

**SWLA CENTER
FOR HEALTH SERVICES
Lake Charles, Louisiana**

**Financial And Compliance Report
May 31, 2009 and 2008**

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 12/2/09

TABLE OF CONTENTS

	<u>Page</u>
<i>Independent Auditor's Report</i>	1 - 2
Financial Statements:	
Statements of Financial Position	3 - 4
Statements of Activities	5
Statements of Cash Flows	6
Schedule of Functional Expenses	7
Notes to Financial Statements	8 - 13
Supplementary Information	
Schedule of Expenditures of Federal Awards	14
Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	15 - 16
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	17 - 18
Schedule of Findings and Questioned Cost	19



Broussard & Company
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of SWLA Center for Health Services, (a non-profit organization) as of May 31, 2009 and 2008, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of SWLA Center for Health Services' management. Our responsibility is to express an opinion on these financial statements based on our audit.

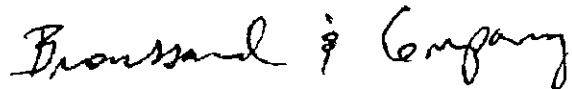
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of SWLA Center for Health Services as of May 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2009, on our consideration of SWLA Center for Health Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

A handwritten signature in cursive script that reads "Broussard & Company".

Lake Charles, Louisiana
October 26, 2009

SWLA CENTER FOR HEALTH SERVICES
Lake Charles, Louisiana
Statements of Financial Position
As of May 31,

	<u>2009</u>	<u>2008</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,411,514	\$ 5,372,339
Certificate of deposit	1,016,671	857,646
Patient accounts receivable, net	815,974	598,857
Supplies inventory	104,225	41,932
Prepaid expenses	18,838	9,534
Deposits	12,473	-
	<u>4,379,695</u>	<u>6,880,308</u>
Property, Plant and Equipment		
Furniture and equipment	2,472,089	748,073
Building and improvements	7,180,380	3,136,864
Automobiles	64,280	30,413
	<u>9,716,749</u>	<u>3,915,350</u>
Less accumulated depreciation	<u>(1,486,225)</u>	<u>(1,108,512)</u>
	8,230,524	2,806,838
Land	203,426	80,917
Construction in progress	-	3,444,824
	<u>8,433,950</u>	<u>6,332,579</u>
Total Assets	<u>\$ 12,813,645</u>	<u>\$ 13,212,887</u>

See accompanying notes to financial statements.

SWLA CENTER FOR HEALTH SERVICES
Lake Charles, Louisiana
Statements of Financial Position (Continued)
As of May 31,

	2009	2008
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 254,644	\$ 676,290
Accrued vacation and payroll	268,067	228,248
Payroll taxes payable	1,094	892
Sales tax payable	832	684
Accrued interest payable	613	613
Current portion of notes payable	171,807	205,934
 Total Current liabilities	 697,057	 1,112,661
Long Term Liabilities		
Notes payable - net of current portion	210,922	369,026
 Total Liabilities	 907,979	 1,481,687
Net Assets		
Temporarily restricted net assets	-	1,939,623
Unrestricted net assets	11,905,666	9,791,577
Total Net Assets	11,905,666	11,731,200
 Total Liabilities and Net Assets	 \$ 12,813,645	 \$ 13,212,887

See accompanying notes to financial statements.

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

	2009	2008
Revenue and Support - Unrestricted		
Revenue:		
Net patient service revenue	\$ 4,871,058	\$ 3,966,735
Support and other income:		
Grant awards	2,023,380	1,689,702
Contributions	71,855	86,513
Investment income (loss)	53,254	146,305
Other income	69,437	8,624
	2,217,926	1,931,144
Total Support		
	2,217,926	1,931,144
Total Revenue and Support - Unrestricted	7,088,984	5,897,879
Expenses		
Program Services:		
Medical	2,607,935	2,177,645
Ancillary	229,957	194,459
Enabling services	301,350	198,924
Pharmacy	390,507	282,431
WIC program	97,074	89,740
Total Program Services	3,626,823	2,943,199
Support Services:		
General and administrative	3,292,985	2,459,813
	3,292,985	2,459,813
Total Expenses	6,919,808	5,403,012
Net Assets Released from Restrictions	1,944,913	3,265,521
Change in Net Assets - Unrestricted	2,114,089	3,760,388
Temporarily Restricted Net Assets		
Support:		
Interest income	5,290	136,958
Net assets released from restrictions	(1,944,913)	(3,265,521)
Increase (Decrease) in Temporarily Restricted Net Assets	(1,939,623)	(3,128,563)
Increase in Net Assets	174,466	631,825
Net Assets - Beginning of Year	11,731,200	11,099,375
Net Assets - End of Year	\$ 11,905,666	\$ 11,731,200

See accompanying notes to financial statements.

