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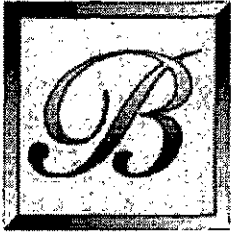
**SOUTHWEST LOUISIANA CENTER  
FOR HEALTH SERVICES  
Lake Charles, Louisiana**  
**Financial And Compliance Report  
May 31, 2007 and 2006**

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

Release Date 11/7/07

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Founded in 1978

## BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

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### INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Southwest Louisiana Center for Health Services  
Lake Charles, Louisiana

We have audited the accompanying statements of financial position of Southwest Louisiana Center for Health Services, (a non-profit organization) as of May 31, 2007 and 2006, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of Southwest Louisiana Center for Health Services' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Southwest Louisiana Center for Health Services as of May 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2007, on our consideration of Southwest Louisiana Center for Health Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Board of Directors  
Southwest Louisiana Center for Health Services  
Lake Charles, Louisiana  
Page 2

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Southwest Louisiana Center for Health Services taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements of Southwest Louisiana Center for Health Services. 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 also not a required part of the financial statements of Southwest Louisiana Center for Health Services. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Broussard & Company*

Lake Charles, Louisiana  
October 5, 2007

**SOUTHWEST LOUISIANA CENTER FOR HEALTH SERVICES**

**Lake Charles, Louisiana  
Statements of Financial Position  
As of May 31,**

<b>Assets</b>	<u>2007</u>	<u>2006</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 8,073,970	\$ 2,318,059
Certificate of deposit	945,185	1,616,866
Patient accounts receivable, net	363,490	433,509
Supplies inventory	41,852	27,764
Prepaid expenses	28,250	11,166
Other receivables	-	43,677
	<hr/>	<hr/>
<b>Total Current Assets</b>	<b>9,452,747</b>	<b>4,451,041</b>
	<hr/>	<hr/>
<b>Property, Plant and Equipment</b>		
Furniture and equipment	571,317	507,286
Building and improvements	1,375,050	1,332,077
Automobiles	30,413	12,819
	<hr/>	<hr/>
	1,976,780	1,852,182
Less accumulated depreciation	(926,924)	(825,334)
	<hr/>	<hr/>
	1,049,856	1,026,848
Land	80,917	80,917
Construction in progress	1,494,268	76,549
	<hr/>	<hr/>
<b>Net Property, Plant and Equipment</b>	<b>2,625,041</b>	<b>1,184,314</b>
	<hr/>	<hr/>
<b>Other Assets</b>		
Deposits	-	5,500
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 12,077,788</b>	<b>\$ 5,640,855</b>
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

**Lake Charles, Louisiana**  
**Statements of Financial Position (Continued)**  
**As of May 31,**

	<u>2007</u>	<u>2006</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 289,455	\$ 89,800
Accrued vacation and payroll	185,153	144,047
Payroll taxes payable	679	702
Sales tax payable	526	-
Accrued interest payable	613	613
Deferred income	24,050	-
Current portion of notes payable	<u>107,290</u>	<u>88,413</u>
<b>Total Current liabilities</b>	<u>607,766</u>	<u>323,575</u>
<b>Long Term Liabilities</b>		
Notes payable - net of current portion	<u>370,647</u>	<u>465,730</u>
<b>Total Liabilities</b>	<u>978,413</u>	<u>789,305</u>
<b>Net Assets</b>		
Temporarily restricted net assets	5,068,186	-
Unrestricted net assets	<u>6,031,189</u>	<u>4,851,550</u>
<b>Total Net Assets</b>	<u>11,099,375</u>	<u>4,851,550</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 12,077,788</u>	<u>\$ 5,640,855</u>

See accompanying notes to financial statements.

**SOUTHWEST LOUISIANA CENTER FOR HEALTH SERVICES**  
**Lake Charles, Louisiana**  
**Statements of Activities**  
**For the Year Ended May 31,**

