

**DAVID RAINES COMMUNITY
HEALTH CENTER, INC.**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
December 31, 2022
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BROWN, EWING & CO.
P. A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
David Raines Community Health Center, Inc.
Shreveport, Louisiana

Opinion

We have audited the accompanying financial statements of David Raines Community Health Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of operations and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of David Raines Community Health Center, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of David Raines Community Health Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about David Raines Community Health Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of David Raines Community Health Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about David Raines Community Health Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

Other-Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 20 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 directly 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2023, on our consideration of David Raines Community Health Center, Inc.'s 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 solely 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 effectiveness of David Raines Community Health Center, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering David Raines Community Health Center, Inc.'s internal control over financial reporting and compliance.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.


Ridgeland, Mississippi
June 15, 2023

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Statement of Financial Position
December 31, 2022

<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 2,777,690
Certificates of deposit	301,616
Patient care receivables, less allowance of \$162,848 for doubtful accounts	701,907
Grants receivable	100,258
Accounts receivable - other	178,968
Inventory - pharmacy	202,551
Prepaid expenses	<u>81,832</u>
Total Current Assets	<u>4,344,822</u>
Fixed Assets:	
Land	111,302
Building and improvements	5,437,467
Furniture and equipment	2,946,956
Vehicles	675,116
Right of use asset	<u>51,887</u>
	9,222,728
Less: Accumulated depreciation	<u>(4,779,184)</u>
Net Fixed Assets	<u>4,443,544</u>
Other Assets:	
Other Assets	<u>27,188</u>
Total Other Assets	<u>27,188</u>
TOTAL ASSETS	<u>\$ 8,815,554</u>

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

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Statement of Financial Position
December 31, 2022

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 249,601
Payroll taxes payable	11,509
Other payroll deductions payable	142,333
Salaries payable	219,927
Accrued annual leave	258,660
Other current liabilities	82,994
Operating lease liability, current portion	<u>25,943</u>
Total Current Liabilities	<u>990,967</u>
Long-Term Liabilities	
Operating lease liability, net of current portion	<u>25,944</u>
Total Long-Term Liabilities	<u>25,944</u>
Total Liabilities	<u>1,016,911</u>
Net Assets without Donor Restrictions:	
Undesignated (Operating)	7,498,643
Board designated reserve	<u>300,000</u>
Total Net Assets	<u>7,798,643</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,815,554</u>

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

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Statement of Operations and Changes In Net Assets
For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>TOTAL</u>
SUPPORT AND REVENUES			
Support:			
Grants and contracts	\$ 5,350,870	-	\$ 5,350,870
Net assets released from restrictions			
Satisfaction of program restriction	<u>80,000</u>	<u>(80,000)</u>	<u>-</u>
Total Support	<u>5,430,870</u>	<u>(80,000)</u>	<u>5,350,870</u>
Revenue:			
Health care services, net of charity, bad debts and contractual adjustments of \$(12,144,256)	8,970,059	-	8,970,059
340B income	80,941	-	80,941
Interest income	39,638	-	39,638
Other income	<u>1,318,360</u>	<u>-</u>	<u>1,318,360</u>
Total Revenue	<u>10,408,998</u>	<u>-</u>	<u>10,408,998</u>
TOTAL SUPPORT AND REVENUES	<u>15,839,868</u>	<u>(80,000)</u>	<u>15,759,868</u>
EXPENSES			
Program Services			
Health care services	<u>10,014,867</u>	<u>-</u>	<u>10,014,867</u>
Total Program Services	<u>10,014,867</u>	<u>-</u>	<u>10,014,867</u>
Supporting Services			
Management and general	5,344,951	-	5,344,951
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
Total Supporting Services	<u>5,344,951</u>	<u>-</u>	<u>5,344,951</u>
TOTAL EXPENSES	<u>15,359,818</u>	<u>-</u>	<u>15,359,818</u>
Change in Net Assets	480,050	(80,000)	400,050
Net Assets, Beginning of Year	<u>7,318,593</u>	<u>80,000</u>	<u>7,398,593</u>
NET ASSETS, END OF YEAR	<u>\$ 7,798,643</u>	<u>-</u>	<u>\$ 7,798,643</u>