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

	2009	2008
Cash Flows From Operating Activities		
Change in net assets	\$ 169,176	\$ 494,867
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	377,714	181,589
Change in allowance for doubtful accounts	302,848	49,222
(Increase) decrease in accounts receivable	(519,965)	(284,589)
(Increase) decrease in supplies inventory	(62,293)	(80)
(Increase) decrease in prepaid expenses	(9,304)	18,716
(Increase) decrease in deposits	(12,474)	-
Increase (decrease) in accounts payable	(421,646)	47,499
Increase (decrease) in accrued vacation and payroll	39,819	43,095
Increase (decrease) in other payables	350	372
Increase (decrease) in deferred grant income	-	(24,050)
	<u>(135,775)</u>	<u>526,641</u>
Net Cash Provided (Used) by Operating Activities		
Cash Flows From Investing Activities		
(Purchase) redemption of certificate of deposit	(159,025)	87,539
Fixed asset acquisitions	(2,479,084)	(3,549,792)
	<u>(2,638,109)</u>	<u>(3,462,253)</u>
Net Cash Provided (Used) by Investing Activities		
Cash Flows From Financing Activities		
Proceeds from bank loans	-	231,000
Principal payments on bank loans	(192,231)	(133,977)
Interest income temporarily restricted	5,290	136,958
	<u>(186,941)</u>	<u>233,981</u>
Net Cash Provided (Used) by Financing Activities		
Net Increase in Cash and Cash Equivalents	(2,960,825)	(2,701,631)
Cash and Cash Equivalents - Beginning of Year	<u>5,372,339</u>	<u>8,073,970</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,411,514</u>	<u>\$ 5,372,339</u>
Supplemental Disclosure:		
Interest paid	<u>\$ 29,748</u>	<u>\$ 30,366</u>

See accompanying notes to financial statements.

SWLA CENTER FOR HEALTH SERVICES
Lake Charles, Louisiana
Schedule of Functional Expenses
For the Year Ended May 31, 2009

	Program Services					Supporting	Total	
	Medical	Ancillary	Enabling Services	Pharmacy	WIC Program	General and Administrative	2009	2008
Salaries	\$ 1,511,243	\$ 119,877	\$ 177,325	\$ 133,916	\$ 73,955	\$ 1,092,877	\$ 3,109,193	\$ 2,616,522
Fringe benefits	125,618	10,135	13,395	9,718	8,417	177,940	345,223	310,510
Payroll taxes	91,305	8,437	12,317	9,077	5,301	74,927	201,364	177,962
Consultants and contractual services	624,836	63,542	8,765	32,861	834	284,191	1,015,029	703,514
Supplies	50,762	19,011	10,965	199,805	2,155	65,147	347,845	261,956
Dues and subscriptions/printing	16,271	2,450	1,088	1,498	682	41,651	63,640	64,488
Maintenance and repairs	1,235	332	48	-	-	100,151	101,766	25,687
Telephone	31,160	1,606	2,375	1,397	1,576	30,941	69,055	43,690
Postage	-	-	13,894	-	-	19,556	33,450	26,580
Insurance	10,456	1,339	1,566	201	1,606	27,691	42,859	25,968
Travel and seminars	35,329	1,002	36,863	203	225	129,355	202,977	262,635
Taxes and licenses	-	-	-	777	-	1,031	1,808	867
Utilities	14,711	2,226	7,789	290	2,323	79,401	106,740	48,930
Interest	-	-	-	-	-	29,748	29,748	30,366
Legal and professional	17,015	-	-	-	-	202,568	219,583	174,258
Rent - equipment and storage	6,209	-	-	-	-	14,534	20,743	24,015
Miscellaneous	400	-	3,180	-	-	41,586	45,166	31,297
Service charges	-	-	132	764	-	9,631	10,527	7,809
Fuel cost	-	-	-	-	-	9,541	9,541	5,084
Recruitment cost	56,625	-	-	-	-	2,164	58,789	19,580
Total expenses before depreciation, bad debts and loss on disposal of equipment	2,593,175	229,957	289,702	390,507	97,074	2,434,631	6,035,046	4,861,718
Depreciation and amortization	14,760	-	11,648	-	-	351,306	377,714	181,589
Bad debt expense	-	-	-	-	-	507,048	507,048	359,705
Total expenses	\$ 2,607,935	\$ 229,957	\$ 301,350	\$ 390,507	\$ 97,074	\$ 3,292,985	\$ 6,919,808	\$ 5,403,012

