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**SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
FINANCIAL REPORT
JUNE 30, 1999**

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Release Date DEC 0 1 1999

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BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

4112 West Congress
P. O. Box 61400
Lafayette, Louisiana
70596-1400
phone: (318) 988-4930
fax: (318) 984-4574

Other Offices:

Crowley, LA
(318) 783-0650

Opelousas, LA
(318) 942-5217

New Iberia, LA
(318) 364-4554

Church Point, LA
(318) 684-2855

Eunice, LA
(318) 457-0071

Lawrence A. Cramer, CPA*

Eugene C. Gilder, CPA*

Donald W. Kelley, CPA*

Herbert Lemoine II, CPA*

Frank A. Stagno, CPA*

Scott J. Broussard, CPA*

L. Charles Abshire, CPA*

Kenneth R. Dugas, CPA*

P. John Blanchet III, CPA*

Stephen J. Lambousy, CPA*

Craig C. Babineaux, CPA*

Peter C. Borrello, CPA*

Michael P. Crochet, CPA*

George J. Trappey III, CPA*

Daniel E. Gilder, CPA*

Gregory B. Milton, CPA*

S. Scott Soileau, CPA*

Patrick C. McCarthy, CPA*

Martha B. Wyatt, CPA*

Retired:

Sidney L. Broussard, CPA* 1980

Leon K. Poché, CPA 1984

James H. Breaux, CPA 1987

Erna R. Walton, CPA 1988

George A. Lewis, CPA* 1992

Geraldine J. Wimberley, CPA* 1995

Rodney L. Savoy, CPA* 1996

Larry G. Broussard, CPA* 1997

Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Southwest Louisiana Area Health Education Center Foundation (a nonprofit organization) as of June 30, 1999 and 1998, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 we plan and perform the audits 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 audits provide 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 Southwest Louisiana Area Health Education Center Foundation as of June 30, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 24, 1999, on our consideration of Southwest Louisiana Area Health Education Center Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Broussard, Poché, Lewis & Breaux, LLP
Lafayette, Louisiana
September 24, 1999

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SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION

STATEMENTS OF FINANCIAL POSITION
June 30, 1999 and 1998

ASSETS	<u>1999</u>	<u>1998</u>
CURRENT ASSETS		
Cash	\$ 118,274	\$ 109,096
Due from other agencies	<u>89,987</u>	<u>83,796</u>
Total current assets	<u>\$ 208,261</u>	<u>\$ 192,892</u>
FIXED ASSETS		
Property and equipment, net	<u>\$ 3,372</u>	<u>\$ -0-</u>
Total assets	<u>\$ 211,633</u>	<u>\$ 192,892</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 68,359	\$ 54,359
Accrued liabilities	12,548	14,637
Deferred revenue	<u>65,009</u>	<u>16,346</u>
Total current liabilities	<u>\$ 145,916</u>	<u>\$ 85,342</u>
NET ASSETS		
Unrestricted	\$ 11,529	\$ -
Temporarily restricted	<u>54,188</u>	<u>107,550</u>
Total net assets	<u>\$ 65,717</u>	<u>\$ 107,550</u>
Total liabilities and net assets	<u>\$ 211,633</u>	<u>\$ 192,892</u>

See Notes to Financial Statements.

SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION

STATEMENT OF ACTIVITIES
Year Ended June 30, 1999

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Grant revenue	\$ 387,217	\$ 488,714	\$ 875,931
Sponsor income	-	73,495	73,495
Interest income	-	1,446	1,446
Miscellaneous revenue	-	11,049	11,049
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>628,066</u>	<u>(628,066)</u>	<u>-</u>
Total revenues, gains, and other support	<u>\$ 1,015,283</u>	<u>\$ (53,362)</u>	<u>\$ 961,921</u>
EXPENSES AND LOSSES			
Program expenses:			
Medical Job Fair	\$ 83,006	\$ -	\$ 83,006
PCE 120	108,347	-	108,347
CSHS-123 Grow	96,014	-	96,014
CCC	33,764	-	33,764
AHEC of a Summer	79,371	-	79,371
HIV/AIDS	68,257	-	68,257
MASH	22,767	-	22,767
Parent Liaison	29,042	-	29,042
Turning Point	36,448	-	36,448
Drug-Free Schools	44,355	-	44,355
THEN	20,816	-	20,816
Abstinence	10,352	-	10,352
Other program expenses	111,217	-	111,217
General and administrative expenses	<u>259,998</u>	<u>-</u>	<u>259,998</u>
Total expenses and losses	<u>\$ 1,003,754</u>	<u>\$ -0-</u>	<u>\$1,003,754</u>
Changes in net assets	\$ 11,529	\$ (53,362)	\$ (41,833)
Net assets, beginning of year	<u>-</u>	<u>107,550</u>	<u>107,550</u>
Net assets, end of year	<u>\$ 11,529</u>	<u>\$ 54,188</u>	<u>\$ 65,717</u>

