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TECHE ACTION BOARD, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS
FOR THE YEARS ENDED
MAY 31, 2001 AND 2000**

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 11/23/02

BROWN & COMPANY CPAS, PLLC

**TECHE ACTION BOARD, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2001 AND 2000**

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BROWN & COMPANY CPAs, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Directors
Teche Action Board, Inc.
Franklin, Louisiana

We have audited the accompanying statements of financial position of Teche Action Board, Inc. (the Board) as of May 31, 2001, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Board as of May 31, 2000 were audited by other auditors whose report dated September 22, 2000, expressed an unqualified opinion on those statements.

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. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teche Action Board, Inc. as of May 31, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2001 on our consideration on the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Board taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and Schedule of Functional Expenses are 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 are not required parts of the basic financial statements. Such information has been subjected to the 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.

Brown & Company

Arlington, Virginia
July 27, 2001

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TECHE ACTION BOARD, INC.
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
Current assets		
Cash (Note 3)	\$ 86,507	\$ 41,843
Accounts receivable, patients, net (Note 4)	240,112	228,813
Accounts receivable, settlements (Note 5)	57,055	168,413
Inventory (Note 6)	36,873	28,310
Prepaid expenses	7,215	8,244
	<u>427,762</u>	<u>475,623</u>
Total current assets		
Property and equipment, net (Note 7)		
Land	1,000	1,000
Buildings and improvements	859,467	895,526
Furniture and equipment	105,881	104,877
	<u>966,348</u>	<u>1,001,403</u>
Total property and equipment, net		
Total assets	<u>\$ 1,394,110</u>	<u>\$ 1,477,026</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 25,503	\$ 27,942
Accrued payroll and related expenses	148,597	99,494
Deferred Support (Note 8)	56,398	87,039
Notes payable	-	56,275
Capital leases (Note 9)	1,268	3,653
	<u>231,766</u>	<u>274,403</u>
Total current liabilities		
Non-current liabilities		
Capital leases (Note 9)	<u>4,694</u>	<u>5,568</u>
Total non-current liabilities	<u>4,694</u>	<u>5,568</u>
Total liabilities	<u>236,460</u>	<u>279,971</u>
Net assets (Note 10)		
Unrestricted	197,264	204,873
Temporarily restricted	960,386	992,182
	<u>1,157,650</u>	<u>1,197,055</u>
Total net assets		
Total liabilities and net assets	<u>\$ 1,394,110</u>	<u>\$ 1,477,026</u>

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

TECHE ACTION BOARD, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2001
(With Comparative Totals for the Year Ended May 31, 2000)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2001</u>	<u>2000</u>
Revenue and support:				
Grant, Public Health Service	\$ 1,301,683	\$ 28,790	\$ 1,330,473	\$ 1,093,160
Other grants and contracts	50,000	-	50,000	55,667
Revenues, patients (net)	1,214,560	-	1,214,560	1,120,790
Other	62,861	-	62,861	13,007
Net assets released from restrictions:	-	-	-	-
Satisfaction of program restrictions	60,586	(60,586)	-	-
	<u>2,689,690</u>	<u>(31,796)</u>	<u>2,657,894</u>	<u>2,282,624</u>
Total revenue and support				
Expenses:				
Program services	2,008,814	-	2,008,814	1,735,350
Management and general	688,485	-	688,485	519,213
Total expenses	<u>2,697,299</u>	<u>-</u>	<u>2,697,299</u>	<u>2,254,563</u>
Change in net assets	(7,609)	(31,796)	(39,405)	28,061
Net assets, beginning of year	<u>204,873</u>	<u>992,182</u>	<u>1,197,055</u>	<u>1,168,994</u>
Net assets, end of year	<u>\$ 197,264</u>	<u>\$ 960,386</u>	<u>\$ 1,157,650</u>	<u>\$ 1,197,055</u>

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

TECHE ACTION BOARD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Change in net assets	\$ (39,405)	\$ 28,061
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	60,586	72,711
Net loss on early extinguishment of debt	8,003	-
Decrease (increase) in accounts receivable, patients	(11,299)	29,192
Decrease (increase) in accounts receivable, settlements	111,358	(56,307)
Decrease (increase) in inventory	(8,563)	(6,927)
Decrease (increase) in prepaid expense	1,029	5,068
Increase (decrease) in accounts payable	(2,439)	(17,247)
Increase (decrease) in accrued payroll and related expenses	49,103	13,314
Increase (decrease) in deferred support	(30,641)	87,039
Inc Net cash provided (used) by operating activities	<u>137,732</u>	<u>154,904</u>
Cash flows from investing activities:		
Acquisition of capital items	<u>(33,533)</u>	<u>(4,495)</u>
Net cash used by investing activities	<u>(33,533)</u>	<u>(4,495)</u>
Cash flows from financing activities:		
Reduction in line of credit	(29,175)	(85,000)
Reduction in capital lease obligation	(30,360)	(6,917)
Net cash used by financing activities	<u>(59,535)</u>	<u>(91,917)</u>
Net increase (decrease) in cash	44,664	58,492
Cash, beginning of the year	41,843	(16,649)
Cash, end of the year	<u>\$ 86,507</u>	<u>\$ 41,843</u>
Supplemental Data		
Interest paid	\$ 894	\$ 5,118
Income taxes paid	-	-

