,757

CONTINGENCIES AND COMMITMENTS (NOTE 9)

Net Assets:	
Unrealized (NOTE 11)	(294,486)
Total net assets	(294,486)
Total liabilities and net assets	\$ 1,373,271

The accompanying notes are an integral part of these
financial statements

NEW ORLEANS HEALTH CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1997

	UNRESTRICTED
SUPPORT AND REVENUE	
Support:	
Grants	\$ 1,263,524
Title XIX (Medicaid)	639,003
Title XVII (Medicare)	309,887
In-kind support (NOTE 2)	168,431
Total support	2,380,845
Revenue:	
Patients fee	407,940
Other	31,091
Total revenue	439,031
Total support and revenue	2,819,876
Expenses:	
Program services	2,285,130
Support services	586,757
Total expenses	2,871,887
(Decrease) in net assets	(52,011)
Net assets, beginning of year	988,613
Prior period adjustments (NOTE 10)	(656,128)
Net assets, end of year	\$ (294,485)

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, 1997

UNRESTRICTED

	Program Services	Support Services	Total MEMORANDUM (DMS-7)
Salaries	\$ 1,199,462	\$ 245,592	\$ 1,445,054
Payroll taxes and employee benefits	182,489	30,775	193,264
Insurance	33,086	6,699	39,785
Leased (NOTE 2)	147,523	30,505	178,028
Other	20,377	17,078	37,455
Professional services	79,695	164,366	184,061
Provision for bad debts	-	176,212	176,212
Rental	36,129	188,312	224,441
Repairs and maintenance	21,066	9,968	31,034
Supplies	36,799	18,078	54,877
Telephone	34,288	22,299	56,587
	\$ 2,190,699	977,428	\$ 3,168,127
Depreciation	\$ 55,912	14,253	\$ 70,165
Total	\$ 2,246,611	\$ 991,681	\$ 3,238,292

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, 1997

Cash Flow from Operating Activities:	
Decrease in net assets	\$ (352,991)
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation	70,344
Prior period adjustment	(680,138)
Provision for bad debts	176,232
Changes in Assets and Liabilities:	
Decrease (increase) in:	
Accounts receivable	6,178
Other assets	(300)
Increase (decrease) in:	
Accounts payable	173,935
Other payable	784,184
Notes payable	1,295
Accrued liabilities	95,351
Deferred revenue	(55,788)
Net cash provided by operating activities	48,570
Cash Flow from Investing Activities:	
Acquisition of property and equipment	(19,618)
Net cash used in investing activities	(19,618)
Increase in cash and cash equivalents	28,952
Cash and cash equivalents, beginning of year	113,888
Cash and cash equivalents, end of year	\$ 142,840

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, 1997**

Grantee	CFDA Number	Grant Expenditure
STATE OF LOUISIANA		
Department of Health and Hospitals (DTP Prevention)	93.540	\$ 45,481
Department of Health and Hospitals (Women, Infants and Children)	93.808	229,539
Department of Health and Hospitals (Medical Center of Louisiana)	N/A	290,000
Department of Health and Hospitals Services passed through primary recipients	93.224	300,000
Department of Social Services (Social Services-Grant)	93.663	300,000
State of Louisiana passed through City of New Orleans New Orleans East Clinic	N/A	41,613
CITY OF NEW ORLEANS Roux 6532a	93.014	196,001
TOTAL		\$1,205,534

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 1993 for the purpose of increasing the general level of health awareness and to provide quality, comprehensive health care services 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 Ninth Health Center; and
Desire-Florida Health Center.

During the year ended June 30, 1997, NOHC, also administered the following grants and programs.

Social Services Program

This program is funded by the Department of Social Service to improve the quality of life of eligible participants through counseling and transportation services.

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 3:

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, 1997, the value of in-kind support meeting the requirements for recognition in the NOHC's financial statements was \$108,430. These contributed services consisted of the fair value of personnel cost and related fringes which amounted to \$168,277, contributed rental-equipment amounted to \$2,096 and contributed supplies amounted to \$2,121.