See Notes to Financial Statements.

SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION

STATEMENT OF ACTIVITIES
Year Ended June 30, 1998

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Grant revenue	\$ 185,706	\$ 602,356	\$ 788,062
Sponsor income	-	38,267	38,267
Interest income	-	258	258
Miscellaneous revenue	-	15,404	15,404
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>577,782</u>	<u>(577,782)</u>	<u>-</u>
Total revenues, gains, and other support	<u>\$ 763,488</u>	<u>\$ 78,503</u>	<u>\$ 841,991</u>
EXPENSES AND LOSSES			
Program expenses:			
Medical Job Fair	\$ 98,552	\$ -	\$ 98,552
PCE 120	78,173	-	78,173
CSHS-123 Grow	47,852	-	47,852
CCC	31,185	-	31,185
AHEC of a Summer	50,727	-	50,727
MASH	21,286	-	21,286
HIV/AIDS	46,868	-	46,868
Other program expenses	131,249	-	131,249
General and administrative expenses	<u>257,596</u>	<u>-</u>	<u>257,596</u>
Total expenses and losses	<u>\$ 763,488</u>	<u>\$ -0-</u>	<u>\$ 763,488</u>
Changes in net assets	\$ -0-	\$ 78,503	\$ 78,503
Net assets, beginning of year	<u>-</u>	<u>29,047</u>	<u>29,047</u>
Net assets, end of year	<u>\$ -0-</u>	<u>\$ 107,550</u>	<u>\$ 107,550</u>

See Notes to Financial Statements.

SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION

STATEMENTS OF CASH FLOWS
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (41,833)	\$ 78,503
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	302	-
Decrease in miscellaneous receivables	-	69,387
Increase in due from other agencies	(6,191)	(83,796)
Increase in accounts payable	14,000	54,359
Decrease in accrued liabilities	(2,089)	(17,602)
Increase (decrease) in deferred revenue	<u>48,663</u>	<u>(35,804)</u>
Net cash provided by operating activities	<u>\$ 12,852</u>	<u>\$ 65,047</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>\$ (3,674)</u>	<u>\$ -0-</u>
Increase in cash	\$ 9,178	\$ 65,047
Cash, beginning of year	<u>109,096</u>	<u>44,049</u>
Cash, end of year	<u>\$ 118,274</u>	<u>\$ 109,096</u>

See Notes to Financial Statements.

SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

Southwest Louisiana Area Health Education Center Foundation (SWLAHEC) is a Louisiana nonprofit corporation chartered on March 7, 1991. Its purpose is to operate an area health education center in Southwest Louisiana in order to plan for additional clinical educational opportunities in rural and underserved communities.

Significant accounting policies:

Basis of accounting:

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting.

Income tax status:

The Foundation is an exempt organization for Federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code.

Support and expenses:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support, depending on the nature of the restriction, that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities as net assets released from restrictions. The majority of the support for SWLAHEC is provided by Louisiana State University and Agricultural and Mechanical College acting on behalf of the Louisiana State University Medical Center (LSUMC). LSUMC has been awarded a grant by the state government, and the agreement entered into between LSUMC and SWLAHEC for providing services fulfills the purpose of the grant.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

NOTES TO FINANCIAL STATEMENTS

Allowance for doubtful accounts:

The Foundation considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Compensated absences:

Employees of SWLAHEC earn leave in varying amounts depending upon length of service. At the end of each year, employees may carryforward time earned but not taken with the maximum allowable carryover of unused time of ten days. Subject to the above limitation, unused time is paid to an employee upon retirement or resignation at hourly rates being earned by that employee at separation. At June 30, 1999 and 1998, accrued annual leave totaled \$12,548 and \$14,637, respectively.

