

**SOUTHEASTERN LOUISIANA
AREA HEALTH EDUCATION CENTER
FOUNDATION**

Audit of Financial Statements

June 30, 2011

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Independent Auditor's Report

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

We have audited the accompanying statement of financial position of Southeastern Louisiana Area Health Education Center Foundation (the Foundation) as of June 30, 2011, and the related statements of activities and cash flows for the year 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 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 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 the Foundation as of June 30, 2011, and the changes in its net assets and its cash flows for the year 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 a report dated December 15, 2011, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Foundation taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in blue ink, appearing to read "Lalorte, Selit, Ronny & Paul".

A Professional Accounting Corporation

December 15, 2011

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
Statement of Financial Position
June 30, 2011**

Assets	
Cash and Cash Equivalents	\$ 911,010
Certificate of Deposit	666,239
Grants Receivable	1,023,126
Notes Receivable	1,375,096
Cash Held in Escrow - Restricted	301,860
Prepaid Expenses	5,938
Deposits	300
Fixed Assets, Net	<u>354,669</u>
Total Assets	<u><u>\$ 4,638,238</u></u>
Liabilities	
Accounts Payable	\$ 325,166
Deferred Revenue	233,045
Line of Credit	250,000
Notes Payable	<u>488,556</u>
Total Liabilities	<u>1,296,767</u>
Commitments	
Net Assets	
Unrestricted - Designated for Future Expenditures	<u>3,341,471</u>
Total Liabilities and Net Assets	<u><u>\$ 4,638,238</u></u>

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

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**
Statement of Activities
For the Year Ended June 30, 2011

Unrestricted Net Assets	
Support and Revenue	
Cooperative Endeavor with LSUMC - State Portion	\$ 354,367
Cooperative Endeavor with LSUMC - Federal Portion	69,567
Federal Grant Revenue	2,743,544
Grant Revenue - State and Private	666,533
Interest Income	8,152
Contribution of Assets	2,799,918
Other	802,905
	<hr/>
Total Unrestricted Support and Revenue	7,444,986
Expenses	
Program Services	
Salaries and Related Benefits	2,622,172
Contractual	184,926
Travel	176,242
Administrative Cost	143,823
Supplies and Maintenance	142,172
Rent	111,090
Contract Services	89,472
Operating Service Expense	56,022
Telephone and Communication	55,828
Other	49,425
Equipment Expense	45,720
Consulting Fees	22,600
Postage	20,552
Utilities	11,546
Professional Development	9,638
Advertising and Public Relations	8,500
Insurance	6,216
Other Professional Fees	4,097
Printing	2,221
Legal fees	188
	<hr/>
Total Program Services	3,762,450
Supporting Services	
General and Administrative	819,976
	<hr/>
Total Supporting Services	819,976
	<hr/>
Total Expenses	4,582,426
Increase in Unrestricted Net Assets	2,862,560
Unrestricted Net Assets, Beginning of Year	478,911
	<hr/>
Unrestricted Net Assets, End of Year	\$ 3,341,471
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The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
Statement of Cash Flows
For the Year Ended June 30, 2011**

Cash Flows from Operating Activities	
Increase in Unrestricted Net Assets	\$ 2,862,560
Adjustments to Reconcile Increase in Unrestricted Net Assets to Net Cash Provided by Operating Activities	
Contributions of Real Property and Other Non-cash Assets	(1,686,217)
Depreciation	2,862
(Increase) Decrease in:	
Grant Receivable	(368,865)
Prepaid Expenses	200
Increase (Decrease) in:	
Accounts Payable	4,594
Deferred Revenue	(38,884)
Due to Other Programs	(2,997)
	<u>773,253</u>
Net Cash Provided by Operating Activities	
Cash Flows from Investing Activities	
Proceeds from Certificate of Deposits	<u>13,518</u>
Net Cash Provided by Investing Activities	
<u>13,518</u>	
Cash Flows from Financing Activities	
Proceeds on Line of Credits	168,820
Payments on Line of Credits	<u>(100,000)</u>
Net Cash Provided by Financing Activities	
<u>68,820</u>	
Net Increase in Cash and Cash Equivalents	855,591
Cash and Cash Equivalents, Beginning of Year	<u>357,279</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,212,870</u></u>

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

SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization

Southeastern Louisiana Area Health Education Center Foundation (the Foundation) is a Louisiana non-profit organization chartered on June 22, 1989. Its purpose is to operate an area health education center in southeastern Louisiana, in order to plan for additional clinical educational opportunities in rural and underserved communities.

