

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.  
FINANCIAL STATEMENTS  
AUGUST 31, 2019 AND 2018**

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(A Professional Accounting Corporation)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Primary Care Providers For A Healthy Feliciana, Inc.  
Clinton, Louisiana

We have audited the accompanying financial statements of Primary Care Providers For A Healthy Feliciana, Inc. (a non-profit organization), which comprise the statements of financial position as of August 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

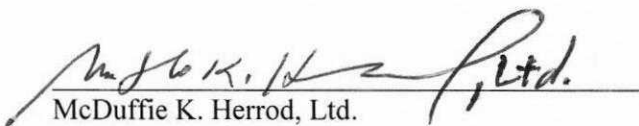
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Primary Care Providers For A Healthy Feliciana, Inc. as of August 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of *Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 a report dated February 20, 2020, on our consideration of Primary Care Providers for a Healthy Feliciana, Inc.'s internal control over financial reporting and 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 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 Primary Care Providers for a Healthy Feliciana, Inc.'s internal control over financial reporting and compliance.



McDuffie K. Herrod, Ltd.  
A Professional Accounting Corporation

Clinton, Louisiana  
February 20, 2020

## **FINANCIAL STATEMENTS**

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 5,884,982	\$ 6,224,520
Inventory Supply	209,685	-
Accounts receivable- net	1,369,434	1,249,562
Property and equipment- net	10,955,659	9,745,891
Prepaid expenses	6,957	13,882
Restricted assets:		
Cash and cash equivalents	298,909	296,814
Investments	5,619	1,619
Total Current Assets/Total Assets	<u>\$ 18,731,245</u>	<u>\$ 17,532,288</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable	\$ 42,324	\$ 169,034
Accrued expenses	806,804	679,378
Notes payable	4,114,865	3,517,381
Medicaid revenue payable	-	567,146
Defferred grant revenue	10,834	10,835
Total Liabilities	<u>\$ 4,974,827</u>	<u>\$ 4,943,774</u>
Net Assets		
Without donor restrictions		
Unrestricted net assets	\$ 13,451,890	\$ 12,290,081
Temporarily restricted net assets:		
Certificates of deposit	298,909	296,814
Investments	5,619	1,619
Total net assets	<u>\$ 13,756,418</u>	<u>\$ 12,588,514</u>
Total Liabilities and Net Assets	<u>\$ 18,731,245</u>	<u>\$ 17,532,288</u>

The accompanying notes are an integral part of this financial statement

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

**NET ASSETS WITHOUT  
DONOR RESTRICTIONS**

	2019	2018
<b>SUPPORT AND REVENUES</b>		
Medicare and Medicaid revenues	\$ 23,827,769	\$ 19,572,021
Medicare settlement revenue	46,646	15,539
Patient revenue contractual adjustments	(13,799,648)	(14,146,141)
Grants- FQHC revenues	6,148,883	5,994,757
Grants- other	-	-
School-based care grant revenues	-	-
Private patient revenues	3,516,639	4,830,236
Donations	-	22
Drug Program revenues	59,895	73,923
Medicaid/DHH Incentive Program Revenues	168,949	275,264
Miscellaneous Income	14,562	4,345
Interest Income	8,865	4,140
	<b>\$ 19,992,560</b>	<b>\$ 16,624,106</b>
<b>Total Unrestricted Support and Revenues</b>	<b>\$ 19,992,560</b>	<b>\$ 16,624,106</b>

**EXPENSES**

**Program Services**

Salaries- medical and clerical personnel	\$ 9,553,689	\$ 8,147,702
Payroll taxes and costs	709,866	626,664
Medical Director costs	54,462	63,487
Medical supplies	382,692	540,774
Clinic building expenses	1,184,891	1,107,585
Other program service costs	859,485	789,510
	<b>\$ 12,745,085</b>	<b>\$ 11,275,722</b>
<b>Total Program Services</b>	<b>\$ 12,745,085</b>	<b>\$ 11,275,722</b>

The accompanying notes are an integral part of this financial statement

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (Continued)**  
**FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