Functional allocation of expenses:

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

Donated services:

SWLAHEC receives donated services from unpaid volunteers who assist in program services during the year. These donated services are not reflected in the statements of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

Cash and cash equivalents:

For the purposes of the statement of cash flows, SWLAHEC considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property, plant and equipment:

Property, plant and equipment are recorded at cost at the date of acquisition. Property and equipment purchased with grant funds, excluding those purchased under the LSUMC agreement as discussed below, are recorded as temporarily restricted contributions. In the absence of donor stipulations regarding how long the asset must be used, the Foundation has adopted a policy of implying a time restriction that expires over the useful life of the assets. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Estimated useful lives range from 5 to 7 years.

NOTES TO FINANCIAL STATEMENTS

The cost of office furniture and equipment purchased under the cooperative endeavor between LSUMC and SWLAHEC has not been capitalized. Title to the equipment purchased under this agreement remains with LSUMC. The total cost of equipment at June 30, 1999 and 1998, purchased under the cooperative endeavor with LSUMC was \$113,534 and \$100,593, respectively.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative data:

Certain amounts in the 1998 financial statements have been reclassified to the 1999 presentation. Such reclassifications had no material effect on net assets as previously reported.

Note 2. Concentration of Credit Risk

Cash balances are insured by Federal Deposit Insurance Corporation (FDIC) coverage at each financial institution up to \$100,000. At June 30, 1999 and 1998, the Foundation's uninsured cash balances totaled \$4,082 and \$47,240, respectively.

Note 3. Due From Other Agencies

Due from other agencies consisted of the following at June 30, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Lafayette Parish School Board	\$ 6,955	\$ 4,003
Calcasieu Parish School Board	3,069	-
Evangeline Parish School Board	10,891	-
Other Regional AHEC's	12,719	-
Due from State of Louisiana	<u>56,353</u>	<u>79,793</u>
Totals	<u>\$ 89,987</u>	<u>\$ 83,796</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Property, Plant and Equipment

Property and equipment consisted of the following at June 30, 1999:

Equipment		\$ 2,814
Furniture and fixtures		<u>860</u>
		\$ 3,674
Less accumulated depreciation		<u>(302)</u>
		<u>\$ 3,372</u>

Depreciation expense for the years ended June 30, 1999 and 1998 was \$302 and \$-0-, respectively.

Note 5. Retirement Benefits

SWLAHEC maintains a SEP Retirement Plan for its employees. Generally all employees are eligible to participate in the plan. The Foundation contributed 2% of gross payroll for each eligible participant on a discretionary basis in fiscal year 1999. Contributions made by the SWLAHEC for the fiscal years ended June 30, 1999 and 1998, were \$3,621 and \$8,219, respectively.

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Unexpended contributions:		
Tar Wars	\$ -	\$ 795
A Votre Sante	-	31
New Doc on the Block	396	-
Medical Job Fair	10,000	-
LSUMC Agreement	40,420	106,724
Equipment	<u>3,372</u>	<u>-</u>
Totals	<u>\$ 54,188</u>	<u>\$ 107,550</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Net Assets Released from Restrictions

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or the expiration of time during the years ended June 30, 1999 and 1998, as follows:

	<u>1999</u>	<u>1998</u>
Purpose restrictions accomplished:		
Medical Job Fair	\$ 33,020	\$ 21,695
PCE 120	23,900	13,500
AHEC of a Summer	4,869	2,900
HIV/AIDS	520	-
MASH	1,800	5,787
LSUMC Agreement	551,344	524,679
New Doc on the Block	6,379	4,250
Other programs	5,932	4,971
Time restriction expired:		
Workforce Development	98	-
HIV/AIDS	51	-
Other programs	<u>153</u>	<u>-</u>
 Totals	 <u>\$ 628,066</u>	 <u>\$ 577,782</u>

NOTES TO FINANCIAL STATEMENTS

Note 8. Natural Classification of Expenses

Expenses incurred were for the following for the year ended June 30, 1999 and 1998:

<u>1999:</u>	<u>Medical Job Fair</u>	<u>PCE 120</u>	<u>CSHS - 123 Grow</u>	<u>CCC</u>	<u>AHEC of a Summer</u>
Salary	\$ 36,512	\$ 32,778	\$ 54,694	\$ 11,042	\$ 38,095
Payroll tax	3,057	2,745	4,580	925	3,190
SEP contribution	-	-	-	-	-
Insurance	-	-	3,801	-	1,466
Repairs and maintenance	-	-	64	-	-
Depreciation	-	-	-	98	-
Supplies	2,713	568	1,732	6,725	10,159
Telephone	837	9	106	-	-
Travel	11,206	7,646	3,187	184	5,845
Contract services	3,054	-	26,720	649	12,168
Postage	752	15	7	1,304	960
Printing	1,535	-	370	-	1,010
Stipends	-	59,700	-	-	-
Consulting	-	4,500	-	100	-
Rent	1,985	-	-	3,384	2,647
Dues and subscriptions	165	-	-	20	-
Equipment	-	-	136	161	125
Conference registration	300	-	595	275	6
Books and audio-visuals	237	-	-	8,842	2,617
Meetings	19,984	-	-	-	750
Other	<u>669</u>	<u>386</u>	<u>22</u>	<u>55</u>	<u>333</u>
Totals	<u>\$ 83,006</u>	<u>\$108,347</u>	<u>\$ 96,014</u>	<u>\$ 33,764</u>	<u>\$ 79,371</u>

NOTES TO FINANCIAL STATEMENTS

<u>HIV/AIDS</u>	<u>MASH</u>	<u>Parent Liaison</u>	<u>Turning Point</u>	<u>Drug- Free Schools</u>	<u>THEN</u>
\$ 51,158	\$ 9,011	\$ 14,335	\$ 15,659	\$ 25,832	\$ 17,024
4,284	754	1,200	1,311	2,163	1,426
-	-	-	-	-	-
2,909	1,964	-	-	-	-
-	-	-	-	-	10
51	-	-	-	-	-
1,330	1,611	6,211	135	1,236	300
462	82	842	38	67	239
2,056	539	-	5,166	255	1,507
-	7,354	750	8,300	-	-
87	304	5	158	10	42
1,356	40	13	595	692	-
-	-	-	-	-	-
-	-	-	-	-	-
4,254	-	-	-	852	-
-	-	-	218	-	-
-	-	1,246	271	-	-
105	-	25	475	-	-
-	1,099	4,146	102	13,163	268
33	9	113	3,131	85	-
<u>172</u>	<u>-</u>	<u>156</u>	<u>889</u>	<u>-</u>	<u>-</u>
<u>\$ 68,257</u>	<u>\$ 22,767</u>	<u>\$ 29,042</u>	<u>\$ 36,448</u>	<u>\$ 44,355</u>	<u>\$ 20,816</u>

NOTES TO FINANCIAL STATEMENTS

Note 8. Natural Classification of Expenses (Continued)

	<u>Abstinence</u>	<u>Other Program Expenses</u>	<u>General and Administrative</u>	<u>Totals</u>
Salary	\$ 7,292	\$ 34,328	\$ 99,529	\$ 447,289
Payroll tax	611	2,874	8,703	37,823
SEP contribution	-	-	7,364	7,364
Insurance	-	8,590	26,523	45,253
Repairs and maintenance	-	35	5,438	5,547
Depreciation	-	153	-	302
Supplies	160	5,448	6,179	44,507
Telephone	-	9,306	14,069	26,057
Travel	39	13,539	5,028	56,197
Contract services	-	2,105	14,746	75,846
Postage	8	1,191	796	5,639
Printing	95	5,731	7,337	18,774
Stipends	-	-	-	59,700
Consulting	-	30	13,443	18,073
Rent	1,164	5,779	17,325	37,390
Dues and subscriptions	-	3,868	5,846	10,117
Equipment	-	820	14,202	16,961
Conference registration	-	2,462	4,954	9,197
Books and audio-visuals	983	4,720	1,209	37,386
Meetings	-	6,293	2,811	33,209
Other	-	3,945	4,496	11,123
Totals	<u>\$ 10,352</u>	<u>\$ 111,217</u>	<u>\$ 259,998</u>	<u>\$1,003,754</u>

NOTES TO FINANCIAL STATEMENTS

Note 8. Natural Classification of Expenses (Continued)