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

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2022

	<u>PROGRAM SERVICES</u>		<u>SUPPORTING SERVICES</u>	
	<u>Health Care Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>TOTAL</u>
Personnel	\$ 6,346,634	6,346,634	2,329,080	\$ 8,675,714
Fringe benefits	525,145	525,145	737,188	1,262,333
Travel	19,487	19,487	73,189	92,676
Supplies	2,030,699	2,030,699	115,270	2,145,969
Equipment rental	5,161	5,161	-	5,161
Contractual	313,389	313,389	1,238,112	1,551,501
Legal	-	-	7,742	7,742
Dues and subscriptions	7,850	7,850	39,316	47,166
Utilities	123,398	123,398	11,332	134,730
Repairs and maintenance	344,921	344,921	132,829	477,750
Insurance	2,818	2,818	92,803	95,621
Staff recruitment	-	-	205	205
Public relations	-	-	56,975	56,975
Security	3,884	3,884	2,495	6,379
Training and development	1,479	1,479	6,674	8,153
Telephone	143,423	143,423	76,800	220,223
Postage	4,458	4,458	3,405	7,863
Printing	30,497	30,497	12,111	42,608
Space cost	28,279	28,279	37,578	65,857
Interest	-	-	5,525	5,525
Bank charges	7,619	7,619	5,461	13,080
Food and beverage	15,402	15,402	15,188	30,590
Licenses	11,609	11,609	-	11,609
Property and other taxes	36,924	36,924	2,916	39,840
Stipends	9,388	9,388	2,126	11,514
Other	2,403	2,403	45,256	47,659
Total expenses before depreciation	10,014,867	10,014,867	5,049,576	15,064,443
Depreciation	-	-	295,375	295,375
Total Expenses	<u>\$ 10,014,867</u>	<u>10,014,867</u>	<u>5,344,951</u>	<u>\$ 15,359,818</u>

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

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Statement of Cash Flows
December 31, 2022

CASH FLOWS USED FOR OPERATING ACTIVITIES:

Changes In Net Assets	\$ 400,050
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation expense	295,375
Decrease (increase) in:	
Patient care receivables	(84,258)
Inventory	(79,226)
Other receivable	(90,881)
Grants receivable	(2,653)
Prepaid expenses	(5,576)
Other assets	(4,988)
Increase (decrease) in:	
Accounts payable	30,134
Payroll taxes payable	11,263
Other payroll deductions payable	103,118
Refundable advances	(48,770)
Other liabilities	(73,761)
Accrued annual leave	(13,602)
Accrued salary payable	120,211
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>556,436</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned on investments	(1,501)
Acquisition of fixed assets	<u>(1,203,969)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(1,205,470)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on line of credit	<u>(299,764)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(299,764)</u>
NET INCREASE (DECREASE) IN CASH	(948,798)
CASH, BEGINNING OF YEAR	<u>3,726,488</u>
CASH, END OF YEAR	<u>\$ 2,777,690</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>	
Cash paid during the year for:	
Interest expense	<u>\$ 5,525</u>

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

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2022

NOTE 1 - ABOUT THE ORGANIZATION

David Raines Community Health Center, Inc. (DRCHC), a non-profit corporation was incorporated in the State of Louisiana on May 19, 1992. DRCHC was incorporated for the purpose of delivering comprehensive primary health care services to all individuals and families in the surrounding contiguous areas.

The fiscal year of DRCHC is July 1 through June 30.

Effective January 1, 2021, the fiscal year of DRCHC will be January 1 through December 31.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Accounting - The financial statements of David Raines Community Health Center, Inc., are presented on the accrual basis of accounting.
- B. Basis of Presentation - The Organization is required to report information regarding its financial position and operations according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition, the Organization is required to present a statement of functional expenses and cash flows.
- C. Cash and Cash Equivalents - For purposes of the statement of cash flows, cash equivalents with original maturities of three months or less that are not restricted for specific purposes.
- D. Donated Property and Equipment - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.
- E. Donated Services - Donated services are recognized as contributions in accordance with FASB ASC 958-605-30-4, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center.
- F. Expense Allocation - The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Operations and Changes in Net Assets and in the Statement of Functional Expenses. Certain costs attributable to more than one function have been allocated based on various methods including square footage and percent of time dedicated to each function.