Supporting Services	<u>2019</u>	<u>2018</u>
General & Administrative	<u>6,079,571</u>	<u>5,343,436</u>
Total Expenses	<u>18,824,656</u>	<u>16,619,158</u>
 INCREASE (DECREASE) IN NET ASSETS	 <u>\$ 1,167,904</u>	 <u>\$ 4,948</u>
NET ASSETS AT BEGINNING OF PERIOD	12,588,514	8,894,867
Prior Period Adjustment		3,688,699
NET ASSETS AT END OF PERIOD	<u><u>\$ 13,756,418</u></u>	<u><u>\$ 12,588,514</u></u>

The accompanying notes are an integral part of this financial statement



**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED AUGUST 31, 2019**

<u>Account Name</u>	<u>Program</u>	<u>Supporting</u>
Accounting, auditing and professional fees	\$	\$ 172,613
Advertising	295,613	
Auto expense	22,210	
Bank charges		943
Building operating costs	1,184,891	
Computer processing and billing costs		209,011
Continuing education		
Contract services		52,347
Depreciation - equipment		377,364
Donations		8,146
Dues and subscriptions		44,646
Employee benefits		896,847
Employee retirement		192,634
Repairs and maintenance		608,219
Insurance expense		64,518
Interest expense		-
Licenses and permits		45,743
Meals and entertainment	9,863	
Medical director	54,462	
Medical supplies	382,692	
Minor Equipment	200,997	
Office supplies and expense		50,810
Payroll costs and taxes	709,866	177,466
Postage and freight		21,095
Printing and copying		74,587
Rental Expense		183,036
Salaries and wages	9,553,689	2,388,422
Software Supplies		170,230
Supplies		41,296
Telephone expense	330,802	82,701
Travel expense		130,758
Waste disposal		52,504
Other Expense		33,635
Totals	<u>\$ 12,745,085</u>	<u>\$ 6,079,571</u>

The accompanying notes are an integral part of this financial statement

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ 1,167,904	\$ 4,948
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	871,864	742,532
(Increase) decrease in operating assets		
Accounts receivable	(119,872)	(112,027)
Inventory Supply	(209,685)	
Prepaid expenses	6,925	7,611
Increase (decrease) in operating liabilities		
Accounts payable	(126,710)	62,856
Deferred revenues	(567,146)	2,320,834
Accrued expenses	127,426	36,348
Net Cash Provided (Used) by Operating Activities	\$ 1,150,706	\$ 3,063,102
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(2,077,388)	(800,319)
Purchase of investments	(4,000)	-
Interest earned on investments	8,865	1,210
Net Cash Provided (Used) by Investing Activities	\$ (2,072,523)	\$ (799,109)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from bank loans	768,000	-
Principal payments on notes payable	(185,721)	(125,644)
Net Cash Provided (Used) by Financing Activities	\$ 582,279	\$ (125,644)
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 (339,538)	 2,138,349

The accompanying notes are an integral part of this financial statement

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.**  
**STATEMENT OF CASH FLOWS (continued)**  
**FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,224,520</u>	<u>4,086,171</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,884,982</u>	<u>\$ 6,224,520</u>

The accompanying notes are an integral part of this financial statement

## **NOTES TO FINANCIAL STATEMENTS**

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC. was formed on August 6, 1998, for the purpose of operating and maintaining a non-profit medical clinic, known as RKM Primary Care, and other related activities, including participation in the Louisiana Department of Health and Hospitals, Office of Public Health's Adolescent and School Health Program. The Corporation is located in Clinton, Louisiana. It is governed by a thirteen member board whose policies are administered by the Chief Executive Officer. The Corporation is supported primarily through fees for services paid by patients, Medicare, Medicaid and private insurance companies. Other support is derived from donations and grants. In September of 2005, the Corporation was granted status as a Federally Qualified Health Center. In addition to its main clinic location operated as "RKM Primary Care" in Clinton, Louisiana, the Corporation also operates ten other primary health care sites located in East Feliciana Parish, West Baton Rouge Parish, Livingston Parish, and Tangipahoa Parish. Also, Behavioral Health Services are offered in East Baton Rouge Parish, forty one schools in Livingston Parish, twenty six schools in Tangipahoa Parish, and in four schools in West Baton Rouge Parish.

**The significant accounting policies are as follows:**

**Method of Accounting**

The financial statements of PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC. are presented on the accrual basis of accounting.

**Recent Accounting Pronouncement**

The Corporation adopted Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows.

**Financial Statement Presentation**

The Corporation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations* (now FASB ASC 958). Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Corporation is required to present a statement of cash flows.