<u>1998:</u>	<u>Medical Job Fair</u>	<u>PCE 120</u>	<u>CSHS - 123 Grow</u>	<u>CCC</u>
Salary	\$ 41,023	\$ 29,623	\$ 22,292	\$ 9,555
Payroll tax	3,138	2,266	1,705	731
SEP contribution	-	-	-	-
Insurance	-	-	587	-
Repairs and maintenance	-	-	-	-
Supplies	1,611	945	332	6,364
Telephone	1,170	543	-	-
Travel	8,921	3,244	1,308	67
Contract services	33,214	813	21,252	2,916
Postage	1,199	5	-	278
Printing	2,670	25	10	-
Stipends	-	35,400	-	-
Consulting	1,800	4,500	-	375
Rent	2,177	-	-	-
Dues and subscriptions	20	-	-	89
Equipment	-	-	242	-
Conference and registration	415	-	40	-
Books and audio-visuals	667	-	37	10,810
Other	<u>527</u>	<u>809</u>	<u>47</u>	<u>-</u>
	<u>\$ 98,552</u>	<u>\$ 78,173</u>	<u>\$ 47,852</u>	<u>\$ 31,185</u>

NOTES TO FINANCIAL STATEMENTS

<u>AHEC of a Summer</u>	<u>MASH</u>	<u>HIV/AIDS</u>	<u>Other Program Expenses</u>	<u>General and Administrative</u>	<u>Totals</u>
\$ 26,287	\$ 8,262	\$ 40,431	\$ 50,333	\$ 83,618	\$311,424
2,011	632	3,093	3,850	7,585	25,011
-	-	-	-	8,219	8,219
18	969	-	2,907	27,862	32,343
-	-	-	-	4,835	4,835
3,600	1,171	1,003	9,844	6,946	31,816
201	-	193	4,172	16,845	23,124
5,000	315	635	17,517	11,749	48,756
3,140	7,617	-	15,466	30,046	114,464
1,638	900	17	2,680	573	7,290
1,073	181	1,037	2,616	9,349	16,961
-	-	-	-	-	35,400
-	-	-	-	3,750	10,425
2,610	-	409	4,462	15,445	25,103
-	20	-	7,377	8,702	16,208
-	97	-	331	6,535	7,205
188	-	-	1,378	3,750	5,771
3,713	1,083	-	6,961	448	23,719
<u>1,248</u>	<u>39</u>	<u>50</u>	<u>1,355</u>	<u>11,339</u>	<u>15,414</u>
<u>\$ 50,727</u>	<u>\$ 21,286</u>	<u>\$ 46,868</u>	<u>\$131,249</u>	<u>\$257,596</u>	<u>\$763,488</u>

NOTES TO FINANCIAL STATEMENTS

Note 9. Summary of Grants/Contracts Funding

SWLAHEC was funded through the following grants and contracts for the year ended June 30, 1999:

<u>Funding Source</u>	<u>Award Number</u>	<u>Recognized Support</u>
State of Louisiana Department of Health and Hospitals:		
HIV Prevention Program	CFMS #527353	\$ 53,804
1999 Medical Job Fair	CFMS #543482	14,470
1998 Medical Job Fair	CFMS #531108	24,927
Preventive Health and Health Services Block Grant	CFMS #541659	22,823
Parent Liaison Program	CFMS #536247	39,727
Maternal and Child Health Federal Consolidated Programs	CFDA #93.110	100,536
State of Louisiana Department of Education:		
Safe and Drug-Free Schools and Communities Project	99-73-OE-D	47,641
State of Louisiana Office of Public Health:		
Turning Point Project	-	19,478
State of Louisiana Office of the Governor:		
Abstinence Education	CFDA #93.235	6,347
State of Louisiana Division of Administration:		
School to Work State Implementation Grant	CFMS #533595	19,869
Louisiana State University School of Medicine	CFMS #502590	482,940
Department of Family Medicine	CFMS #502590	2,100
Lafayette Parish School Board:		
AHEC of a Summer	-	6,955
Evangeline Parish School Board:		
AHEC of a Summer	-	10,891
Calcasieu Parish School Board:		
AHEC of a Summer	-	3,069
The Rapides Foundation:		
THEN	-	<u>20,354</u>
Total		<u>\$ 875,931</u>

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BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

4112 West Congress
P. O. Box 61400
Lafayette, Louisiana
70596-1400
phone: (318) 988-4930
fax: (318) 984-4574

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

Other Offices:

Crowley, LA
(318) 783-0650

Opelousas, LA
(318) 942-5217

New Iberia, LA
(318) 364-4554

Church Point, LA
(318) 684 2855

Eunice, LA
(318) 457-0071

Lawrence A. Cramer, CPA*

Eugene C. Gilder, CPA*

Donald W. Kelley, CPA*

Herbert Lemoine II, CPA*

Frank A. Stagno, CPA*

Scott J. Broussard, CPA*

L. Charles Abshire, CPA*

Kenneth R. Dugas, CPA*

P. John Blanchet III, CPA*

Stephen L. Lambousy, CPA*

Craig C. Babineaux, CPA*

Peter C. Borrello, CPA*

Michael P. Crochet, CPA*

George J. Trappay III, CPA*

Daniel E. Gilder, CPA*

Gregory B. Milton, CPA*

S. Scott Soileau, CPA*

Patrick C. McCarthy, CPA*

Martha B. Wyatt, CPA*

Retired:

Sidney L. Broussard, CPA* 1980

Leon K. Poché, CPA 1984

James H. Breaux, CPA 1987

Erma R. Walton, CPA 1988

George A. Lewis, CPA* 1992

Geraldine J. Wimberley, CPA* 1995

Rodney L. Savoy, CPA* 1996

Larry G. Broussard, CPA* 1997

Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants

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

We have audited the financial statements of Southwest Louisiana Area Health Education Center Foundation (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued our report thereon dated September 24, 1999. We conducted our 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.

Compliance

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of

the internal control over financial reporting that, in our judgment, could adversely affect the Foundation's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-1.

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. Our 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, we believe that the reportable condition described above is a material weakness.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Broussard, Poche', Lewis + Breauy, LLP

Lafayette, Louisiana
September 24, 1999

SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 1999

We have audited the financial statements of Southwest Louisiana Area Health Education Center Foundation as of and for the year ended June 30, 1999, and have issued our report thereon dated September 24, 1999. We conducted our 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. Our audit of the financial statements as of June 30, 1999, resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

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

Internal Control

Material Weaknesses Yes ___ No
Reportable Conditions Yes ___ No

Compliance

Compliance Material to Financial Statements ___ Yes No

Section II - Financial Statement Findings

99-1 Segregation of Duties

Finding: Due to the size of the Foundation, an adequate segregation of duties does not exist in the administrative offices. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Foundation may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Foundation should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION

SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 1999

Section I. Internal Control and Compliance Material to the Financial Statements

1998 Finding No. 98-1 Inadequate Segregation of Duties

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Foundation should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Current status: This same finding is included in the current year's schedule of findings and questioned costs as Finding No. 99-1. The Foundation has provided as much segregation as possible with the resources available.

1998 Finding No. 98-2 Claims for Reimbursement

Recommendation: Another salary and payroll tax general ledger account should be established to segregate costs related to the LSUMC contract from costs related to other grants/contracts. This would enable the Foundation to bill LSUMC for the proper amount each month.

Current status: Although a separate general ledger account has not been established to segregate costs related to the LSUMC contract, the Foundation has devised a worksheet to assist in determining the appropriate amount to bill LSUMC each month.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

The prior year's report did not include a management letter.



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SOUTHWEST LOUISIANA
AREA HEALTH EDUCATION CENTER

JEANNE SOLIS-DAIGLE
EXECUTIVE DIRECTOR

*Addressing health care
needs through
recruitment, education
and support initiatives
in the parishes of:*

- ACADIA
- ALLEN
- BEAUREGARD
- CALCASIEU
- CAMERON
- EVANGELINE
- IBERIA
- JEFFERSON DAVIS
- LAFAYETTE
- ST. LANDRY
- ST. MARTIN
- ST. MARY
- VERMILION

November 11, 1999

Dr. Daniel Kyle
Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70804-9397

NOV 11 1999
10:10

Southwest Louisiana Area Health Education Center Foundation respectfully submits the following corrective action plan for the year ended June 30, 1999.

Name and address of independent Public accounting firm:

Broussard, Poche', Lewis & Breaux, L. L. P.
Certified Public Accountants
P.O. Box 61400
Lafayette, LA 70596-1400

Audit period: July 1, 1998 Through June 30, 1999

The findings from the 1999 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule. Section I of the schedule, summary of Auditors' reports does not include findings and is not addressed.