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

TECHE ACTION BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2001 AND 2000

Note 1 *Organization*

Teche Action Board, Inc. (the Board) was incorporated in May 1974 in an effort to develop and maintain an organization, which is capable of serving the needs for social and physical health for residents in the area.

Note 2 *Summary of Significant Accounting Policies*

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

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, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily 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.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. A summary of property and equipment is shown in Note 7. Repairs and maintenance are charged to operations when incurred and betterments and renewals are capitalized accordingly.

Retirement Plan

The Board has a 401(k) retirement plan for eligible employees. To be eligible, an employee must be employed with the Board for at least one year and must be at least eighteen years of age. Retirement expense recognized was \$34,412 and \$23,773 for fiscal years 2001 and 2000, respectively.

Reclassifications

Certain fiscal year 2000 amounts have been reclassified to conform to the fiscal year 2001 presentation.

TECHE ACTION BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2001 AND 2000

Note 2 *Summary of Significant Accounting Policies (Continued)*

Major Funding Source

The Board receives funds from the United States Department of Health and Human Services (HHS) under section 330 of the Public Health Service Act (42 U.S.C. 254c). In accordance with HHS policies, all funds disbursed must be in compliance with the specific terms of the grant agreement. HHS may, at its discretion, request reimbursement for expenses or return of unexpended funds, or both, as a result of noncompliance by the Corporation with the terms of the grant. In addition, if the Corporation terminates its HHS grant activities, all unexpended funds must be returned to the Department of Health and Human Services.

Income Taxes

The Board is a non-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state codes. Accordingly, no provision for federal and state income taxes is included in the financial statements.

Note 3 *Cash*

Cash as presented on the statements of financial position and cash flows, consists of amounts on hand and in various bank accounts without restricted access.

Note 4 *Accounts Receivable, Patients*

The Board extends credit to patients, as well as third party intermediaries responsible for medical services provided to patients. In most cases, the amount collected is less than the amount billed. The accounts receivable balance is the net amount anticipated to be collected, which is approximately thirty-five (35) and forty-six (46) percent of the gross amount, for fiscal years 2001 and 2000, respectively. A summary of net accounts receivable is as follows:

	2001	2000
Patient Fees	\$ 157,988	\$ 114,723
Private Insurance	57,950	100,592
Medicare	70,735	140,947
Medicaid	79,341	142,799
Other	166	-
	366,180	499,061
Less Allowance	126,068	270,248
	\$ 240,112	\$ 228,813

TECHE ACTION BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2001 AND 2000

Note 5 *Accounts Receivable, Settlements*

The Board participates in cost reimbursement programs with Medicaid and Medicare. Accordingly, the Board is paid at interim rates during the fiscal year and reimbursed at full-eligible costs at the end of the fiscal year. Anticipated settlement amounts are presented below for fiscal years 2001 and 2000, respectively.

		2001	2000
Medicaid	May 31, 1997	5,027	5,027
Medicaid	May 31, 1998	42,767	42,767
Medicaid	May 31, 1999	3,573	78,526
Medicaid	May 31, 2000	5,467	5,467
Medicare	May 31, 2000	221	36,626
		<u>57,055</u>	<u>168,413</u>

Note 6 *Inventory*

Inventory consists of pharmaceutical and office supplies on hand at May 31, 2001 and 2000. All items are valued at cost.

Note 7 *Property and Equipment*

Property and equipment acquired with federal government grant funds are considered to be owned by the Board while used in the program or in future authorized programs. However, the federal government retains a reversionary interest in these assets as well as the right to determine the use of any proceeds from their disposal. Accordingly, the Board may not transfer, mortgage, assign, lease, or in any other manner encumber these restricted items without prior approval of the federal government.