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 these estimates.

**NEW ORLEANS HEALTH CORPORATION
NOTES TO THE FINANCIAL STATEMENTS**

Note 2:

Summary of Significant Accounting Principles, Continued:

Allowance for Losses

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

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.

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 \$50,449 at June 30, 1997.

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.

**NEW ORLEANS HEALTH CORPORATION
NOTES TO THE FINANCIAL STATEMENTS**

Note 2: Summary of Significant Accounting Principles, Continued

Income Taxes

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

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, 1997, 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 "Monosubset 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, 1997.

NEW ORLEANS HEALTH CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

Note 3: Accounts Receivable, Continued:

Balance at June 30, 1996	\$ 252,522
Provisions for bad debts	176,212
Balance at June 30, 1997	\$ 428,734

Note 4: Property and Equipment:

At June 30, 1997 property and equipment consisted of the following:

Land	\$ 675,000
Construction-in-progress	179,347
Furniture and equipment	258,514
Automobiles	99,778
	1,212,639
Less: Accumulated depreciation	(241,468)
Total	\$ 971,171

Note 5: Notes Payable:

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

Monthly payments should be equal to the greater of a) \$150 or	
b) 1 1/8% of the outstanding balance of principal and interest, at 7 1/4% plus Wall Street Journal Prime rate, secured by a \$ 80,513 temporary investment,	
maturing on August 18, 1997.	\$ 71,573

Subsequent to year-end the line of credit was refinanced with terms similar to above.

Note 6: Other Payable:

Other payable included amounts due to Title XIX (Medicaid) Program (see Note 10) and advances from Title XIX and Title XVIII Programs. The balance also included a payable of \$14,251 to the City of New Orleans. This payable resulted from a disallowance of reimbursed expenses by City Auditors for fiscal year ended June

**NEW ORLEANS HEALTH CORPORATION
NOTES TO THE FINANCIAL STATEMENTS**

Note 6: Other Payable, Continued:

30, 1997. An additional \$12,452 was owed for fiscal year ended June 30, 1998.

Note 7: Rents Payable:

Included in rents payable at June 30, 1997 is \$290,432 which represents rent due the City of New Orleans for the year ended June 30, 1997 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, 1997 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 Revenues:

Deferred revenues at June 30, 1997 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	\$ 53,568
Other contracts for which revenues will be recognized in subsequent year as the services are rendered	10,600
	\$ 64,172

On January 13, 1995, a Cooperative Endeavor Agreement between the State 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" consisting an appropriation of \$2,299,800. Under this agreement, at June 30, 1997, \$779,800 was received by NOHC of which \$730,325 has been expended toward site acquisition and maintenance.

Note 9: Commitments and Contingencies:

NOHC leases administrative office space under an operating lease expiring August

**NEW ORLEANS HEALTH CORPORATION
NOTES TO THE FINANCIAL STATEMENTS**

Note 9: Commitments and Contingencies, Continued

31, 1997. Rental expense for the year ended June 30, 1997 under this lease was \$69,000. This lease is renewed annually.

Additionally, NOHC has annual operating leases with the City of New Orleans expiring on December 31, 1997 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 \$12,148 for all three (3) clinics combined per month. Total annual rental expense pertaining to these leases amount to \$145,716.

Note 10: Prior Period Adjustments:

The following transactions affected the beginning net assets.

Amounts due to Title IX Program resulting from the final settlement of the Medicaid cost report for the year ended June 30, 1992	\$ (77,518)
Amounts due to Title IX Program resulting from the final settlement of the Medicaid cost report for the year ended June 30, 1993	(52,488)
Amounts due to Title IX Program resulting from the final settlement of the Medicaid cost report for the year ended June 30, 1995	(528,130)
	\$ (658,136)

Note 11: Deficit:

NOHC has \$249,486 in cumulative deficit. This deficit resulted from final Medicaid Cost Report Settlements for fiscal years ended June 30, 1992, June 30, 1993 and June 30, 1995 (see NOTE 10), and operating deficit for fiscal year ended June 30, 1997.