Section II - financial Statement Findings

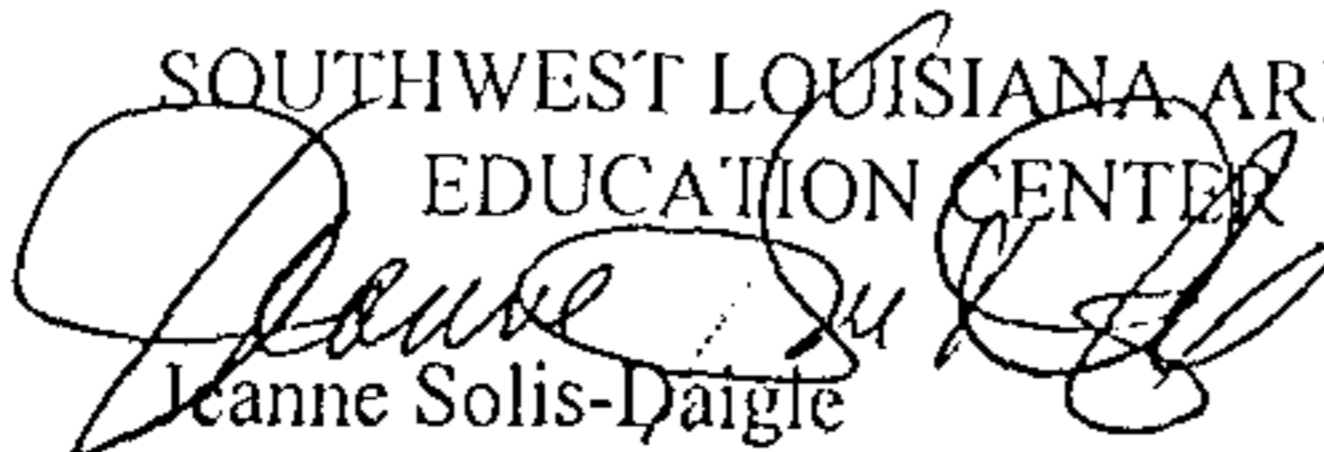
99-1 Segregation of Duties

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Foundation should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Action taken: Management has ensured as much segregation as possible based on available resources. We will continue to monitor the situation; however, adequate segregation is not feasible.

Sincerely,

SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER


Jeanne Solis-Daigle
Executive Director

1313 W PINHOOK RD SUITE 105
LAFAYETTE, LA 70503
(318) 237-0032
1-800-435-AHEC
FAX (318) 237-0054
WEBSITE WWW.SWLAHEC.COM





November 11, 1999

11/11/99 11:00

Dr. Daniel Kyle
Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70804-9397

JEANNE SOLIS-DAIGLE
Executive Director

Southwest Louisiana Area Health Education Center Foundation respectfully submits the following corrective action plan for the year ended June 30, 1999.

Addressing health care needs through recruitment, education and support initiatives in the parishes of:

- ACADIA
- ALLEN
- BEAUREGARD
- CALCASIEU
- CAMERON
- EVANGELINE
- IBERIA
- JEFFERSON DAVIS
- LAFAYETTE
- ST. LANDRY
- ST. MARTIN
- ST. MARY
- VERMILION

Name and address of independent Public accounting firm:
Broussard, Poche', Lewis & Breaux, L. L. P.
Certified Public Accountants
P.O. Box 61400
Lafayette, LA 70596-1400

Audit period: July 1, 1998 Through June 30, 1999

The findings from the 1999 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule. Section I of the schedule, summary of Auditors' reports does not include findings and is not addressed.

Section II - financial Statement Findings

99-1 Segregation of Duties

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Foundation should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Action taken: Management has ensured as much segregation as possible based on available resources. We will continue to monitor the situation; however, adequate segregation is not feasible.

Sincerely,

Handwritten signature

SOUTHWEST LOUISIANA AREA HEALTH
EDUCATION CENTER
Jeanne Solis-Daigle
Jeanne Solis-Daigle
Executive Director

1313 W PINHOOK RD. SUITE 105
LAFAYETTE, LA 70503
(318) 237-0032
1-800-435-AHEC
FAX (318) 237-0054
WEBSITE WWW.SWLAHEC.COM



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