	<u>2007</u>	<u>2006</u>
<b>Revenue and Support - Unrestricted</b>		
Revenue:		
Net patient service revenue	\$ 3,636,639	\$ 2,767,480
Support and other income:		
Grant awards	1,958,195	1,469,021
Contributions	49,175	62,938
Interest income	173,140	111,687
Other income	12,033	229,949
Total Support	<u>2,192,543</u>	<u>1,873,595</u>
Total Revenue and Support - Unrestricted	<u>5,829,182</u>	<u>4,641,075</u>
<b>Expenses</b>		
Program Services:		
Medical	1,931,290	1,697,864
Ancillary	171,209	209,510
Enabling services	204,433	142,386
Pharmacy	265,708	-
WIC program	86,814	199,268
Total Program Services	<u>2,659,454</u>	<u>2,249,028</u>
Support Services:		
General and administrative	<u>2,169,392</u>	<u>1,402,976</u>
Total Expenses	<u>4,828,846</u>	<u>3,652,004</u>
Net Assets Released from Restrictions	<u>179,303</u>	<u>-</u>
Change in Net Assets - Unrestricted	<u>1,179,639</u>	<u>989,071</u>
<b>Temporarily Restricted Net Assets</b>		
Support:		
Contributions	5,083,000	-
Interest income	164,489	-
Net assets released from restrictions	<u>(179,303)</u>	<u>-</u>
Increase in Temporarily Restricted Net Assets	<u>5,068,186</u>	<u>-</u>
Increase in Net Assets	6,247,825	989,071
Net Assets - Beginning of Year	4,851,550	3,862,479
Net Assets - End of Year	<u>\$ 11,099,375</u>	<u>\$ 4,851,550</u>

See accompanying notes to financial statements.

**SOUTHWEST LOUISIANA CENTER FOR HEALTH SERVICES**  
**Lake Charles, Louisiana**  
**Statements of Cash Flows**  
**For the Year Ended May 31,**

	<b>2007</b>	<b>2006</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 1,046,456	\$ 989,070
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	110,357	91,905
Change in allowance for doubtful accounts	84,932	168,949
(Increase) decrease in accounts receivable	(14,913)	(304,997)
(Increase) decrease in other receivables	43,677	(43,497)
(Increase) decrease in supplies inventory	(14,088)	(765)
(Increase) decrease in prepaid expenses	(17,084)	(3,769)
(Increase) decrease in deposits	5,500	(5,500)
Increase (decrease) in accounts payable	82,209	30,899
Increase (decrease) in accrued vacation and payroll	41,084	42,639
Increase (decrease) in other payables	-	(14,249)
Increase (decrease) in deferred grant income	24,050	(17,990)
Other	8,215	-
	<u>1,400,395</u>	<u>932,695</u>
Net Cash Provided (Used) by Operating Activities		
<b>Cash Flows From Investing Activities</b>		
Purchase (redemption) of certificate of deposit	671,680	(336,345)
Fixed asset acquisitions	(1,620,630)	(223,843)
	<u>(948,950)</u>	<u>(560,188)</u>
Net Cash Provided (Used) by Investing Activities		
<b>Cash Flows From Financing Activities</b>		
Principal payments on bank loans	(76,206)	(58,174)
Proceeds from contributions temporarily restricted	5,083,000	-
Interest income temporarily restricted	297,672	-
Proceeds from bank loans	-	100,000
	<u>5,304,466</u>	<u>41,826</u>
Net Cash Provided (Used) by Financing Activities		
Net Increase in Cash and Cash Equivalents	5,755,911	414,333
Cash and Cash Equivalents - Beginning of Year	2,318,059	1,903,726
Cash and Cash Equivalents - End of Year	<u>\$ 8,073,970</u>	<u>\$ 2,318,059</u>
<b>Supplemental Disclosure:</b>		
Interest paid	<u>\$ 32,943</u>	<u>\$ 30,929</u>

See accompanying notes to financial statements.



**SOUTHWEST LOUISIANA CENTER FOR HEALTH SERVICES**  
**Lake Charles, Louisiana**  
**Schedule of Functional Expenses**  
**For the Year Ended May 31, 2007**