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- G. Fund Accounting - The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.
- H. Property and Equipment - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method. Assets acquired with a unit cost of \$5,000 is capitalized and depreciated over their estimated useful lives.
- The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition, as well as any disposition proceeds is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding source.
- I. Restricted and Unrestricted Revenue and Support - Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the Statement of Operations and Changes in Net Assets as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.
- J. Employees' Annual Leave - DRCHC charges annual leave earned by employees which has not been used by them at the end of a period to the period that the leave is earned.
- K. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- L. Patient Service Fees - Revenue for services rendered to patients are recorded at standard rates established by the Organization. The difference between standard rates and the amounts collected from third-party payors and patients qualifying as Poverty Patients is charged as an adjustment to gross revenues.
- M. Reclassifications - Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- N. Allowance for Doubtful Accounts - The Organization provides an allowance for doubtful accounts based upon a review of outstanding patient receivables, historical collection information and existing economic conditions. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.
- O. Classification of Net Assets - Net Assets of DRCHC are classified based on the presence or absence of donor-imposed restrictions. Net Assets are comprised of two groups as follows:
- a) Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.
- b) Net Assets With Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the organization. Certain restrictions may need to be maintained in perpetuity.

NOTE 3 - FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: the carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

The estimated fair values of the Organization's financial instruments, none of which are held for trading purposes, are as follows:

Financial assets:	Carrying Amount	Fair Value
Cash and cash equivalents	\$2,777,690	\$2,777,690
Certificates of deposit	\$ 301,616	\$ 301,616

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2022

NOTE 4 - CONCENTRATIONS OF CREDIT RISK ARISING FROM DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains its cash balances in four (4) financial institutions located in Shreveport, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022, the Organization had an uninsured cash balance of \$2,257,738. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 5 - LIQUIDITY AND AVAILABILITY

David Raines Community Health Centers, Inc. maintains liquid financial assets to cover one hundred forty-four (144) days of general expenditures as of December 31, 2022. The Organization manages its liquidity and reserves following three guiding principles: to operate with financial prudence and stability; to maintain adequate liquid assets to meet short-term operating needs; and to maintain sufficient liquid assets to ensure that long-term obligations are properly met.

The Organization forecasts its future cash flows on a daily basis and monitors liquidity daily and monthly. Cash reserves invested are monitored and evaluated quarterly. Financial assets in excess of daily cash requirements are invested in certificates of deposit. The Organization also maintains an open line of credit with Capital One Bank.

The following table reflects the Organization's financial assets as of December 31, 2022 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date either because of contractual restrictions or internal board designations.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2022
Cash and cash equivalents	\$ 2,777,690
Certificates of Deposit	301,616
Patient receivable, net	607,767
Pharmacy receivable	94,140
Grants Receivable	100,258
Total financial assets	3,881,471
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 3,881,471

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2022

NOTE 6 - PATIENT AND PHARMACY RECEIVABLES AND RELATED ALLOWANCE FOR DOUBTFUL ACCOUNTS

Patient and pharmacy accounts receivable, prior to adjustment for the allowance for doubtful accounts, is summarized as follows at December 31, 2022:

Accounts receivable:	Amount
Patients	\$ 151,200
Government	396,997
Other	316,558
	\$ 864,755

Allowance for doubtful accounts is summarized as follows at December 31, 2022

Allowance :	Amount
Patients	\$ 59,634
All Other	103,214
	\$ 162,848

NOTE 7 - PATIENT SERVICE REVENUE

A summary of patient service revenue, net of contractual adjustments and discounts, is as follows at December 31, 2022:

Patient Service Revenue	Amount
Patient Service Revenue	\$ 21,114,314
Less: Contractual adjustment under third-party reimbursement program and discounts	(11,438,517)
Provision for bad debts	(705,739)
Net Patient Service Revenue	\$ 8,970,058

NOTE 8 - FIXED ASSETS

The following is a summary schedule of fixed assets and related accumulated depreciation at December 31, 2022:

Assets	Cost
Land	\$ 111,302
Buildings and Improvements	5,437,467
Furniture and Equipment	2,946,956
Vehicles	675,116
Total Fixed Assets	9,170,841
Less: Accumulated Depreciation	(4,779,184)
Net Fixed Assets	\$ 4,391,657

Depreciation expense for the year ended December 31, 2022 amounted to \$295,375.

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2022

NOTE 9 - CORPORATE INCOME TAXES

The Organization is exempt from corporate Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes. Therefore, no provision has been made for Federal or state corporate income taxes in the accompanying financial statements.

The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service. It believes that its tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations, or cash flows. The Organization's federal and state income tax returns for 2019, 2020, and 2021 are subject to examination by the federal, state, and local taxing authorities, generally for three years after they are filed.

NOTE 10 - RETIREMENT PLAN

The Organization has a Section 403(b) retirement annuity plan on all eligible employees. Currently, the Organization contributes to the plan three percent (3%) of gross wages. Each employee is allowed to contribute up to six percent (6%) of gross wages. The retirement expense for the year ended December 31, 2022 is \$155,597.

NOTE 11 - COMMITMENT AND CONTINGENCIES

Annual Leave

The cost of employee's unused annual leave at December 31, 2022 in the amount of \$258,660 is included in the financial statements. See Note 2.J. above.

NOTE 12 - SUMMARY OF FUNDING AND SUPPORT

David Raines Community Health Center's operations are funded through restricted grants from the U.S. Department of Health and Human Services. Other grants and contracts are received from state and local government agencies. The grants and contracts for the current period are shown below.

Source	Grant Number	Period	Amount
U.S. Department of HHS (Health Center Cluster)	H80CS00720	1/1/22- 12/31/22	\$ 4,032,149
U.S. Department of HHS - CARES Act Grant	H8DCS35825	1/1/22- 12/31/22	183,873
U.S. Department of HHS - Covid Testing Grant	H8EC38772	1/1/22- 12/31/22	221,318
U.S. Department of HHS -	H2ECS45592	1/1/22- 12/31/22	167,909
U.S. Department of HHS - American Rescue Plan	C8ECS44386	1/1/22- 12/31/22	161,659
U.S. Department of HHS - Health Center Infrastructure Support	H8F41274C6	1/1/22- 12/31/22	274,463
Louisiana State Department of Health and Hospitals (WIC)	720173	1/1/22- 12/31/22	162,734
Christus Health	N/A	1/1/22- 12/31/22	48,770
Other Grants	N/A	1/1/22- 12/31/22	97,995
TOTAL			<u>\$ 5,350,870</u>

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2022

NOTE 13 - BANK LINE OF CREDIT PAYABLE

David Raines Community Health Center, Inc. has available a secured line-of-credit agreement with Capital One Bank in which David Raines Community Health Center, Inc. may borrow up to \$500,000. Borrowing under the line bears interest at 3.8%. As of December 31, 2022, David Raines Community Health Center, Inc. did not have an outstanding balance on the line-of-credit.

NOTE 14 - LITIGATION

David Raines Community Health Center, Inc. maintains general liability, property, fidelity, managed care professional liability, directors and officers and other insurance coverage in amounts the Organization believes to be adequate. The Organization requires contracting health care providers to maintain malpractice insurance coverage in amounts customary in the industry.

In the ordinary course of its business, David Raines Community Health Center, Inc. is a party to claims and legal actions by enrollees, providers, and others. After consulting with legal counsel, the Organization is of the opinion that any liability that may ultimately be incurred as a result of these claims, legal actions, audits, or investigations will not have a material adverse effect on the financial position or results of operations of David Raines Community Health Center, Inc.

