

**SOUTHEASTERN LOUISIANA
AREA HEALTH EDUCATION CENTER
FOUNDATION**

Audit of Financial Statements

June 30, 2010

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 3/2/11

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Independent Auditor's Report

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

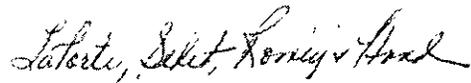
We have audited the accompanying statement of financial position of Southeastern Louisiana Area Health Education Center Foundation (the Foundation) as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of 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, 2010, 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 28, 2010, 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 performed for the purpose of forming an opinion on the financial statements of the Foundation taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. In addition, the accompanying financial information in Schedules I through II, is presented for purposes of additional information 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 Professional Accounting Corporation

December 28, 2010

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
Statement of Financial Position
June 30, 2010**

Assets	
Cash and Cash Equivalents	\$ 357,279
Due from LSUMC	304,096
Grants Receivable	652,576
Prepaid Expenses	6,138
Deposits	300
Fixed Assets, Net	<u>29,020</u>
Total Assets	<u>\$ 1,349,409</u>
Liabilities	
Accounts Payable	\$ 320,572
Deferred Revenue	271,929
Line of Credit	275,000
Other Liabilities	<u>2,997</u>
Total Liabilities	<u>870,498</u>
Commitments	
Net Assets	
Unrestricted - Designated for Future Expenditures	<u>478,911</u>
Total Liabilities and Net Assets	<u>\$ 1,349,409</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, 2010

Unrestricted Net Assets	
Support and Revenue	
Cooperative Endeavor with LSUMC - State Portion	\$ 446,367
Cooperative Endeavor with LSUMC - Federal Portion	69,704
Federal Grant Revenue	2,588,942
Grant Revenue - State and Private	590,858
Interest Income	12,688
Gain (Loss) on Sale of Assets	(19,451)
Other	559,133
	<hr/>
Total Unrestricted Support and Revenue	4,248,241
Expenses	
Program Services	
Salaries and Related Benefits	2,238,899
Contract Services	112,641
Supplies and Maintenance	158,184
Equipment Expense	21,935
Rent	109,297
Utilities	11,515
Consulting Fees	18,800
Other Professional Fees	11,772
Travel	184,518
Telephone and Communication	62,377
Insurance	4,965
Contractual	190,515
Professional Development	18,438
Printing	4,496
Postage	21,101
Advertising and Public Relations	14,300
Administrative Cost	168,031
Operating Service Expense	35,782
Other	37,803
	<hr/>
Total Program Services	3,425,369
Supporting Services	
General and Administrative	808,830
	<hr/>
Total Supporting Services	808,830
	<hr/>
Total Expenses	4,234,199
Increase in Unrestricted Net Assets	14,042
Unrestricted Net Assets, Beginning of Year	464,869
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Unrestricted Net Assets, End of Year	\$ 478,911
	<hr/> <hr/>

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, 2010

Cash Flows from Operating Activities	
Increase in Unrestricted Net Assets	\$ 14,042
Loss from Sale of Assets	19,451
Adjustments to Reconcile Increase in Unrestricted Net Assets to Net Cash Used in Operating Activities	
Depreciation	16,647
Due from LSUMC	(272,618)
Grant Receivable	(37,394)
Other Receivables	38,200
Prepaid Expenses	(6,138)
Accounts Payable	(40,286)
Deferred Revenue	(205,476)
Due to Other Programs	2,997
	<u>2,997</u>
Net Cash Used in Operating Activities	<u>(470,575)</u>
Cash Flows from Investing Activities	
Purchase of Property, Plant and Equipment	<u>(31,882)</u>
Net Cash Used in Investing Activities	<u>(31,882)</u>
Cash Flows from Financing Activities	
Proceeds on Line of Credits	280,000
Payments on Line of Credits	<u>(220,000)</u>
Net Cash Provided by Financing Activities	<u>60,000</u>
Net Decrease in Cash and Cash Equivalents	(442,457)
Cash and Cash Equivalents, Beginning of Year	<u>799,736</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 357,279</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, 2010, 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)

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, 2010, 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.

