

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

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MC DUFFIE K. HERROD, LTD.

(A Professional Accounting Corporation)

McDUFFIE K. HERROD
CERTIFIED PUBLIC ACCOUNTANT

Member:
American Institute of CPAs
Society of Louisiana CPAs

POST OFFICE BOX 8436
12410 WOODVILLE ST.
CLINTON, LA 70722
Telephone (225) 683-3888
Facsimile (225) 683-6733
Email mkherrod@bellsouth.net

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, 2021 and 2020, 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, 2021 and 2020, 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.

Emphasis of Matter Regarding Contingent Liability

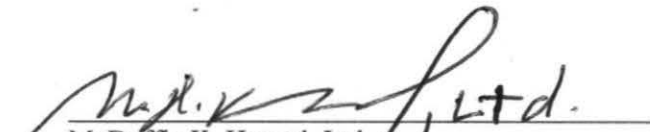
The accompanying financial statements have been prepared assuming all liabilities have been recognized and recorded. The entity is in the process of negotiating with the State of Louisiana Medicaid Program regarding a potential payback of a portion of prior-year claims that Medicaid believes were overpaid. Information related to this contingent liability is disclosed in Note 15. Insufficient information was available at the date the financial statements were issued to record a reasonable estimate of any potential liability that may arise from this situation.

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 17, 2022, 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 17, 2022

FINANCIAL STATEMENTS

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,777,746	\$ 5,645,456
Inventory Supply	223,042	280,609
Accounts receivable- net	1,477,960	1,264,477
Grants receivable	-	233,301
Property and equipment- net	13,462,134	12,275,450
Prepaid expenses	428,061	94,187
Restricted assets:		
Cash and cash equivalents	304,682	301,940
Investments	2,025	5,619
Total Current Assets/Total Assets	<u>\$ 20,675,650</u>	<u>\$ 20,101,039</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable	\$ 162,359	\$ 90,113
Accrued expenses	843,065	866,733
Notes payable	6,849,383	6,640,836
Deferred grant revenue	-	-
Total Liabilities	<u>\$ 7,854,807</u>	<u>\$ 7,597,682</u>
Net Assets		
Without donor restrictions		
Unrestricted net assets	\$ 12,514,136	\$ 12,195,798
Temporarily restricted net assets:		
Certificates of deposit	304,682	301,940
Investments	2,025	5,619
Total net assets	<u>\$ 12,820,843</u>	<u>\$ 12,503,357</u>
Total Liabilities and Net Assets	<u>\$ 20,675,650</u>	<u>\$ 20,101,039</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, 2021 AND 2020

NET ASSETS WITHOUT
DONOR RESTRICTIONS

	2021	2020
SUPPORT AND REVENUES		
Medicare and Medicaid revenues	\$ 23,546,813	\$ 20,954,239
Medicare settlement revenue	38,306	41,638
Patient revenue contractual adjustments	(16,301,338)	(14,176,764)
Grants- FQHC revenues	6,866,426	6,691,137
Grants - PPP Loan Forgiveness	1,270,870	777,561
Refunds and rebates	-	164,420
Private patient revenues	5,995,295	4,911,309
Gain / (Loss) on disposal of assets	(20,821)	(496,775)
Drug Program revenues	43,209	50,394
Medicaid/DHH Incentive Program Revenues	255,298	192,730
Miscellaneous Income	5,967	6,719
Interest Income	9,045	28,122
	\$ 21,709,070	\$ 19,144,730
Total Unrestricted Support and Revenues		

EXPENSES

Program Services

Salaries- medical and clerical personnel	\$ 9,905,194	\$ 9,964,923
Payroll taxes and costs	770,879	781,618
Medical Director costs	60,371	50,000
Medical supplies	765,989	672,772
Clinic building expenses	1,340,159	1,207,305
Other program service costs	1,075,065	865,270
	\$ 13,917,657	\$ 13,541,888
Total Program Services		

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, 2021 AND 2020

	2021	2020
Supporting Services		
General & Administrative	7,473,927	6,855,903
Total Expenses	21,391,584	20,397,791
INCREASE (DECREASE) IN NET ASSETS	\$ 317,486	\$ (1,253,061)
NET ASSETS AT BEGINNING OF PERIOD	12,503,357	13,756,418
NET ASSETS AT END OF PERIOD	\$ 12,820,843	\$ 12,503,357