**NEW ORLEANS HEALTH CORPORATION
NOTES TO THE FINANCIAL STATEMENTS**

Note 12) 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, 1997. These financial instruments consist of cash, temporary cash investments and note payable at June 30, 1997.

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American Institute of Certified Public Accountants

**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, hereinafter NOHC, (a nonprofit organization), as of and for the year ended June 30, 1997, and have issued my report thereon dated August 25, 1998. 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 these 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 NCHC'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 NCHC'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.



Aul Gabe
Certified Public Accountant
August 25, 1998

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MEMBER

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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, hereinafter 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, 1997. 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." These 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, 1997. 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 need 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,

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

I believe 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 Gafar
Certified Public Accountant
August 25, 1998

NEW ORLEANS HEALTH CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1997

City of New Orleans - Ryan White - HIV

1. Reporting

For my examination, I noted that monthly cost reimbursement requests for fiscal year ended June 30, 1997 were not reconciled to the general ledger amounts. Non-adherence to this procedure may have resulted in disallowance of \$14,351 of billed amounts for fiscal year ended June 30, 1997. This disallowance resulted from an audit conducted by City of New Orleans auditors.

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

Management Corrective Action Plan

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

2. Reporting

For my examination, I noted that monthly cost reimbursement reports submitted to the City of New Orleans for fiscal year ended June 30, 1997, were not properly documented and reviewed to substantiate the accuracy of the amounts reported.

I recommend that cost reimbursement reports prior to submission to the funding agency should be properly substantiated and reviewed by someone other than the preparer. These procedures will enhance controls over cost report preparation and reporting.

Management Corrective Action Plan

Management indicated that presently procedures are being implemented to review and properly substantiate the cost reports prior to submission to the funding agency.

**NEW ORLEANS HEALTH CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1997**

City of New Orleans - Ryan White - HIV - Continued

3. Reportable Condition- Receivables

Per my examination, I noted instances of HIV billings not recorded in NOHC's books. This may have resulted from lack of coordination between the billing and accounting departments.

I recommend procedures should be implemented to ensure all billing activities are properly recorded in the accounting records.

Management Corrective Action Plan

Management has taken corrective actions to ensure all billing activities are properly recorded in the accounting records.

Medicare and Medicaid

4. Reportable Condition- Receivables

Per my examination, I noted subsidiary ledgers were not maintained that identifies the outstanding Medicare/Medicaid receivable balance to a specific claim and/or billing that has either been denied or for which payment has not yet been received.

I recommend that NOHC's management implement procedures to identify the outstanding Medicare and Medicaid receivable to specific claim and/or billing.

Management Corrective Action Plan

Management stated as of July 1, 1997, a computerized system has been implemented to track Medicare billing and payment activity by specific claim and/or billing. This system also tracks the outstanding Medicare balance. Additionally, as of July 1, 1998, the same has been implemented for the Medicaid program.

**NEW ORLEANS HEALTH CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1997**

Patient Balances

5. Reportable Condition- Receivables

For 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.

Medicare, Medicaid and Patient Balances

6. Reportable Condition- Receivable

For my examination, I noted Medicare, Medicaid and patient fees general ledger balances were not periodically adjusted to reflect the current collectible outstanding balance.

I recommend that Medicare, Medicaid and patient fees 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 balances.

**NEW ORLEANS HEALTH CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1997**

All Programs

7. 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 cash flow problems.

To achieve the objective that an audit be completed within six months of the close of the fiscal year, NOHC should engage the auditor near the end or early part of next fiscal year. Moreover, to improve audit efficiency all information requested by the auditors should be properly substantiated and efficiently submitted to the auditors.

Management Corrective Action Plan

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

**NEW ORLEANS HEALTH CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 1997**

Medicare and Medicaid

1. Reportable Condition- Receivable

Accounts receivable subsidiary ledger is not maintained that supports the outstanding Medicare/Medicaid receivable balance in 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 programs as of July 1, 1998.

Patient Balances

2. Reportable Condition- Receivable

No aged patient accounts receivable trial balance is being maintained on a current basis that reconciles to the general ledger.