Major categories of property and equipment are as follows:

	2001	2000
Land	1,000	1,000
Buildings and improvements	\$ 1,238,656	\$ 1,238,656
Furniture and equipment	436,186	439,522
	<u>1,675,842</u>	<u>1,679,178</u>
Less: accumulated depreciation	709,494	677,775
	<u>\$ 966,348</u>	<u>\$ 1,001,403</u>
Property and equipment, net		

TECHE ACTION BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2001 AND 2000

Note 8 *Deferred Support*

The Board serves as the fiscal intermediary of the Network grant from the Public Health Service. The Board is provided with an administrative fee, which is used to offset general expenses. The budget periods of the Network and the Ryan White grants are different from the Board's fiscal year. Accordingly, funds received during the fiscal year for subsequent use are shown as deferred support and consist of the following:

	2001		2000
Network grant (ByNet)	\$ 41,837	\$	87,039
Ryan White III	14,561		-
	<u>\$ 56,398</u>	\$	<u>87,039</u>

Note 9 *Leases*

The Board leases copier equipment under capital lease agreements, which required payments of principal and interest of \$4,104 and \$4,523 for fiscal years 2001 and 2000, respectively.

Property acquired under capital leases consist of the following:

	2001		2000
Copier equipment	\$ 6,156	\$	17,151
Less: accumulated depreciation	192		9,147
	<u>\$ 5,964</u>	\$	<u>8,004</u>

Total depreciation expense on assets under capital leases, was \$192 and \$3,420 for fiscal years 2001 and 2000, respectively.

Future minimum lease payments are summarized below:

<u>Year ending</u>		
May 31, 2002	\$	2,009
May 31, 2003		2,009
May 31, 2004		2,009
May 31, 2005		1,676
Minimum lease payments		<u>7,703</u>
Less: interest		1,741
Present value of minimum obligations		5,962
Less: current portion		<u>1,268</u>
Long-term lease obligation at May 28, 2001	\$	<u>4,694</u>

TECHE ACTION BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2001 AND 2000

Note 10 *Net Assets*

Net assets generated from the activities of the Board are unrestricted unless designated as restricted by donors. The restriction on fixed assets is fully explained in Note 7.

Note 11 *Charity Care*

The Board provides care to patients who qualify under Federal guidelines and other policies of the Board 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, 2001 and 2000 were \$1,051,307 and \$566,982, respectively.

Note 12 *Donated Pharmaceuticals*

The Board participates in several pharmaceutical distribution programs for indigent patients. Under these programs, free prescriptions are provided to eligible patients of the Board. The estimated value for the years ended May 31, 2001 and 2000 were \$698,890 and \$890,048, respectively. These amounts are not included in the statement of activities.

TECHE ACTION BOARD, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED MAY 31, 2001 AND 2000

	Program				Management & General	Total	
	Services					2001	2000
A	B	C	D	TOTAL			
S	962,083 \$	164,071 \$	21,000 \$	77,671 \$	1,224,825 \$	1,580,101 \$	1,348,266
Salaries	140,936	25,185	4,200	9,897	180,218	229,622	203,355
Fringe benefits	49,428	-	5,700	77,453	132,581	252,711	151,936
Contractual	255,151	31,488	1,125	6,092	293,856	324,948	301,453
Supplies	11,562	5,663	3,109	18,878	39,212	59,456	17,760
Travel and education	15,475	7,622	-	-	23,097	28,871	20,824
Occupancy	4,410	2,497	-	-	6,907	30,074	15,063
Repairs and maintenance	19,129	1,995	-	457	21,581	42,492	42,102
Telephone and postage	12,688	-	-	4,601	17,289	21,079	14,350
Dues and registration	8,828	-	-	-	8,828	19,794	30,758
Insurance	3,617	-	-	-	3,617	3,617	3,262
Meetings and seminars	-	-	-	-	-	15,350	9,552
Promotion	-	-	-	-	-	356	1,762
Automobile expense	-	-	-	-	-	-	798
Recruitment and development	-	-	-	-	-	10,147	16,002
Interest, charges and assessments	37,668	12,394	305	1,131	51,498	60,586	72,711
Depreciation	-	-	-	5,305	5,305	12,790	4,609
Other							
Total	\$ 1,520,975 \$	250,915 \$	35,439 \$	201,485 \$	2,008,814 \$	2,697,299 \$	2,254,563

Program Legend

A	Medical
B	Dental
C	Ryan White
D	ByNet

TECHE ACTION BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MAY 31, 2001

<u>Federal Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
<i>U.S. Department of Health and Human Services</i>			
<u>Bureau of Primary Health Care</u>			
Community Health Centers Program	93.224	5 H27 CS 02035-16	\$ 1,093,549
ByNet	93.912B	5 D06 RH 00085-02	201,485
Ryan White	93.918C	1 P06 HA 00303-01	35,439
Total Expenditures of Federal Awards			<u>\$ 1,330,473</u>

The accompanying note is an integral part of this schedule.