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, 2021

<u>Account Name</u>	<u>Program</u>	<u>Supporting</u>
Accounting, auditing and professional fees	\$	\$ 298,189
Advertising	364,629	
Auto expense	20,446	
Bank charges		2,003
Building operating costs	1,340,159	
Computer processing and billing costs		746,891
Contract services		5,238
Depreciation - equipment		530,894
Donations		32,358
Dues and subscriptions		45,001
Employee benefits		1,049,380
Employee retirement		289,585
Repairs and maintenance		1,038,059
Insurance expense		49,909
Licenses and permits		28,645
Meals and entertainment	10,268	
Medical director	60,371	
Medical supplies	765,989	
Minor Equipment	438,112	
Office supplies and expense		76,409
Payroll costs and taxes	770,879	192,720
Postage and freight		18,231
Printing and copying		62,953
Rental Expense		140,496
Salaries and wages	9,905,194	2,476,298
Software Supplies		123,977
Supplies		66,892
Telephone expense	241,610	60,402
Travel expense		47,283
Waste disposal		59,941
Other Expense		32,173
Totals	<u>\$ 13,917,657</u>	<u>\$ 7,473,927</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, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 317,486	\$ (1,253,061)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	1,046,203	966,129
(Increase) decrease in operating assets		
Accounts receivable	19,818	(128,344)
Inventory Supply	57,567	(70,924)
Prepaid expenses	(333,874)	(87,230)
Increase (decrease) in operating liabilities		
Accounts payable	72,246	47,789
Deferred revenues	-	(10,834)
Accrued expenses	(23,669)	59,929
	<u>\$ 1,155,777</u>	<u>\$ (476,546)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(2,343,669)	(1,999,826)
Disposal of fixed assets	230,295	
Purchase of investments	-	-
Interest earned on investments	9,045	28,122
	<u>\$ (2,104,329)</u>	<u>\$ (1,971,704)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bank loans-net of PPP transaction	487,138	2,388,990
Principal payments on notes payable	(403,554)	(177,235)
	<u>\$ 83,584</u>	<u>\$ 2,211,755</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(864,968)	(236,495)

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, 2021 AND 2020

	2021	2020
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,947,396	6,183,891
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 5,082,428	\$ 5,947,396

Presentation on the Statement of Financial Position:

Cash and cash equivalents	\$4,777,746
Cash and cash equivalents - restricted	304,682
Total cash and cash equivalents	\$5,082,428

Interest paid for the fiscal year totaled to \$237,486.

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, 2021

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 eleven 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 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 adopted 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. In addition, the Corporation has adopted ASU 2018-08, *Not for Profit Entities (Topic 958) Clarifying the Scope and*

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

Accounting Guidance for Contributions Received and Contributions Made. There was no impact to the Corporation from adoption of this standard.

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.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE 2 - CASH AND CASH EQUIVALENTS

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Demand deposits	\$ 4,774,351	\$ 304,682	\$ 5,079,033
Petty Cash	\$ 3,395	\$ -	\$ 3,395
	<u>\$ 4,777,746</u>	<u>\$ 304,682</u>	<u>\$ 5,082,428</u>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment is composed of the following:

Item	Beginning Balance	Additions	Disposals	Ending Balance
Medical Equipment	\$2,575,883	281,513	(86,692)	\$2,770,704
Office Furniture & Equipment	1,797,422	126,259	(60,698)	1,862,983
Vehicles	279,615	0	(24,611)	255,004
Land & Buildings	14,365,357	1,935,897	(58,294)	16,242,960
	<u>19,018,277</u>	<u>2,343,669</u>	<u>(230,295)</u>	21,131,651
Less: Accumulated Depreciation				<u>(7,669,517)</u>
Net Book Value				<u>\$13,462,134</u>

Depreciation expense for the year ended August 31, 2021 was \$1,046,203.

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 2020-2021 year was a consolidated report. The total due from Medicare at the end of the year was \$39,118. 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, Springfield site, Livingston site,

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

and Loranger 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>
08/31/22	\$388,480
08/31/23	382,785
08/31/24	397,956
08/31/25	413,981
08/31/26	430,518
Remaining years	<u>4,835,663</u>
	<u>\$ 6,849,383</u>

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 \$140,226 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 \$483,318.

The Corporation operates similar programs at Slaughter Elementary School, Clinton Lower Elementary School, Jackson Complex, 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	\$ 1,008,653
Salaries & Wages	<u>1,991,440</u>
Total Expended	<u>\$ 3,000,093</u>

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

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	\$ 4,777,746
Accounts receivable-net	<u>1,477,960</u>
 Total Current Assets	 <u>\$ 6,255,706</u>
 Accounts payable	 162,359
Accrued expenses	843,065
Notes payable, current portion	<u>388,480</u>
 Total Current Liabilities	 <u>\$ 1,393,904</u>
 Surplus	 <u>\$ 4,861,802</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 17, 2022, 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

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

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 2019 through 2021.