Federal Income Taxes

The Foundation is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, involving the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The Foundation follows the provisions of the Financial Statements for *Not-for-Profit Organizations* Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). Under the Financial Statements for *Not-for-Profit Organizations* Topic of the FASB ASC, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of June 30, 2011, there are no temporarily or permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 and reported in the Statement of Activities as net assets released from restrictions.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed asset must be used, the Foundation has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives.

Donated Goods and Services

Organizations are required to recognize as revenue and related expense, services received if the organization would typically need to purchase the services if not received as donations. No amounts have been reflected in the financial statements for donated goods and services because there was either no objective basis available to measure their value or the value given was immaterial to the financial statements taken as a whole.

Revenue and Expenses

Support for the Foundation is provided primarily by the Louisiana State University and Agricultural and Mechanical College, acting on behalf of the Louisiana State University Medical Center (LSUMC), and by federal grants received either directly from federal agencies or passed through state and local governmental agencies.

Expenditures pertaining to the funding provided by LSUMC are to be made in accordance with a budget, which has been adopted and made a part of the cooperative endeavor with LSUMC. The Foundation is to be reimbursed by LSUMC for costs incurred in carrying out the provisions of the agreement.

For federal and state grants administered on a cost-reimbursement basis, revenue is recognized as allowable expenditures are incurred.

Fixed Assets

Effective with the October 1, 1994 cooperative endeavor between LSUMC and the Foundation, title to equipment purchased with these funds is to remain with the Foundation. Prior to October 1, 1994, title to equipment purchased with these funds was to remain with LSUMC. Therefore, equipment purchased with funds provided by LSUMC during the fiscal year ended June 30, 2011, have been capitalized and recorded in the Statement of Financial Position. In addition, the costs of automobiles, furniture, and office equipment purchased with funds provided by federal award programs have been capitalized and recorded in the Statement of Financial Position. Acquisitions of property and equipment in excess of \$1,000 and an economic useful life greater than one year are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows: building and building improvements 30 years, furniture and equipment 5 to 7 years.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash Flow Information

The Foundation considers all short-term investments with an original maturity of three months or less to be cash equivalents. The Foundation did not make any cash payments for income taxes during the year ended June 30, 2011.

Economic Dependency

Support for the Foundation is provided primarily by appropriations from the Louisiana State Legislature via a cooperative endeavor with the Louisiana State University Medical Center. The Foundation also receives grants through federal and state agencies. The continued operations of the Foundation are dependent upon the renewal by these funding sources.

Advertising Costs

Advertising costs are expensed as incurred. There were no advertising expenses for the year.

Note 2. Cash and Cash Equivalents

Concentration of Risk

The Foundation periodically maintains cash in bank accounts in excess of insured limits. The Foundation has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

The following is a reconciliation of cash and cash equivalents per the Statement of Financial Position and the Statement of Cash Flows:

Cash and Cash Equivalents per Statement of Financial Position:

Cash on Hand and in Bank	\$ 911,010
Cash Held in Escrow - Restricted	<u>301,860</u>

Total Cash and Cash Equivalents per Statement of Cash Flows	<u><u>\$ 1,212,870</u></u>
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**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

Notes to Financial Statements

Note 3. Fixed Assets

As of June 30, 2011, fixed assets consist of the following:

Buildings	\$ 402,260
Office Equipment	110,942
Office Furniture	43,751
Vehicles	<u>31,882</u>
	588,835
Less: Accumulated Depreciation	<u>(234,166)</u>
Total	<u><u>\$ 354,669</u></u>

All capitalized assets are depreciated using the straight-line basis over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2011, totaled \$2,862.

Note 4. Notes Payable

As of June 30, 2011, the Foundation had \$250,000, outstanding on a line of credit. The loan bears interest at 3.50% and matures June 2012.

Note 5. Contribution of Assets

On June 30, 2011, Louisiana Rural Health Services Corporation (LRHSC), a non profit corporation, by resolution of the board of directors, agreed to contribute all assets and liabilities of the corporation to the Foundation. All contributed property was recorded at the fair value on the date of contribution.