	Program Services					Supporting	Total	
	Medical	Ancillary	Enabling		WIC	General and	2007	2006
			Services	Pharmacy	Program	Administrative		
Salaries	\$ 1,063,717	\$ 83,722	\$ 105,606	\$ 115,529	\$ 62,100	\$ 927,102	\$ 2,357,776	\$ 1,786,387
Fringe benefits	61,537	7,212	9,220	2,650	6,811	122,448	209,878	114,443
Payroll taxes	64,148	6,353	7,484	8,257	4,446	63,917	154,605	125,461
Consultants and contractual services	535,406	50,300	11,750	21,432	1,965	167,239	788,092	756,458
Supplies	39,521	11,814	1,482	110,634	1,064	63,080	227,595	207,102
Dues and subscriptions/printing	15,609	1,352	1,004	1,686	885	29,670	50,206	37,867
Maintenance and repairs	8,357	1,000	1,515	1,591	1,061	19,882	33,406	28,341
Telephone	23,193	1,032	1,217	263	1,160	16,830	43,695	30,894
Postage	11	-	12,074	129	-	12,658	24,872	14,190
Insurance	5,624	777	888	74	888	17,493	25,744	21,791
Travel and seminars	21,942	35	41,266	2,351	17	143,063	208,674	94,116
Taxes and licenses	-	-	-	-	-	583	583	645
Utilities	12,698	1,630	2,229	159	2,051	14,834	33,601	27,939
Interest	-	-	-	-	-	32,943	32,943	31,210
Legal and professional	3,000	-	-	-	-	85,215	88,215	36,500
Rent - equipment and storage	330	-	-	-	-	17,859	18,189	1,742
Miscellaneous	273	-	300	-	-	7,270	7,843	66,653
Service charges	-	-	-	248	-	6,938	7,186	624
Fuel cost	-	-	-	-	-	-	2,746	1,681
Recruitment cost	14,750	300	-	-	-	8,552	23,602	20,192
<b>Total expenses before depreciation, bad debts and loss on disposal of equipment</b>	<b>1,870,116</b>	<b>165,527</b>	<b>196,035</b>	<b>265,003</b>	<b>82,448</b>	<b>1,757,576</b>	<b>4,336,705</b>	<b>3,404,236</b>
Depreciation and amortization	61,174	5,682	8,398	705	4,366	30,032	110,357	91,905
Bad debt expense	-	-	-	-	-	380,093	380,093	155,863
Loss (gain) on disposal of equipment	-	-	-	-	-	1,691	1,691	-
<b>Total expenses</b>	<b>\$ 1,931,290</b>	<b>\$ 171,209</b>	<b>\$ 204,433</b>	<b>\$ 265,708</b>	<b>\$ 86,814</b>	<b>\$ 2,169,392</b>	<b>\$ 4,828,846</b>	<b>\$ 3,652,004</b>

See accompanying notes to financial statements.

**SOUTHWEST LOUISIANA CENTER FOR HEALTH SERVICES**  
**Lake Charles, Louisiana**  
**Notes to Financial Statements**  
**May 31, 2007 and 2006**

**NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Southwest Louisiana Center for Health Services (a nonprofit corporation) was incorporated May 1, 1978 to provide comprehensive health care to area residents, with particular emphasis on the socio-economically disadvantaged.

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes is included in the financial statements.

**Method of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles.

**Accounting 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 and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

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

**Property and Equipment**

Property and equipment is stated at cost. It is the Organization's policy to capitalize expenditures for these items in excess of \$600. Depreciation of property and equipment is computed principally by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building	30
Equipment, furniture and fixtures	3 - 20
Vehicles	5

**SOUTHWEST LOUISIANA CENTER FOR HEALTH SERVICES**  
**Lake Charles, Louisiana**  
**Notes to Financial Statements (Continued)**  
**May 31, 2007 and 2006**

**NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Functional Expenses**

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

**Accounts Receivable**

The Organization records accounts receivable at the time of service according to fees developed from cost data of this and similar organizations. These amounts are often reduced because of the patients' inability to pay or because of disallowances and reductions from third party payors. Management provides for probable uncollectible amounts through a provision for bad expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable.

**Inventory**

Supply inventories are stated at lower of cost, determined by the FIFO method, or market.

**Net Patient Service Revenue**

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered.

**Grants and Contributions**

Grants and contributions are recognized as income when received. The Board reports grants as temporarily restricted support if they are received with stipulations that limit the use of the funds. When grantor restrictions expire, temporary restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All other support is recognized when earned.

**SOUTHWEST LOUISIANA CENTER FOR HEALTH SERVICES**  
**Lake Charles, Louisiana**  
**Notes to Financial Statements (Continued)**  
**May 31, 2007 and 2006**

**NOTE 2 - PATIENT ACCOUNTS RECEIVABLE**

Patient accounts receivable are comprised of the following for the years ending May 31,:

	<u>2007</u>	<u>2006</u>
Medicare	\$ 77,611	\$47,657
Medicaid	156,051	258,900
Private	475,883	388,076
	<u>709,545</u>	<u>694,633</u>
Less allowance for doubtful accounts	<u>346,055</u>	<u>261,123</u>
	<u>\$ 363,490</u>	<u>\$ 433,510</u>

**NOTE 3 - COST REPORT RECEIVABLE**

The Organization participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Organization participates in the Medicaid program as a federally qualified health center. Final settlements will be made upon completion of audits by program representatives.