**Contributions**

The Corporation also elected to adopt SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time and purpose of the restriction.

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

**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.

**Income Taxes**

The organization is a not-for-profit Corporation that is exempt from federal and state income taxes, under Internal Revenue Code section 501(c)(3).

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid investments unrestricted for current use with initial maturities of three months or less

**Property and Equipment**

Property and equipment purchased by the Corporation are recorded at cost. They are depreciated using the straight-line method over the estimated useful lives of the assets. Equipment expected to be used for a period extending over one or more years is capitalized. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support 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 Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**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. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

**Receivables**

Receivables are recorded at net realizable value. They are written off in full when it is determined that the unpaid balance is not collectible. Revenue and related receivables are subject to audit by cognizant agencies.

NOTE 2 - CASH AND CASH EQUIVALENTS

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Demand deposits	\$ 5,882,132	\$ 298,909	\$ 6,181,041
Petty Cash	\$ 2,850	\$ -	\$ 2,850
	<u>\$ 5,884,982</u>	<u>\$ 298,909</u>	<u>\$ 6,183,891</u>

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment is composed of the following:

Item	Beginning Balance	Net Additions	Ending Balance
Medical Equipment	\$2,087,000	488,120	\$2,575,120
Office Furniture & Equipment	1,642,148	145,870	1,788,018
Vehicles	203,019	0	203,019
Land & Buildings	11,008,896	1,443,398	12,452,294
	<u>14,941,063</u>	<u>2,077,388</u>	17,018,451
Less: Accumulated Depreciation			(6,062,792)
Net Book Value			<u>\$10,955,659</u>

Depreciation expense for the year ended August 31, 2019 was \$871,864.

NOTE 4 – MEDICARE COST REPORTING

The Corporation is required to file a Medicare cost report annually. There were no New Access Points opened during the fiscal year requiring a separate cost report. Therefore the cost report filed for the 2018-2019 year was a consolidated report. The total due from Medicare at the end of the year was \$46,646. A Medicaid cost report is not filed presently; however, Medicaid receives a copy of the Medicare cost report.

NOTE 5 - NOTES PAYABLE

The Corporation is currently making payments on four loans that were executed for construction of the new buildings at the main campus in Clinton, West Baton Rouge site, and Springfield site, purchase of equipment, and for working capital needs. The interest rate varies on the notes. The principal portion of the notes for the next five years, is as follows:

<u>Fiscal Year Ending</u>	<u>Balance</u>
08/31/20	\$ 341,009
08/31/21	356,940
08/31/22	373,454
08/31/23	384,395
08/31/24	395,726
Remaining years	<u>2,263,341</u>
	<u>\$ 4,114,865</u>

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

NOTE 6 – STAFFING - EMPLOYEES

The Corporation's staff is compensated by a payroll processing service, who handles all aspects of the payroll, including related taxes. The Corporation manages the health and other insurance plans itself. The health reimbursement accounts and flexible spending accounts for the employees are managed by Medcom. The Corporation pays fees to cover all related costs directly to the service companies.

NOTE 7 – SCHOOL-BASED PROGRAMS

Effective November 1, 1999, the Corporation entered into a contract with the Louisiana Department of Health and Hospitals to provide on-site medical, dental, and mental health services to students in the school health center at East Feliciana Middle School. For the fiscal year, the contract provided funding for the program of \$130,004. Expenditures under this program included \$130,004 paid with grant revenue, with additional expenditures being funded by patient generated income, most of which is Medicaid. Expenditures for the program, including overhead, totaled \$885,420.

The Corporation operates similar programs at East Feliciana High School, Slaughter Elementary School, Clinton Lower Elementary School, Jackson Elementary School, and Port Allen High School. In addition to the federal grants, other funds are received from Medicaid, private insurance companies, and state grants.