Assets Contributed	
Cash and Cash Equivalents	\$ 811,841
Certificate of Deposit	375,661
Cash Held in Escrow - Restricted	301,860
Receivables	1,470,601
Fixed Assets, Net	328,511
Liabilities Assumed	
Notes Payable	<u>(488,556)</u>
Total Contribution, Net	<u><u>\$ 2,799,918</u></u>

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

Notes to Financial Statements

Note 6. Retirement Plan

The Foundation established an employer sponsored 403(b) Annuity Plan (the Plan) effective October 1, 1990, to provide retirement benefits for employees of the Foundation and the payment of benefits to employees and their beneficiaries. The Foundation's contribution was 7.0% of the employees' salaries during the year ended June 30, 2011. Additionally, an amount determined by resolution of the Board of Directors of the Foundation may be contributed to the Plan. The contribution to the Plan for June 30, 2011, amounted to \$146,437.

Note 7. Functional Allocation of Expenses

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

Note 8. Uncertain Tax Position

All tax returns have been appropriately filed by the Foundation. As of December 15, 2011, the Foundation had not filed their 2010 tax return. The Foundation recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Association's tax filings are subject to audit by various taxing authorities. The Foundation's open audit periods are 2007 through 2009. Management evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Note 9. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued December 15, 2011, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTAL INFORMATION

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
Supplementary Information
Combining Schedule of Assets, Liabilities and Net Assets
For the Year Ended June 30, 2011**

Schedule I

	Program Services	Supporting Services	Plant Fund	Totals
Assets				
Cash and Cash Equivalents	\$ 135,757	\$ 775,253	\$ -	\$ 911,010
Certificates of Deposit	582,415	83,824	-	666,239
Grants Receivable	1,023,126	-	-	1,023,126
Notes Receivable	1,375,096	-	-	1,375,096
Cash Held In Escrow - Restricted	301,860	-	-	301,860
Prepaid Expenses	3,100	2,838	-	5,938
Deposits	-	300	-	300
Fixed Assets, Net	-	-	354,669	354,669
Total Assets	\$ 3,421,354	\$ 862,215	\$ 354,669	\$4,638,238
Liabilities				
Accounts Payable	\$ 274,878	\$ 50,288	\$ -	\$ 325,166
Deferred Revenue	233,045	-	-	233,045
Line of Credit Payable	-	250,000	-	250,000
Notes Payable	488,556	-	-	488,556
Total Liabilities	996,479	300,288	-	1,296,767
Net Assets				
Unrestricted - Designated for Future Expenditures	663,805	2,354,879	322,787	3,341,471
Total Liabilities and Net Assets	\$ 1,660,284	\$2,655,167	\$ 322,787	\$4,638,238

See independent auditor's report.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
Supplementary Information
Combining Schedule of Support, Revenue, Expenses and Changes in Net Assets
For the Year Ended June 30, 2011**

Schedule II

	Program Services	Supporting Services	Plant Fund	Totals
Support and Revenue				
Cooperative Endeavor with LSUMC - State Portion	\$ -	354,367	\$ -	\$ 354,367
Cooperative Endeavor with LSUMC - Federal Portion	-	69,567	-	69,567
Federal Grant Revenue	2,743,544	-	-	2,743,544
Grant Revenue - State and Private	666,533	-	-	666,533
Interest Income	-	8,152	-	8,152
Contribution of Assets	1,741,511	729,896	328,511	2,799,918
Other	-	802,905	-	802,905
Total Support and Revenue	5,151,588	1,964,887	328,511	7,444,986
Expenses				
Salaries and Related Benefits	2,622,172	607,953	-	3,230,125
Contract Services	89,472	-	-	89,472
Supplies and Maintenance	142,172	27,641	-	169,813
Equipment Expense	45,720	7,476	-	53,196
Rent	111,090	31,322	-	142,412
Utilities	11,546	9,907	-	21,453
Legal Fees	188	335	-	523
Consulting Fees	22,600	36,106	-	58,706
Other Professional Fees	4,097	18,489	-	22,586
Travel	176,242	14,975	-	191,217
Telephone and Communication	55,828	17,247	-	73,075
Insurance	6,216	6,219	-	12,435
Contractual	184,926	13,331	-	198,257
Professional Development	9,638	-	-	9,638
Dues and Subscription	-	3,122	-	3,122
Printing	2,221	-	-	2,221
Postage	20,552	4,376	-	24,928
Advertising and Public Relations	8,500	819	-	9,319
Bank Fees	-	17,796	-	17,796
Administrative Cost	143,823	-	-	143,823
Operating Service Expense	56,022	-	-	56,022
Depreciation	-	-	2,862	2,862
Other	49,425	-	-	49,425
Total Expenses	3,762,450	817,114	2,862	4,582,426
Increase in Net Assets	1,389,138	1,147,773	325,649	2,862,560
Net Assets, Beginning of Year	(725,333)	1,207,106	(2,862)	478,911
Net Assets, End of Year	\$ 663,805	\$ 2,354,879	\$ 322,787	\$ 3,341,471

See independent auditor's report.