NOTE 15 - ADVERTISING

David Raines Community Health Center, Inc. uses advertising to promote its programs among the communities it serves. The production costs of advertising are expensed as incurred. During the year ended December 31, 2022, advertising cost totaled \$56,975.

NOTE 16 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 32% of the Organization's funding is provided by direct grants from the U. S. Department of Health and Human Services.

NOTE 17 - LEASES

The clinic leases facilities under a long-term non-cancelable operating lease arrangement. The lease expires in 2024. An operating lease provides for increases in future minimum annual rental payments. Operating leases with a term of 12 months or less are not recorded on the statement of financial position.

Total right-of-use assets and lease liabilities at December 31, 2022 are as follows:

Lease Assets - Classification in Statement of Financial Position	
Operating lease right-of-use	\$ <u>51,887</u>
Total leased right-of-use assets	\$ <u><u>51,887</u></u>
Lease Liabilities - Classification in Statement of Financial Position	
Operating lease liabilities	\$ <u>51,887</u>
Total leased liabilities	\$ <u><u>51,887</u></u>

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Notes to the Financial Statements
December 31, 2022

NOTE 17- LEASES (Continued)

Future minimum lease payments required under operating and finance leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Years Ending December 31,</u>	<u>Operating Amount</u>
2023	\$ 26,928
2024	<u>26,929</u>
Total lease payments	53,857
Less imputed interest	<u>(1,970)</u>
Present value of liability	<u>\$ 51,887</u>

NOTE 18 - GRANT BALANCES AND GRANT CONDITIONS

The Organization has responsibility for expending grant funds in accordance with specified instructions from its funding sources. Any deficits resulting from over expenditures and/or questioned costs are the responsibility of the Organization.

Any unexpended grant funds at the end of the grant period may be refundable or carried over to the following period at the discretion of the funding sources. Notwithstanding the audits by independent certified public accountants, all costs included in this report remain subject to audit by the agencies providing financial support within the limits of the Uniform Guidance. The determination as to whether costs will be allowable or unallowable under the grants will be made by representatives of the funding sources having authority to make and enforce contracts.

NOTE 19 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 15, 2023, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Schedule of Expenditures of Federal Awards
December 31, 2022

Federal Grant/ Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Grant Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Health Resource & Service Administration			
Direct Program:			
Health Centers Cluster			
Consolidated Health Centers	93.224	H80CS00720	\$ 3,011,313
COVID-19 Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding	93.224	H8D35825	183,873
COVID-19 FY 2020 Expanding Capacity for Coronavirus Testing (ECT)	93.224	H8E38772	221,318
American Rescue Plan Act - Health Centers	93.224	H8F41274	274,463
Affordable Care Act Grants for New and Expanded Services Under the Health Care Program	93.527	H2E45592	167,909
Affordable Care Act Grants for New and Expanded Services Under the Health Care Program	93.527	H80CS00720	<u>1,020,836</u>
Total Health Centers Cluster			<u>4,879,712</u>
Direct Program:			
American Rescue Plan - Health Center Infrastructure Support	93.526	C8ECS44386	<u>161,659</u>
			<u>161,659</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>5,041,371</u>
<u>U. S. Department of Agriculture</u>			
Pass Through State of Louisiana			
Department of Health and Hospitals			
Women, Infant & Children Grant (WIC)	10.557	720173	<u>162,734</u>
			<u>162,734</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,204,105</u>

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Notes to Schedule of Expenditures of Federal Awards
December 31, 2022

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of David Raines Community Health Center, Inc. under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of David Raines Community Health Center, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of David Raines Community Health Center, Inc.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDIRECT COST RATE

David Raines Community Health Center, Inc. does not have indirect cost and has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

SUPPLEMENTARY INFORMATION

SCHEDULE B

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
 Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Chief Executive Officer
 For the Year Ended December 31, 2022

In accordance with Act 706 passed during the 2014 regular Louisiana Legislative Session, the compensation, benefits, reimbursements and other payments to the Chief Executive Officer are presented as follows:

<u>Category</u>	<u>Amount</u>	<u>Total</u>
Salary	\$ 257,855	
Stipend	2,500	
PTO Buy Back	10,143	
Retroactive Pay	<u>5,851</u>	
Total salary		\$ 276,349
Benefits:		
Health insurance	6,300	
Retirement	<u>25,500</u>	
Total benefits		31,800
Travel:		
Conferences	3,371	
Airfare and lodging	<u>4,403</u>	
Total travel		<u>7,774</u>
Total Compensation, Benefits, Travel, and Other Expenses		<u>\$ 315,923</u>



INDEPENDENT AUDITOR'S 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 of
David Raines Community Health Center, Inc.
Shreveport, Louisiana

We have audited, in accordance with the 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, the financial statements of David Raines Community Health Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statement of operations and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered David Raines Community Health Center, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of David Raines Community Health Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of David Raines Community Health Center, Inc.'s internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether David Raines Community Health Center, Inc.'s financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Ridgeland, Mississippi
June 15, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
David Raines Community Health Center, Inc.
Shreveport, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited David Raines Community Health Center, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of David Raines Community Health Center, Inc.'s major federal programs for the year ended December 31, 2022. David Raines Community Health Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, David Raines Community Health Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of David Raines Community Health Center, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of David Raines Community Health Center, Inc.'s compliance with the compliance

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to David Raines Community Health Center, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on David Raines Community Health Center, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about David Raines Community Health Center, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding David Raines Community Health Center, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of 's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of David Raines Community Health Center, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

Report on 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 a 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Ely & Co.
Ridgeland, Mississippi
June 15, 2023

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2022

2021-001

BANK RECONCILIATIONS

Bank reconciliations for the operating account were not reconciled monthly to the general ledger.

Status: Corrected

2021-002

ACCOUNTS PAYABLE SUBSIDIARY NOT RECONCILED TO GENERAL LEDGER

The accounts payable balance in the general ledger could not be reconciled to the subsidiary ledger.

Status: Corrected

2021-003

LATE SUBMISSION OF AUDIT REPORT

The audit report for the 18 months ended December 31, 2021 was not submitted within the regular and extended time periods required by the Louisiana Legislative Auditor.

Status: Corrected

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Schedule of Findings and Questioned Costs
December 31, 2022

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued on the financial statements. | Unmodified |
| 2. | Material noncompliance relating to the financial statements. | None Reported |
| 3. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 6. | Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No |
| 7. | Federal programs identified as major programs: | |

NAME OF PROGRAM	ASSISTANCE LISTING NUMBER
Health Centers Cluster:	
Consolidated Health Centers	93.224
Affordable Care Act Grants for New and Expanded Services Under the Health Centers Program	93.527

- | | | |
|----|--|-----------|
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. | Auditee did not qualify as a low-risk Auditee. | |

DAVID RAINES COMMUNITY HEALTH CENTER, INC.
Schedule of Findings and Questioned Costs
December 31, 2022

Section 2 - Findings - Financial Statements Audit

NONE

Section 3 - Findings and Questioned Costs - Major Federal Award Program Audit

NONE

**DAVID RAINES COMMUNITY
HEALTH CENTER, INC.**

**AGREED UPON PROCEDURES REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022**



INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
David Raines Community Health Center, Inc.
Shreveport, Louisiana and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. David Raines Community Health Center, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

David Raines Community Health Center, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions were found as a result of this procedure.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document.

No exceptions were found as a result of this procedure.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

We selected the December 2022 bank reconciliations to review. We noted that all selected bank account reconciliations were prepared within 2 months of the closing date and there were no reconciling items that were outstanding more than 12 months from the statement date. The bank reconciliations also included evidence that they were reviewed by management who does not handle cash, post ledgers, or issue checks.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

We obtained a list of five deposit sites from management (along with management's representation that the list is complete).

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

For each deposit sites, there is one collection location. We obtained a list of five collection locations from management (along with management's representation that the list is complete) and we selected the five collection locations.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

We obtained and inspected the Center's written policies and procedures and verified that the Receptionist is responsible for collecting patient fees and does not share cash drawers/registers with other employees.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

We obtained and inspected the Center's written policies and procedures and verified that the Receptionist (employee responsible for collecting cash) is not the same person preparing/making bank deposits (Billing Specialist).