Expenditures under these programs include:

Administrative & Supplies	\$ 1,359,584
Salaries & Wages	<u>1,811,993</u>
Total Expended	<u>\$ 3,171,577</u>

NOTE 8 - LIQUIDITY OF ASSETS AND LIABILITIES

The liquidity of the Corporation's current assets and liabilities is as follows:

Cash and cash equivalents- unrestricted	\$ 5,884,982
Accounts receivable-net	<u>1,369,434</u>
Total Current Assets	<u>\$ 7,254,416</u>
Accounts payable	42,324
Accrued expenses	806,804



**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

Notes payable, current portion	<u>341,009</u>
Total Current Liabilities	<u>\$ 1,190,137</u>
Surplus	<u>\$ 6,064,279</u>

NOTE 9 - DONATED SERVICES

The Corporation occasionally receives donated services from various unpaid volunteers assisting in the general operations and management. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer efforts under SFAS no. 116 have not been satisfied.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 20, 2020, the date on which the financial statements were available to be issued. No subsequent events have occurred.

NOTE 11 - FUNCTIONAL EXPENSES

The costs of providing the program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated between the program and supporting services.

NOTE 12 - RESTRICTED ASSETS

Cash and cash equivalents restricted consist of certificate of deposit accounts. The certificates of deposit are held as security for a line of credit that is used for payment of operating expenses.

NOTE 13 – UNCERTAIN TAX POSITIONS

The Corporation is a tax exempt organization under Internal Revenue Code section 501(c)(3), and tax exempt for state income tax purposes, as well. All tax returns have been appropriately filed by the Corporation, and are subject to examination by taxing authorities. Tax periods open and subject to examination include tax years 2017 through 2019.

NOTE 14 – CONCENTRATIONS OF CREDIT RISK

The Corporation had balances in checking, savings, and certificates of deposit totaling in excess of the FDIC insurance coverage threshold at various banks. Upon inquiry, it was determined that, in addition to the FDIC insurance coverage, bank-owned securities are pledged to cover any potential loss of funds in excess of the FDIC insured limit. Therefore, the total bank balances of \$6,181,041 at year-end were fully covered against potential losses.

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

NOTE 15 – FUTURE CAPITAL OUTLAY PROJECTS

In fiscal year 2016-17, the Corporation began a long-term growth plan following the Strategic Plan that reserved net profit earned in that year in the amount of \$1,376,300 for:

- RKM Livingston Mental Health Expansion-involves expanding space into two adjacent suites of approximately 3340 sq ft of additional space. Preliminary estimates by Blount General Contractors estimates the renovation to \$350,000. Project is scheduled for late 2017/early 2018. This project was abandoned for a new building location. The land was purchased in October 2018 for a purchase price of \$286,221.88. The new building is scheduled for completion in summer of 2020.
- RKM Springfield-additional expenses include an outdoor sign and store front improvements including a covered entrance. Costs were estimated at \$85,000. This project was completed in February 2019, costs amounted to \$37,750.
- RKM Loranger-the Corporation correctly anticipated a NAP award from HRSA in late 2016. As part of the long range goals, PCPFHF estimates the need for an additional \$634,000 in capital outlay to purchase land for a permanent, PCPFHF-owned facility with renovations costing \$500,000. This has not been completed and board approved to move to the 2019-20 fiscal year.
- Maintenance and Central Inventory Warehouse-the Corporation placed a \$5,000 12-month purchase option on land and buildings adjacent to the main Clinton campus for Maintenance and Inventory warehousing. Current asking price of the property is \$535,000 which the Corporation will finance in order to purchase but anticipates approximately \$125,000 in renovations to include office space, HVAC replacement/expansion, a generator, and security enhancements. If the purchase is executed, the project is expected to be completed by November 2018 dependent on the sellers move-out date. Their new facility was completed in August 2018. In November 2018, the purchase agreement expired. The cooperative failed to satisfy the environmental testing requirements. However, the Cooperative provided PCPFHF a letter from the DEQ attesting to their satisfaction that trace amounts were insignificant enough to not warrant mediation. In the meantime, an appraisal was ordered and the value came in at \$335,000. At present time the Board has decided not to enter into another purchase agreement. However, still plans on completing this need in the upcoming 24 months.

In 2017-2018 the Board of Directors approved to reserve profits for the following projects:

- Springfield site-Repairs to parking lot and installation of flag poles: \$62,000. Blount General Contractors completed this project in February of 2018 for a cost of \$39,255. It was determined the facility had to repair flooring damaged due to insulation issues and the remaining allocation covered \$13,250 in repairs. This project was completed in November of 2018. The remaining

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

funds went toward landscaping improvements furnished by Angelo's of Baton Rouge. The project was completed in December of 2019 for \$9,780.