OMB CIRCULAR A-133 SECTION

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE	Federal CFDA Number	Pass-Through Grantor's Number	Federal Revenue Recognized	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>				
Direct Award:				
Delta State Rural Development Network Grant Program	93.912	N/A	\$ 104,990	\$ 104,990
Rural Health Care Services Outreach and Rural Health Network Development Program	93.912	N/A	85,479	85,479
Rural Health Care Services Outreach and Rural Health Network Development Program	93.912	N/A	45,757	45,757
Passed-through Louisiana State University Medical Center:				
Area Health Education Centers - Model Programs	93.107	None	69,567	69,567
Passed-through City of New Orleans - Office of Health Policy:				
Ryan White Comprehensive AIDS Resources Emergency Act of 1990 - Title I	93.914	98OHP0014C	589,215	589,215
Passed through New Orleans Regional AIDS Planning Council:				
HIV Emergency Relief Project Grant (Title I)	93.914	None	268,522	268,522
Passed-through Louisiana Department of Health and Hospitals:				
Rural AIDS Prevention Program Region IX	93.940	14547/16716	4,890	4,890
HIV/AIDS Prevention Program	93.940	None	19,500	19,500

See accompanying notes to schedule of expenditures of federal awards.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2011**

THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Grantor's Number	Revenue Recognized	Federal Expenditures
<u>U.S. Department of Health and Human Services (Continued)</u>				
Passed-through Louisiana Department of Health and Hospitals (Continued):				
Maternal & Child Health Services Block Grant	93.994	None	54,419	54,419
Passed-through Florida Parishes Human Services Authority:				
Block Grants for Community Mental Health Services	93.958	09-051	8,173	8,173
Block Grants for Community Mental Health Services	93.958	09-052	55,894	55,894
Subtotal - U.S. Department of Health and Human Services			1,306,406	1,306,406
<u>U.S. Department of Education</u>				
Passed-through Louisiana Department of Health and Hospitals:				
Special Education - Grants for Infants and Families - MAJOR PROGRAM	84.181	610292	1,506,705	1,506,705
Subtotal - U.S. Department of Education			1,506,705	1,506,705
Total			\$ 2,813,111	\$ 2,813,111
Reconciliation				
Cooperative Endeavor with LSUMC - Federal Portion			\$ 69,567	
Federal Grant Revenue			2,743,544	
Total			\$ 2,813,111	

See accompanying notes to schedule of expenditures of federal awards.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the grant activity of Southeastern Louisiana Area Health Education Center Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

**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***

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

We have audited the financial statements of Southeastern Louisiana Area Health Education Center Foundation (the Foundation), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements 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 the Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.



A Professional Accounting Corporation

December 15, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of Southeastern Louisiana Area Health Education Center Foundation (the Foundation) with the types of compliance requirements described in the United States Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2011. The Foundation'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 Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted 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 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 Foundation'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 on the Foundation's compliance with those requirements.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Foundation's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.



A Professional Accounting Corporation

December 15, 2011

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

A. Summary of Audit Results

Financial Statements

1) Type of auditor's report	Unqualified
2) Internal control over financial reporting and compliance and other matters	
a) Material weaknesses identified	None
b) Significant deficiencies identified not considered to be material weaknesses	None
c) Noncompliance noted	None
3) Management letter comment provided	None

Federal Awards

4) Internal control over major programs	
a) Material weaknesses identified	None
b) Significant deficiencies identified not considered to be material weaknesses	None
5) Type of auditor's report issued on compliance for major program	Unqualified
6) Audit findings disclosed that are required in accordance with OMB A-133, Section 510a	None
7) Identification of major programs 84.181 - Special Education – Grants for Infants and Families	
8) Dollar threshold used to distinguish between Type A and B programs	\$300,000
9) Auditee qualified as a low-risk auditee under OMB A-133, Section 530	Yes

B. Findings Related to the Financial Statements

None.

C. Findings and Questioned Costs Related to Major Federal Award Programs

None.