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, 2010.

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.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Advertising Costs

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

Note 2. Fixed Assets

As of June 30, 2010, fixed assets consist of the following:

Office Equipment	\$ 110,942
Office Furniture	43,751
Vehicles	<u>31,882</u>
	186,575
Less: Accumulated Depreciation	<u>(157,555)</u>
Total	\$ <u>29,020</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, 2010, totaled \$16,647.

Note 3. Notes Payable

As of June 30, 2010, the Foundation had \$175,000 outstanding on a line of credit. The loan bears interest at 3.50% and matures February 2011. In addition, the Foundation had \$100,000 outstanding on another line of credit. The line of credit bears interest at 5.75% and was paid off in July 2010.

Note 4. 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, 2010. 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, 2010, amounted to \$134,972.

Note 5. 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.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

Notes to Financial Statements

Note 6. 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.

Note 7. Commitments and Contingencies

Operating Lease

Effective January 1, 2006, the Foundation began leasing the building it transferred to Louisiana Rural Health Services Corporation (LRHSC) on a month-to-month basis. The Foundation pays a monthly rent to LRHSC. Rent expense for the year ended June 30, 2010, totaled \$31,322.

Note 8. Uncertain Tax Position

For the year ended June 30, 2010, the Foundation adopted the provisions of the Accounting for Uncertainty in Income Taxes Topic of the FASB Accounting Standards Codification. The implementation of FIN 48 had no impact on the entity's statement of financial position or statement of activities.

All tax returns have been appropriately filed by the Foundation. 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 28, 2010, 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.

SUPPLEMENTARY INFORMATION

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**
Supplementary Information
Combining Schedule of Assets, Liabilities and Net Assets
For the Year Ended June 30, 2010

	Program Services	Supporting Services	Plant Fund	Totals
Assets				
Cash and Cash Equivalents	\$ 230,043	\$ 127,236	\$ -	\$ 357,279
Due from LSUMC	204,750	99,346	-	304,096
Grants Receivable	652,576	-	-	652,576
Prepaid Expenses	2,610	3,528	-	6,138
Deposits	-	300	-	300
Fixed Assets, Net	-	-	29,020	29,020
Total Assets	\$ 1,089,979	\$ 230,410	\$ 29,020	\$ 1,349,409
Liabilities				
Accounts Payable	\$ 147,281	\$ 173,291	\$ -	\$ 320,572
Deferred Revenue	271,929	-	-	271,929
Line of Credit Payable	-	275,000	-	275,000
Other Liabilities	2,997	-	-	2,997
Total Liabilities	422,207	448,291	-	870,498
Net Assets				
Unrestricted - Designated for Future Expenditures	(725,333)	1,207,106	(2,862)	478,911
Total Liabilities and Net Assets	\$ (303,126)	\$ 1,655,397	\$ (2,862)	\$ 1,349,409

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, 2010

	Program Services	Supporting Services	Plant Fund	Totals
Support and Revenue				
Cooperative Endeavor with LSUMC - State Portion	\$ -	\$ 446,367	\$ -	\$ 446,367
Cooperative Endeavor with LSUMC - Federal Portion	-	69,704	-	69,704
Federal Grant Revenue	2,588,942	-	-	2,588,942
Grant Revenue - State and Private	590,858	-	-	590,858
Interest Income	-	12,688	-	12,688
Gain (Loss) on Sale of Assets	-	-	(19,451)	(19,451)
Other	-	559,133	-	559,133
Total Support and Revenue	3,179,800	1,087,892	(19,451)	4,248,241
Expenses				
Salaries and Related Benefits	2,238,899	590,067	-	2,828,966
Contract Services	112,641	-	-	112,641
Supplies and Maintenance	158,184	33,975	-	192,159
Equipment Expense	21,935	3,062	-	24,997
Rent	109,297	31,322	-	140,619
Utilities	11,515	10,392	-	21,907
Legal Fees	-	925	-	925
Consulting Fees	18,800	3,782	-	22,582
Other Professional Fees	11,772	19,915	-	31,687
Travel	184,518	47,652	-	232,170
Telephone and Communication	62,377	11,647	-	74,024
Insurance	4,965	(387)	-	4,578
Contractual	190,515	4,592	-	195,107
Professional Development	18,438	-	-	18,438
Dues and Subscription	-	7,419	-	7,419
Printing	4,496	-	-	4,496
Postage	21,101	2,464	-	23,565
Advertising and Public Relations	14,300	3,025	-	17,325
Bank Fees	-	18,980	-	18,980
Administrative Cost	168,031	-	-	168,031
Operating Service Expense	35,782	-	-	35,782
Depreciation	-	-	16,647	16,647
Other	37,803	3,351	-	41,154
Total Expenses	3,425,369	792,183	16,647	4,234,199
Increase (Decrease) in Net Assets	(245,569)	295,709	(36,098)	14,042
Net Assets, Beginning of Year	(479,764)	911,397	33,236	464,869
Net Assets, End of Year	\$ (725,333)	\$ 1,207,106	\$ (2,862)	\$ 478,911