Current Status

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

Management Letter

3. Verification of Income

Instances of documentation in support of program participants' income were not contained in the files.

Current Status

Presently, income of all program participants' are documented.

NEW ORLEANS HEALTH CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 1997

Management Letter, Continued

4. *Subsidiary Ledgers and Journals*

Various subsidiary ledgers and journals prepared to support the balances in various general ledger accounts are prepared manually.

Current Status

NOHC is in the process of computerization of all subsidiary ledgers and journals.

5. *Minutes*

Minutes lack sufficient detail to adequately ascertain the proceedings and actions taken by the Board.

Current Status

Presently, the minutes adequately document the proceedings and actions taken by the Board.

6. *Medicare/Medicaid Cost Reporting*

Year-end cost reports for the Medicare and Medicaid programs were prepared from preliminary general ledger.

Current Status

Presently, year-end cost reports are prepared from the final general ledger.

7. *Cost Allocation*

Inconsistent allocation of indirect expenses.

NEW ORLEANS HEALTH CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 1997

Cost Allocation, Continued

Current Status

Presently, the costs are being allocated consistently.

DATA COLLECTION FORM (SF-SAC)

Form SF-SAC Date-Definition Form for Reporting on		U.S. Department of Housing and Urban Development Office of Statistical Operations	
REPORT OF STATE, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS			
Complete this form, as required by 24CFR 200.401 (a), for the		Complete this form, as required by 24CFR 200.401 (b), for the	
Federal, State, Territorial, and Non-Profit Organizations		Single Family Organizations	
PART I - GENERAL INFORMATION (To be completed by author, except for item 3)			
1. Fiscal year ending date for this submission Month, Day, Year 06 / 30 / 97		2. Type of Circular (C) (X) (X) (X) (X) Single month (X) Program type (X) (X)	
3. Audit period covered <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Other: _____ Months <input type="checkbox"/> Biennial		FEDERAL GOVERNMENT (SF-SAC)	4. Date received by Federal (See explanation)
5. Employer Identification Number (EIN)			
a. Agency ID# 7001339000		b. Are multiple files created in this report? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
6. AGENCY INFORMATION		7. AGENCY FOR THE FEDERAL FILE (To be completed by author)	
a. Agency name New Orleans Health Corporation b. Agency address (please enclose) 1800 Jordan Ave. New Orleans, LA 70112		a. Agency name Gulf Center, C.P.A. b. Agency address (please enclose) 6225 Chartmark Dr. New Orleans, LA 70112	
c. Agency contact Name Norrell Langlois Title Finance Director		c. Agency contact Name Gulf Center Title C.P.A.	
d. Agency contact telephone (884) 843-7770		d. Agency contact telephone (504) 341-7120	
e. Agency contact FAX (optional) (884) 843-7180		e. Agency contact FAX (optional)	
f. Agency contact E-mail (optional) NORRELL@H.C. and .com		f. Agency contact E-mail (optional)	
8. AGENCY AUTHORIZATION STATEMENT - This is to certify that, to the best of my knowledge and belief, the information furnished by this organization is true and correct, and that the person(s) named in Part I, items 1 and 2, are authorized to represent the organization in the preparation of this report, and, for the information of the Federal Office, all of the data collected hereon is confidentially compiled in accordance with the reporting laws and rules.		9. AGENCY SIGNMENT - This statement and information certifies that the data shown in this report is true and correct, and that the information is true and correct, and that the person(s) named in Part I, items 1 and 2, are authorized to represent the organization in the preparation of this report, and, for the information of the Federal Office, all of the data collected hereon is confidentially compiled in accordance with the reporting laws and rules.	
Signature of authorized official Norrell Langlois/Finance Director		Date Month, Day, Year 06 / 23 / 98	
Signature of author		Date Month, Day, Year 06 / 23 / 98	