**NOTE 4 - ACCRUED VACATION**

The Organization allows employees to carry over unused vacation hours, with written permission from the executive director. The accrual is calculated based on the employee's pay rate at the end of the year. At May 31, 2007 and 2006, accrued vacation totaled \$108,307 and \$87,983, respectively.

**NOTE 5 - ECONOMIC DEPENDENCY**

The Organization receives a substantial portion of its total support and revenues from the federal government. During the years ended May 31, 2007 and 2006, Southwest Louisiana Center for Health Services recorded \$1,035,373 and \$1,045,831 respectively, in grant support from the Department of Health and Human Services. This represents 18.2% and 22.5% of total support and revenues for the years ended May 31, 2007 and 2006, respectively.

**SOUTHWEST LOUISIANA CENTER FOR HEALTH SERVICES**  
**Lake Charles, Louisiana**  
**Notes to Financial Statements (Continued)**  
**May 31, 2007 and 2006**

**NOTE 6 - NOTES PAYABLE**

Notes payable for the twelve months ended May 31, 2007 consisted of the following:

Bank note payable, due in 86 equal monthly installments of \$6,964.62, final payment to be paid February 27, 2013, including interest at 6.014%, collateralized by real estate with a carrying value of \$741,886.	\$ 404,513
Bank note payable, due in 36 equal monthly installments of \$3,122.26, final payment to be paid February 15, 2009, including interest at 7.62%, uncollateralized	60,632
Bank note payable, due in 12 equal monthly installments of \$2,183.33, final payment to be paid November 10, 2007, including interest at 7.75%, uncollateralized	<u>12,792</u>
Total debt	477,937
Less current portion	<u>(107,290)</u>
Long-term debt	<u><u>\$ 370,647</u></u>

Maturities of debt are as follows:

May 31,	Amount
2008	\$ 107,290
2009	91,590
2010	68,416
2011	72,687
2012	77,266
2013	<u>60,688</u>
Total	<u><u>\$ 477,937</u></u>

**SOUTHWEST LOUISIANA CENTER FOR HEALTH SERVICES**  
**Lake Charles, Louisiana**  
**Notes to Financial Statements (Continued)**  
**May 31, 2007 and 2006**

**NOTE 7 - CONCENTRATIONS OF CREDIT RISK**

The Organization maintains several bank accounts at various banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The Organization had deposit balances that exceeded federally insured limits by \$110,447 as of May 31, 2007.

The majority of the Organization's patients are located in Southwest Louisiana. The Organization grants credit without collateral to its patients. The mix of receivables from patients and third-party payors was as follows:

	<u>2007</u>	<u>2006</u>
Medicare	21 %	11 %
Medicaid	43	60
Other	36	29
	<u>100 %</u>	<u>100 %</u>

The mix of net patient revenues was as follows:

	<u>2007</u>	<u>2006</u>
Medicare	6 %	7 %
Medicaid	65	69
Other	29	24
	<u>100 %</u>	<u>100 %</u>

**NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSES**

Expenses were allocated in the accompanying financial statements to program and supporting service functional expense groups. The methods of allocation were based on several factors such as utilization of office space as well as the Organization's estimates of the relative proportion of various staff members' time and effort between program and administrative functions.

**NOTE 9 - CHARITY CARE**

The Organization provides care to patients who qualify under federal guidelines and other policies of the Organization at fees less than its established rates. The amount of charity care is reduced from the amount of fees for services presented in the statement of activities. The amount of charity care for the years ended May 31, 2007 and 2006 were \$649,156 and \$634,857.

**SOUTHWEST LOUISIANA CENTER FOR HEALTH SERVICES**  
**Lake Charles, Louisiana**  
**Notes to Financial Statements (Continued)**  
**May 31, 2007 and 2006**

**NOTE 10 – 401(k) PLAN**

The Organization sponsors a 401 (k) Plan covering substantially all of its employees. The employees may elect to make contributions pursuant to a salary reduction agreement upon meeting eligibility requirements. The Organization made matching contributions of \$57,118 and \$18,493 for the years ended May 31, 2007 and 2006, respectively.

**NOTE 11 – CONSTRUCTION IN PROGRESS**

The Organization has two expansion construction projects in progress at May 31, 2007. The following is a schedule of those projects.