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, 2010**

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	\$ 43,549	\$ 43,549
Rural Health Care Services Outreach and Rural Health Network Development Program	93.912		58,615	58,615
Rural Health Care Services Outreach and Rural Health Network Development Program	93.912		180,805	180,805
Passed-through Louisiana State University Medical Center:				
Area Health Education Centers - Model Programs	93.107	None	69,704	69,704
Passed-through City of New Orleans - Office of Health Policy:				
Ryan White Comprehensive AIDS Resources Emergency Act of 1990 - Title I	93.914	98OHP0014C	511,635	511,635
Passed through New Orleans Regional AIDS Planning Council:				
HIV Emergency Relief Project Grant (Title I)	93.914		269,547	269,547
Passed-through Louisiana Department of Health and Hospitals:				
Rural AIDS Prevention Program Region IX	93.940	14547/16716	9,947	9,947
HIV/AIDS Prevention Program	93.940		6,320	6,320

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, 2010

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE	Federal CFDA Number	Pass-Through Grantor's Number	Federal Revenue Recognized	Federal Expenditures
Passed-through Louisiana Department of Health and Hospitals (Continued):				
Maternal & Child Health Program	93.994		56,847	56,847
<u>U.S. Department of Health and Human Services (Continued)</u>				
Passed-through Florida Parishes Human Services Authority:				
Community Mental Health Services Block Grant	93.958	09-051	11,925	11,925
Community Mental Health Services Block Grant	93.958	09-052	18,705	18,705
Subtotal - U.S. Department of Health and Human Services			1,237,599	1,237,599
<u>U.S. Department of Education</u>				
Passed-through Louisiana Department of Health and Hospitals:				
Children's Special Health Services	84.181	610292	1,421,047	1,421,047
Subtotal - U.S. Department of Education			1,421,047	1,421,047
Total			\$ 2,658,646	\$ 2,658,646
Reconciliation				
Cooperative Endeavor with LSUMC - Federal Portion			\$ 69,704	
Federal Grant Revenue			2,588,942	
Total			\$ 2,658,646	

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, 2010**

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.



LAPORTE SEHRT
ROMIG HAND
CERTIFIED PUBLIC ACCOUNTANTS

**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, 2010, and have issued our report thereon dated December 28, 2010. 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 28, 2010



**INDEPENDENT AUDITOR'S 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, 2010. 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, 2010.

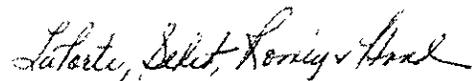
Internal Control Over Compliance

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 28, 2010

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the Foundation.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report of 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*.
3. No instances of noncompliance material to the financial statements of the Foundation, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Foundation expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this Schedule.
7. The programs tested as major programs included:

<u>PROGRAM</u>	<u>CFDA No.</u>
Ryan White Comprehensive AIDS Resources Emergency Act of 1990-Title 1	93.914
Children' Special Health Services	84.181

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Foundation was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

Prior Year Audit Findings

None Noted