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

We obtained and inspected the Center's written policies and procedures and verified the Receptionist (employee responsible for collecting cash) is not the same person posting collection entries to the general ledger or subsidiary ledgers (Billing Specialist).

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

We obtained and inspected the Center's written policies and procedures and verified that the Receptionist (employee responsible for collecting cash) is not the same employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers (Senior Accountant).

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions were found as a result of this procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Receipts were printed electronically from the billing system (Nexgen). We haphazardly selected two deposit dates for the five selected bank accounts.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were found as a result of this procedure.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were found as a result of this procedure.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions were found as a result of this procedure.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of this procedure.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management provided the requested information, along with management's representation that the listing is complete. There was only one location.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

During observation, there are at least two employees are involved in initiating a purchase request (Requestor), approving a purchase (Procurement Officer), and placing an order/making the purchase (Procurement Officer).

- b) At least two employees are involved in processing and approving payments to vendors.

During observation, there are at least two employees are involved in processing (Accounting Manager) and approving payments to vendors (CFO/CEO).

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

During observation, the employee responsible for processing payments (Accounting Manager) is not the same employee adding/modifying vendor files (CFO).

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

During observation, the employee/official responsible for signing checks (CEO/Board Member) gives the payment to an employee to mail the payment (Accounts Payable Clerk) is not responsible for processing payments (Accounting Manager).

- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Inquiries were made with the CFO and it was determined that only the CEO and designated Board members approve electronic disbursements and the release of funds via ACH or EFT means.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions were found as a result of this procedure.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions were found as a result of this procedure.

- 11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions were found as a result of this procedure.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided a listing of all active credit/debit/fuel cards for FY22, including the card numbers and the names of the persons who maintained possession of the cards. Management also represented that the listing was complete.

- 13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

During our testing of the selected monthly statements/combined statements, we noted that monthly statements were reviewed and approved, in writing, by someone other than the authorized card holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Per review of the monthly statements, there were no finance charges or late fees assessed on the cards selected for testing.

14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions were found as a result of this procedure.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Management provided a listing of all travel and travel-related expense reimbursements for FY22. Management also represented that the listing was complete.

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions were found as a result of this procedure.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions were found as a result of this procedure.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions were found as a result of this procedure.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of this procedure.

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Management provided a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Management also represented that the listing was complete.

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Management did not adopt neither the LA Public Bid Law nor the LA Procurement Code. Therefore, not required by law to follow.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Management provided documentation that contracts were approved by the governing board.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented)..

During our review of contracts, we noted there were no contracts that were amended.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of this procedure.

Payroll and Personnel

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Management provided a listing of all employees and officials employed during the fiscal period. Management also represented that the listing was complete.

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions were found as a result of this procedure.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions were found as a result of this procedure.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions were found as a result of this procedure.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions were found as a result of this procedure.

19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No exceptions were found as a result of this procedure.

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

The Controller confirmed that the employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

21. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

During inquiry, management is not aware of any misappropriations of public funds and assets during the fiscal period.

22. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

We observed the entity had posted on its premises that were visited, and on their website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Information Technology Disaster Recovery/Business Continuity

23. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management. No exceptions were found as a result of this procedure.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management. No exceptions were found as a result of this procedure.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management. No exceptions were found as a result of this procedure.

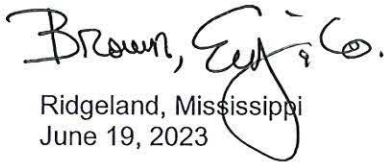
24. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management. All terminated employees have been removed or disabled from the network. No exceptions were found as a result of this procedure.

We were engaged by David Raines Community Health Center, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of David Raines Community Health Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in cursive script that reads "Brown, E. & Co." with a large, stylized flourish at the end.

Ridgeland, Mississippi
June 19, 2023