See accompanying notes to financial statements.

SWLA CENTER FOR HEALTH SERVICES
Lake Charles, Louisiana
Notes to Financial Statements
May 31, 2009 and 2008

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

Nature of Activities

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

Income Taxes

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

Method of Accounting

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

Accounting Estimates

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

Cash and Cash Equivalents

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

Property and Equipment

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

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

SWLA CENTER FOR HEALTH SERVICES
Lake Charles, Louisiana
Notes to Financial Statements (Continued)
May 31, 2009 and 2008

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

Functional Expenses

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

Accounts Receivable

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

Inventory

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

Net Patient Service Revenue

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

Grants and Contributions

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

SWLA CENTER FOR HEALTH SERVICES
Lake Charles, Louisiana
Notes to Financial Statements (Continued)
May 31, 2009 and 2008

NOTE 2 - PATIENT ACCOUNTS RECEIVABLE

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

	<u>2009</u>	<u>2008</u>
Medicare	\$ 150,631	\$ 188,745
Medicaid	445,953	220,841
Private	917,515	584,548
	<u>1,514,099</u>	<u>994,134</u>
Less allowance for doubtful accounts	698,125	395,277
	<u>\$ 815,974</u>	<u>\$ 598,857</u>

NOTE 3 - COST REPORT RECEIVABLE

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

NOTE 4 - ACCRUED VACATION

The Organization allows employees to carry over unused vacation hours, with written permission from the executive director. The accrual is calculated based on the employee's pay rate at the end of the year. At May 31, 2009 and 2008, accrued vacation totaled \$158,632 and \$128,120, respectively.

NOTE 5 - ECONOMIC DEPENDENCY

The Organization receives a substantial portion of its total support and revenues from the federal government. During the years ended May 31, 2009 and 2008, SWLA Center for Health Services recorded \$2,023,380 and \$1,536,873 respectively, in grant support from the Department of Health and Human Services. This represents 28.5% and 26.0% of total support and revenues for the years ended May 31, 2009 and 2008, respectively.

SWLA LOUISIANA CENTER FOR HEALTH SERVICES
Lake Charles, Louisiana
Notes to Financial Statements (Continued)
May 31, 2009 and 2008

NOTE 6 - NOTES PAYABLE

Notes payable for the twelve months ended May 31, 2009 consisted of the following:

Bank note payable, due in 86 equal monthly installments of \$6,964.62, final payment to be paid February 27, 2013, including interest at 6.014%, collateralized by real estate with a carrying value of \$741,886.	\$ 279,495
Note payable, due in 24 equal monthly installments of \$1,116.79, final payment to be paid June 20, 2010, including interest at 5.85%, collateralized by automobile	14,028
Bank note payable, due in 24 equal monthly installments of \$10,316.01, final payment to be paid February 1, 2010, including interest at 6.182%, uncollateralized	<u>89,206</u>
Total debt	382,729
Less current portion	<u>(171,807)</u>
Long-term debt	<u>\$ 210,922</u>

Maturities of debt are as follows:

May 31,	Amount
2010	\$ 171,807
2011	73,799
2012	77,266
2013	<u>59,857</u>
Total	<u>\$ 382,729</u>

SWLA CENTER FOR HEALTH SERVICES
Lake Charles, Louisiana
Notes to Financial Statements (Continued)
May 31, 2009 and 2008

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains several bank accounts at various banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The Organization had deposit balances that exceeded federally insured limits by \$434,855 and \$188,623 as of May 31, 2009 and 2008, respectively.