TECHE ACTION BOARD, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARD
FOR THE YEAR ENDED MAY 31, 2001

Note 1 ***Basis of Presentation***

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Teche Action Board, Inc. 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 Circular (OMB) A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Certain costs have been allocated to the federal programs 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.



BROWN & COMPANY CPAs, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

**AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Board of Directors
Teche Action Board, Inc.
Franklin, Louisiana

We have audited the financial statements of Teche Action Board, Inc. (the Board) as of and for the year ended May 31, 2001, and have issued our report thereon dated July 27, 2001. 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 Board'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 Board'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management of the Board, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Brown & Company

Arlington, Virginia
July 27, 2001



BROWN & COMPANY CPAs, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

**AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**

Board of Directors
Teche Action Board, Inc.
Franklin, Louisiana

Compliance

We have audited the compliance of Teche Action Board, Inc. (the Board) 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, 2001. The Board's 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 the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our 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*. Those standards and OMB Circular A-133 require that we 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 the Board's compliance with those requirements and 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 the Board's compliance with those requirements.

In our opinion, the Board 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, 2001.

Internal Control over Compliance

The management of the Board 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 the Board's 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 the 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 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. 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 and use of the management of the Board, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Brown & Company

Arlington, Virginia
July 27, 2001

TECHE ACTION BOARD, INC.
Schedule of Findings and Questioned Costs
For the Year Ended May 31, 2001

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?
- Reportable condition(s) identified that are not considered to be material weaknesses?

_____ Yes X no
 _____ Yes X none reported

Noncompliance material to financial statements noted?

_____ Yes X no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified?
- Reportable condition(s) identified that are not considered to be material weaknesses?

_____ Yes X no
 _____ 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 section 510(a) of Circular A-133?

_____ Yes X no

Internal control over major programs:

CFDA Number

93.224 Community Health Centers Program

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

X Yes _____ no

TECHE ACTION BOARD, INC.
Schedule of Findings and Questioned Costs
For the Year Ended May 31, 2001

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

The results of our tests disclosed no instances of noncompliance with the requirements applicable to each major federal program that are required to be reported in accordance with section 510(a) of OMB Circular A-133.

TECHE ACTION BOARD, INC

MANAGEMENT LETTER

MAY 31, 2001



BROWN & COMPANY CPAs, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS

MANAGEMENT LETTER COMMENTS

Board of Directors
Teche Action Board
Franklin, LA

In planning and performing our audit of the financial statements of Teche Action Board, Inc. (the Board) as of and for the year ended May 31, 2001, we considered its internal control to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standard established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control and its operation that we consider to be material weaknesses as defined above.

We did, however, note a matter involving compliance with Louisiana state law that is presented in the attachment to this letter for your consideration. These comments and recommendations are intended to ensure compliance, improve internal control or result in other operating efficiencies.

This report is intended solely for the information and use of the board of directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Brown & Company

Arlington, Virginia
December 20, 2001

The Final Audit Report Was Not Issued Within The Six-Month Statutory Issue Date

The fieldwork for the audit of the financial statements of Teche Action Board, Inc. (the Board) was completed on July 27, 2001. During the fieldwork, we made inquiries about claims and litigation and mailed a letter to the Board's attorney. The response from the attorney was received on December 20, 2001. As auditors, we will not issue a final report until we receive a response to a legal inquiry letter or a communication from management that no response is forthcoming. No issues that might have an impact on the financial statements were noted in the response that we received on December 20, 2001.

To avoid future noncompliance with the state of Louisiana delivery deadlines, we will confirm receipt of legal inquiry letter with the law firm within 8 business days of mailing and we recommend that management ensures that legal counsel responds within reasonable time frame after receipt of request letter (14 to 21 days).

Management's response is attached.



1115 Weber St. - Franklin, La. 70538 - (337) 828-2550

December 24, 2001

Andre Small, CPA
Brown and Company CPAS, PLLC
2300 Clarendon Boulevard, Suite 1000
Arlington, VA 22201

Re: Teche Action Board, Inc. (TAB) Management Letter Comments

Dear Mr. Small and Associates:

I read your management letter of December 20, 2001. I must admit my disappointment as it relates to the failure to comply with state law. I think that Brown and Company had ample time to follow up with the legal counsel to obtain the needed information. I also think all of us bear a part of this mishap. Your corrective action will be carefully considered.

I also received your message as to the number of copies needed for the report. As you indicated seven copies should be sent immediately to the state Legislative Auditor and twenty copies (one unbound) to TAB.

Please contact me if you any further comments on this correspondence.

Sincerely,

A handwritten signature in cursive script that reads "Carla B. Pellerin".

Carla B. Pellerin, MHA
CEO
Teche Action Board, Inc.

Cc: TAB et al



Joint Commission
on Accreditation of Healthcare Organizations