	<u>Estimated Total Costs</u>	<u>Costs Incurred To Date</u>	<u>Estimated Completion Date</u>
Facility Expansion Project	\$ 1,368,134	\$ 1,314,965	July 2007
Citgo Expansion	\$ 3,344,853	\$ 179,303	September 2008

**SOUTHWEST LOUISIANA CENTER FOR HEALTH SERVICES**

**Schedule of Expenditures of Federal Awards  
Year Ended May 31, 2007**

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Program Year</u>	<u>Program Receipts</u>	<u>Program Expenses</u>
U.S. Department of Health and Human Services:					
Direct programs:					
Community Health Center Section 330	93.224	H80 CS 00558	6/1/06 - 5/31/07	\$ 1,035,373	\$ 1,035,373
U.S. Department of Agriculture: Passed through:					
Louisiana Department of Health and Hospitals: Office of Public Health	10.572		10/1/06 - 9/30/07	<u>54,958</u>	<u>54,958</u>
Total federal assistance				<u>\$ 1,090,331</u>	<u>\$ 1,090,331</u>

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Southwest Louisiana Center for Health Services, and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Certain costs have been allocated to the federal program in accordance with OMB Circular A-122, Cost Principles for Non-Profit Organizations. The amounts presented in this schedule do not differ from amounts presented in, or used in the preparation of the financial statements.





## **BROUSSARD & COMPANY**

**CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.**

*Founded in 1978*

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

Board of Directors  
Southwest Louisiana Center for Health Services  
Lake Charles, Louisiana

We have audited the financial statements of Southwest Louisiana Center for Health Services (a nonprofit organization) as of and for the year ended May 31, 2007, and have issued our report thereon dated October 5, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Southwest Louisiana Center for Health Services' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwest Louisiana Center for Health Services' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Southwest Louisiana Center for Health Services' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Southwest Louisiana Center for Health Services' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Southwest Louisiana Center for Health Services' financial statements that is more than inconsequential will not be prevented or detected by Southwest Louisiana Center for Health Services' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Southwest Louisiana Center for Health Services' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Board of Directors  
Southwest Louisiana Center for Health Services  
Lake Charles, Louisiana  
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest Louisiana Center for Health Services' 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 test disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the audit committee, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Bransford & Company*

Lake Charles, Louisiana  
October 5, 2007



Founded in 1978

## BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

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

The Board of Directors  
Southwest Louisiana Center for Health Services  
Lake Charles, Louisiana

#### Compliance

We have audited the compliance of Southwest Louisiana Center for Health Services 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 May 31, 2007. Southwest Louisiana Center for Health Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Southwest Louisiana Center for Health Services' management. Our responsibility is to express an opinion on Southwest Louisiana Center for Health Services' compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Southwest Louisiana Center for Health Services' compliance with those requirements performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Southwest Louisiana Center for Health Services' compliance with those requirements.

In our opinion, Southwest Louisiana Center for Health Services 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 May 31, 2007.

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Board of Directors  
Southwest Louisiana Center for Health Services  
Lake Charles, Louisiana  
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Internal Control Over Compliance

The management of Southwest Louisiana Center for Health Services 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 our audit, we considered Southwest Louisiana Center for Health Services' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a significant deficiency 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 caused by error or fraud 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the audit committee, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Bransard & Company*

Lake Charles, Louisiana  
October 5, 2007

**SOUTHWEST LOUISIANA CENTER FOR HEALTH SERVICES**

**Schedule of Findings and Questioned Cost  
Year Ended May 31, 2007**

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditor's report issued				Unqualified	
Internal control over financial reporting:					
Material weaknesses identified?	___	Yes	___	x	No
Significant deficiencies identified not considered to be material weaknesses?	___	Yes	___	x	None reported
Noncompliance material to financial statements noted?	___	Yes	___	x	No

Federal Awards

Internal control over major programs:					
Material weaknesses identified?	___	Yes	___	x	No
Significant deficiencies identified not considered to be material weaknesses?	___	Yes	___	x	None reported
Type of auditor's report issued on compliance for major programs:					Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	___	Yes	___	x	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.224	US Department of Health and Human Services, Community Health Center Section 330

Dollar threshold used to distinguish between Type A and Type B programs: \$500,000

Auditee qualified as low-risk auditee?   x   Yes      No

No Separate Management Letter Issued

Prior Year Findings and Questioned Costs

NONE