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

	<u>2009</u>	<u>2008</u>
Medicare	18 %	32 %
Medicaid	55	37
Other	27	31
	<u>100 %</u>	<u>100 %</u>

The mix of net patient revenues was as follows:

	<u>2009</u>	<u>2008</u>
Medicare	9 %	9 %
Medicaid	64	68
Other	27	23
	<u>100 %</u>	<u>100 %</u>

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE 9 - CHARITY CARE

The Organization provides care to patients who qualify under federal guidelines and other policies of the Organization at fees less than its established rates. The amount of charity care is reduced from the amount of fees for services presented in the statement of activities. The amount of charity care for the years ended May 31, 2009 and 2008 were \$1,032,833 and \$628,179.

SWLA CENTER FOR HEALTH SERVICES
Lake Charles, Louisiana
Notes to Financial Statements (Continued)
May 31, 2009 and 2008

NOTE 10 – 401(k) PLAN

The Organization sponsors a 401 (k) Plan covering substantially all of its employees. The employees may elect to make contributions pursuant to a salary reduction agreement upon meeting eligibility requirements. The Organization made matching contributions of \$72,148 and \$80,177 for the years ended May 31, 2009 and 2008, respectively.

NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets balance of \$-0- and \$1,939,623, represents unspent funds as of May 31, 2009 and 2008, originating from contributions received from CITGO Petroleum Corporation (Donor). The donation is for the specific purpose of constructing the previously referred to Citgo Expansion (Health Community Resource Center), along with furnishings and equipment for said facility. This construction project was completed during the fiscal year ending May 31, 2009.

SWLA CENTER FOR HEALTH SERVICES

**Schedule of Expenditures of Federal Awards
Year Ended May 31, 2009**

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Program Year</u>	<u>Program Receipts</u>	<u>Program Expenses</u>
U.S. Department of Health and Human Services:					
Direct programs:					
Community Health Center Section 330	93.224	H80 CS 00558	6/1/08 - 5/31/09	\$ 1,827,229	\$ 1,827,229
Recovery Act Health Ctr.	93.703	H8ACS11406	3/01/09 - 2/28/10	\$ 196,151	\$ 196,151
U.S. Department of Agriculture: Passed through.					
Louisiana Department of Health and Hospitals: Office of Public Health	10.572		10/1/08 - 9/30/09	<u>\$ 80,981</u>	<u>\$ 80,981</u>
Total federal assistance				<u>\$ 2,104,361</u>	<u>\$ 2,104,361</u>

Basis of Presentation

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



Broussard & Company
Certified Public Accountants

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

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

We have audited the financial statements of SWLA Center for Health Services (a nonprofit organization) as of and for the year ended May 31, 2009, and have issued our report thereon dated October 26, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Internal Control Over Compliance

The management of SWLA Center for Health Services is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered SWLA Center for Health Services' internal control over compliance with the 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, 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 SWLA Center for Health Services' internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Broussard & Company



Broussard & Company
Certified Public Accountants

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

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

Compliance

We have audited the compliance of SWLA Center for Health Services, with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*" that are applicable to each of its major federal programs for the year ended May 31, 2009. SWLA Center for Health Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of SWLA Center for Health Services' management. Our responsibility is to express an opinion on SWLA Center for Health Services' 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 SWLA Center for Health Services' 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 SWLA Center for Health Services' compliance with those requirements.

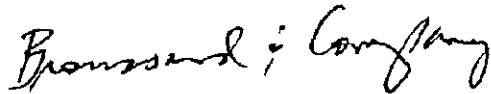
In our opinion, SWLA Center for Health Services complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended May 31, 2009.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SWLA Center for Health Services' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

A handwritten signature in cursive script that reads "Broussard & Company".

Lake Charles, Louisiana
October 26, 2009

SWLA CENTER FOR HEALTH SERVICES

Schedule of Findings and Questioned Cost
Year Ended May 31, 2009

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

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

Federal Awards

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? Yes No

No Separate Management Letter Issued

Prior Year Findings and Questioned Costs

NONE