- Dental equipment for RKM Clinton, WBR Primary Care, and RKM Springfield-3 Dexis Xray Sensors including software-\$17,500 Purchased in May 2017 for cost of \$29,793.50
- Courier vehicle for the WBR site-\$30,000. This project was abandoned due to lack of need and instead the Board of Directors approved the purchase for the newly hired Maintenance Supervisor. The vehicle was purchased in November 2017 for \$35,000.
- Computer Server upgrade of the SANS hardware-\$35,000. This project is still in progress. An additional firewall was purchased in June 2018 for a cost of \$6,585. By October of 2018, PCPFHF was forced to relocate the Bereavement office to a new building two blocks down on the same road. It was decided by the Board of Directors to reallocate funds from this project to the IT setup on the new office. In December 2018 \$19,700 was spent on a Meraki router and another \$12,900 in February of 2019 completed the project.
- Sign for Springfield site-\$25,700. This project is still in progress. A more permanent sign was purchased in January 2018 for \$5,083.00. The remaining budget was reallocated to 2019-20 budget for total flooring replacement.

August 2018, the Board of Directors passed a budget including capital outlays totaling \$3,723,400 that included those still in progress from the previous years as well as the following:

- The purchase of a new building to replace the Bereavement Building located at East Airport Dr. in Baton Rouge. The project was projected to cost \$750,000. In October 2018, PCPFHF purchased the building using \$195,920 as a down payment and financed the remaining \$960,000. Services at the new building began in January 2019. The remaining cash outlay went towards renovation and equipment.
- In Livingston, LA property was acquired with cash in October 2018 costing \$285,700. A building construction project was awarded to Blount General Contractors at \$2,553,000. This project was started in November 2018 and estimated to be completed mid-summer of 2020.
- At the flagship campus in Clinton, renovations totaling \$102,000 to include replacement of flooring, painting, and reception area revamping. Projects have not been started as of August 31<sup>st</sup>, 2019.
- Renovations to a school-based clinic at Port Allen High School-opened in January 2019. Project costs totaled \$29,625-was budgeted \$20,000.

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2019**

- IT upgrades to transition the Corporation to a cloud-based environment to allow for added network security, functionality, and connectivity for the ten sites. In the upcoming year, \$26,000 is budgeted to replace a new server backup system. Ultrastar drives were purchased in Dec 2018 for \$9,990 and the first backup recovery was performed for \$5300. Backup service was started monthly and \$7600 total was spent during the fiscal year. In February 2019 a rack was replaced for \$7,300.
- Installation of Controlled Access doors and locks at Springfield, Loranger, Port Allen, Jackson Complex, and Slaughter is budgeted for \$44,000. This project was moved to the 2019-20 fiscal year.
- Repairs to flooring at the Springfield clinic and replacement flooring at Clinton's Behavior Health building budgeted for \$16,400. This project was moved the 2019-20 fiscal year.
- Patio Awning installation at Jackson Complex budgeted for \$6,000. Project was completed in January 2020 for \$3,240.
- Installation of a Cage system at Central Supply warehouse budgeted for \$10,000. The project was abandoned as unnecessary.

August 2019, the PCPFHF Board of Director's passed a budget which included capital outlays from the previous fiscal year totaling \$1,200,000. Projects include the Livingston building project. Excess profits from the 2019 year could be used to reduce the amount of the project needing to be financed. As well, there is some uncertainty in the future availability of the leased building in Loranger, La. It, as well, could be considered for an allocation. The C.O.O. was notified in late 2019 of the owner's desire to sell the building. At the time, the management team was and still is considering a vacant building totaling 8,000 sq. ft. located next door to the leased space. The appraised value of the vacant building is \$425,000. The board is currently considering making an offer on that building and doing a major renovation which would put the total project costs at around \$800,000. All or part of which could be funded with these excess funds.

NOTE 16 – PRIOR PERIOD ADJUSTMENT – YEAR ENDED 8/31/2018

Over prior years, management had accumulated a balance in a deferred revenue account in part due to the potential for possible repayment of funds to Medicare and Medicaid and in expectation of providing increased medical services to patients in future periods by applying those funds and as part of the process of planning expansion of services though future additions to the organization's facilities and satellite locations. In the current period, management re-evaluated this account and has determined that part of these funds has been applied by increasing services and has determined that this account should be eliminated. Management is setting-aside available funds in a bank account to be used for future capital outlays and other expenditures by reserving funds at the board level for these purposes.