PART I GENERAL INFORMATION - Continued

1. Indicate whether the activities are under a Federal requirement or foreign's agency for audit. (Mark (X) one box)

<input type="checkbox"/> Congress agency		<input checked="" type="checkbox"/> Other agency	
2. Name of Federal agency (Mark (X) one box)			
<input type="checkbox"/> Agency for International Development <input type="checkbox"/> Agriculture <input type="checkbox"/> Commerce <input type="checkbox"/> Corporation for National and Community Service <input type="checkbox"/> Defense <input type="checkbox"/> Education <input type="checkbox"/> Energy <input type="checkbox"/> Environmental Protection Agency	<input type="checkbox"/> Federal Emergency Management Agency <input type="checkbox"/> Federal Maritime and Commerce Service <input type="checkbox"/> General Services Administration <input type="checkbox"/> Health and Human Services <input type="checkbox"/> Housing and Urban Development <input type="checkbox"/> Institute for Museum and Library Services <input type="checkbox"/> International Foundation for Interior	<input type="checkbox"/> Justice <input type="checkbox"/> Labor <input type="checkbox"/> National Aeronautics and Space Administration <input type="checkbox"/> National Archives and Records Administration <input type="checkbox"/> National Endowment for the Arts <input type="checkbox"/> National Endowment for the Humanities <input type="checkbox"/> National Science Foundation <input type="checkbox"/> Office of National Drug Control Policy	<input type="checkbox"/> Peace Corps <input type="checkbox"/> Small Business Administration <input type="checkbox"/> Social Security Administration <input type="checkbox"/> State <input type="checkbox"/> Transportation <input type="checkbox"/> Treasury <input type="checkbox"/> United States Information Agency <input type="checkbox"/> Veterans Affairs <input type="checkbox"/> Other - Specify

PART II FINANCIAL STATEMENTS (To be completed by auditor)

1. Type of audit report (Mark (X) one box)
 Unqualified opinion Qualified opinion Adverse opinion Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report? Yes No

3. Is a responsible authority disclosed? Yes No - XEROX in Item 4

4. Is any corporate practice reported as a material weakness? Yes No

5. Is a material misstatement disclosed? Yes No

PART III FEDERAL PROGRAMS (To be completed by auditor)

1. Type of audit report for budget program compliance
 Unqualified opinion Qualified opinion Adverse opinion Disclaimer of opinion

2. What is the dollar threshold in distinguishing Type A and Type B programs? \$___ XEROX
 \$ 300,000

3. Did the auditor qualify as a budget auditor? \$___ XEROX
 Yes No

4. Are there any audit findings reported under \$___ XEROX?
 Yes No

5. Which Federal Agencies are required to resolve the reporting package? (Mark (X) all that apply)

<input type="checkbox"/> Agency for International Development <input type="checkbox"/> Agriculture <input type="checkbox"/> Commerce <input type="checkbox"/> Corporation for National and Community Service <input type="checkbox"/> Defense <input type="checkbox"/> Education <input type="checkbox"/> Energy <input type="checkbox"/> Environmental Protection Agency	<input type="checkbox"/> Federal Emergency Management Agency <input type="checkbox"/> Federal Maritime and Commerce Service <input type="checkbox"/> General Services Administration <input type="checkbox"/> Health and Human Services <input type="checkbox"/> Housing and Urban Development <input type="checkbox"/> Institute for Museum Services <input type="checkbox"/> International Foundation for Interior <input type="checkbox"/> Interior	<input type="checkbox"/> Justice <input type="checkbox"/> Labor <input type="checkbox"/> National Aeronautics and Space Administration <input type="checkbox"/> National Archives and Records Administration <input type="checkbox"/> National Endowment for the Arts <input type="checkbox"/> National Endowment for the Humanities <input type="checkbox"/> National Science Foundation <input type="checkbox"/> Office of National Drug Control Policy	<input type="checkbox"/> Peace Corps <input type="checkbox"/> Small Business Administration <input type="checkbox"/> Social Security Administration <input type="checkbox"/> State <input type="checkbox"/> Transportation <input type="checkbox"/> Treasury <input type="checkbox"/> United States Information Agency <input type="checkbox"/> Veterans Affairs <input type="checkbox"/> Other - Specify
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