## **SUPPLEMENTAL INFORMATION**

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2019**

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U. S. Department of Health and Human Services Health Resources and Services Administration Federally Qualified Health Center Grant	93.224	\$ 5,382,655
Rural Utilities Services Grant - Distance Learning and Telemedicine Grant Program	10.855	\$ 439,640

State of Louisiana Grants

<u>Grantor/Pass-through Grantor Program Title</u>	<u>Expenditures</u>
Department of Health and Hospitals Adolescent School Health Program	\$ 130,004
La Public Health Institute-Title X Women's Health Program	\$ 25,968

Private Foundation Grants

<u>Grantor/Pass-through Grantor Program Title</u>	<u>Expenditures</u>
Delta Dental	\$ 20,000
Baton Rouge Resilient	\$ 22,100
Tulane University Impact Study Grant	\$ 17,040
Direct Relief	\$ 105,448
Arbor Family Health - Smiles Ahead dental grant	<u>\$ 6,028</u>
Total	\$ 6,148,883

See Accompanying Notes and Accountant's Report

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**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  
Primary Care Providers For A Healthy Feliciana, Inc.  
Clinton, 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 statement of financial position and the related statements of activities and changes in net assets, functional expenses and cash flows of Primary Care Providers For A Healthy Feliciana, Inc. (a nonprofit organization) which comprise the statements of financial position as of August 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated February 20, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audits of the financial statements, we considered Primary Care Providers For A Healthy Feliciana, Inc.'s internal control over financial reporting (internal control) to determine 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 Primary Care Providers For A Healthy Feliciana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the organization'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 control deficiency, or a combination of control 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 audits 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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Primary Care Providers For A Healthy Feliciana, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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

This report is intended 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. This report is intended solely for the information and use of management, the board of directors, others within the organization and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

  
McDuffie K. Herrod, Ltd.  
A Professional Accounting Corporation

Clinton, Louisiana  
February 20, 2020



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**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  
Primary Care Providers For A Healthy Feliciana, Inc.  
Clinton, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Primary Care Providers For A Healthy Feliciana, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Primary Care Providers For A Healthy Feliciana, Inc.'s major federal programs for the years ended August 31, 2019 and 2018. Primary Care Providers For A Healthy Feliciana, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Primary Care Providers For A Healthy Feliciana, Inc.'s major federal programs based on our audits of the types of compliance requirements referred to above. We conducted our audits 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 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.) Those standards and Uniform Guidance require that we plan and perform the audits 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 Primary Care Providers For A Healthy Feliciana, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audits provide a reasonable basis for our unmodified opinion on compliance for each major federal program. However, our audits do not provide a legal determination of Primary Care Providers For A Healthy Feliciana, Inc.'s compliance.

***Opinion on Each Major Federal Program***

In our opinion, Primary Care Providers For A Healthy Feliciana, 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 years ended August 31, 2019 and 2018.

### **Report on Internal Control Over Compliance**

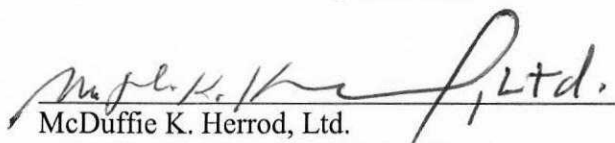
The management of Primary Care Providers For A Healthy Feliciana, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audits of compliance, we considered Primary Care Providers For A Healthy Feliciana, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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 Primary Care Providers For A Healthy Feliciana, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of management, the board of directors, others within the organization, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



McDuffie K. Herrod, Ltd.  
A Professional Accounting Corporation  
Clinton, Louisiana  
February 20, 2020

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

**SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of Primary Care Providers For A Healthy Felician, Inc.
2. No material weaknesses were identified during the audits of the financial statements.
3. No instances of noncompliance material to the financial statements of Primary Care Providers For A Healthy Felician, Inc. were disclosed during the audits.
4. No material weaknesses were identified during the audits of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Primary Care Providers For A Healthy Felician, Inc. expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.
7. The program tested as a major program included: U. S. Department of Health and Human Services - Health Resources and Services Administration Federally Qualified Health Center Grant (93.224).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Primary Care Providers For A Healthy Felician, Inc. qualified as a low-risk auditee.

**FINDINGS-FINANCIAL STATEMENTS AUDIT**

Current Period Findings:

None

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

Prior Period Findings:

None

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS AUDIT**

Current Period Findings:

None

Prior Period Findings:

None.

**MANAGEMENT LETTER**

A management letter was not issued.

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.  
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

**COMMUNICATIONS**

Results of audit findings were discussed with Ginger Hunt, C.E.O., on February 26, 2020.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.  
 SCHEDULE OF COMPENSATION, BENEFITS, AND  
 OTHER PAYMENTS TO C.E.O. FROM PUBLIC FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2019

Ginger A. Hunt, Chief Executive Officer

PURPOSE	AMOUNT
Salary & Benefits:	
Salary	\$ -
Benefits - Retirement	-
Total Salary & Benefits	\$ -
Other Items:	
Education & Training	-
Education Travel & Lodging	-
Total Other Items	\$ -
Total Salary, Benefits, & Other Items	\$ -

In reference to Louisiana R.S. 24:513 A(1)(a)(3), no public funds were used to pay the Chief Executive Officer's salary, benefits, or any expense reimbursements for the fiscal year.

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.  
STATEWIDE AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED AUGUST 31, 2019**

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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Primary Care Providers for a Healthy Feliciana, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Primary Care Providers for a Healthy Feliciana, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period September 1, 2018 through August 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that 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.
- 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 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read 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.

*There were no exceptions noted in the prior year's Written Policies and Procedures testing; therefore, these procedures were not applied for this fiscal year.*

### ***Board or Finance Committee***

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- 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) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-

to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

*There were no exceptions noted in the prior year's Board or Finance Committee review; however, as part of the current period financial audit similar procedures were applied and resulted in no exceptions.*

### **Bank Reconciliations**

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3. Obtain a listing of client 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 selected each 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, 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 that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*There were no exceptions noted in the prior year's Bank Reconciliations testing; however, as part of the current period financial audit similar procedures were applied and resulted in no exceptions.*

### **Collections**

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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).

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:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - 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.
  - 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.
  - 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.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
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.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - 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).
  - e) Trace the actual deposit per the bank statement to the general ledger.

*There were no exceptions noted in the prior year's Collections testing; however, as part of the current period financial audit some of these procedures were applied and resulted in no exceptions.*

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

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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).
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.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - 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.
  - 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.
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 that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*There were no exceptions noted in the prior year's Non-Payroll Disbursements testing; therefore, these procedures were not applied for this fiscal year.*

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

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11. 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.
12. 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 that 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, 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.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. 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 that 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).

*There were no exceptions noted in the prior year's Credit Cards/Debit Cards/Fuel Card/P-Cards testing; therefore, these procedures were not applied for this fiscal year .*

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

14. 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:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that 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).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*There were no exceptions noted in the prior year's Travel and Travel-Related Expense Reimbursements testing; therefore, these procedures were not applied for this fiscal year.*

### ***Contracts***

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15. 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:
  - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - 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 that the invoice and related payment agreed to the terms and conditions of the contract.

*There were no exceptions noted in the prior year's Contracts testing; therefore, these procedures were not applied for this fiscal year.*

### ***Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

*There were no exceptions noted in the prior year's Payroll and Personnel testing; therefore, these procedures were not applied for this fiscal year in this context, but many were applied under the Uniform Guidance testing procedures.*

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*These procedures are not applicable to the grants received by this non-profit organization.*

### ***Debt Service***

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt

covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

*These procedures are not applicable to the grants received by this non-profit organization.*

**Other**

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23. 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.

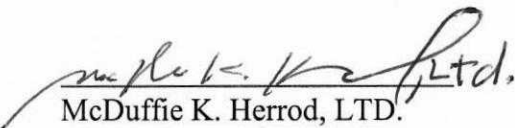
*We inquired of management if there were any misappropriations of funds. Management stated that they were not aware of any misappropriations of funds.*

24. Observe that 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 that the notice required by R.S. 24:523.1 is posted on the premises by the entity. However, the notice was not found to be posted on the entity's website.*

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.

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.

  
McDuffie K. Herrod, LTD.

Clinton, Louisiana

February 20, 2020