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 \$5,082,634 at year-end were fully covered against potential losses.

NOTE 15—CONTINGENT LIABILITY

In August 2021, the organization formally acknowledged an inquiry by the Louisiana Medicaid Program concerning collections of nurse medication administration claims in the 2014-2017 school years. The organization operated during these years under the premise stemming from conversations with the Medicaid Managed Care Organizations that, under the MOA with the school systems, this was a service provided to the student population. Verbal responses from the MCO's included that the clinics could only be compensated as an FQHC with the PSS payment methodology. School systems across the state bill and collect for these same services, but at a reduced fee for service rate. That state's position is that registered nurses are not billable providers under the FQHC program. While there was no fraudulent intent from the organization, simply inconclusive documentation, the state has a case for reimbursement of those payments. The organization has engaged the law firm of Breazeale, Sachse, and Wilson LLP to represent the organization as well as the consulting firm of Pinnacle and CPA firm of Postlethwaite and Netterville. Pinnacle will be conducting a validation of the state's method of estimating any potential payback. Postlethwaite and Netterville will be performing an "ability to pay" study. Resolution to the inquiry is expected to be concluded during the upcoming fiscal year. As of the date of the financial statements, the attorneys do not have an estimated potential settlement cost, if any; therefore, no liability has been recorded on the entity's books. There would be no effect on the current or prior year statement of activities since any adjustment would be a prior period adjustment.

NOTE 16—FUTURE CAPITAL OUTLAY PROJECTS

- 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 was completed in February 2021 and cost approximately \$1.4 million in renovations and related costs.
- Maintenance and Central Inventory Warehouse - the Corporation purchased a building located at 11214 Bank Street, Clinton, LA 70722, for \$305,000. The total budget for renovations and additional expenses for this project is \$450,000 with cash on hand. Completion of this project is scheduled for late spring 2022.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

- Springfield site – It was determined that the facility had to replace flooring damaged due to insulation issues. This project is to be financed with a portion of a grant issued through the American Rescue Plan. The project cost was \$69,890 and was completed in December 2021.
- At the flagship campus in Clinton, renovations with a budget of \$692,195 to include replacement of flooring, painting, and reception area revamping on all departments, including Medical, Mental Health, Dental and Administration. These projects are to be financed with a portion of grants through the American Rescue Plan. Projects have started at the beginning of 2022 and anticipated completion is set for the year 2024.
- Installation of Controlled Access doors and locks at Springfield, Loranger, Port Allen, Jackson Complex, and Slaughter is budgeted for \$51,000. This project is scheduled to be completed in the 2021-2022 fiscal year and is to be financed with a portion of the grant through the American Rescue Plan.
- West Baton Rouge site – With the use of grant funds from the American Rescue Plan, installation of a new pharmacy is budgeted for \$175,000 and is projected to be completed by the 2022-2023 fiscal year.
- Loranger site – With the use of grant funds from the American Rescue Plan, build out of the pharmacy is budgeted for \$90,000 and is projected to be completed by the 2022-2023 fiscal year.

NOTE 17 - COVID-19 PANDEMIC

In March, 2020, the World Health Organization made the assessment that the outbreak of a novel Coronavirus (Covid-19) be characterized as a pandemic. This pandemic has affected the Corporation's operations for the current fiscal year to a degree. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Corporation's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Corporation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the year or future periods. No adjustments have been made to these financial statements as a result of this uncertainty.

NOTE 18 – PAYCHECK PROTECTION PROGRAM LOAN & CARES ACT FUNDS RECEIVED

In May, 2020, the Corporation received a loan in the amount of \$1,270,870 under the Paycheck Protection Program (PPP) pursuant to the Coronavirus Aid, Relief and Economic Relief (CARES) Act and administered by the U.S. Small Business Administration (SBA). The PPP provides for forgivable loans to qualifying businesses. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, rent and utilities. Any portion of the loan that is not forgiven is payable over two years at an interest rate of 1%. The deferral period is either the

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

that is not forgiven is payable over two years at an interest rate of 1%. The deferral period is either the (1) date that the SBA remits the borrower's loan forgiveness amount to the lender, or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period. The Corporation used the PPP loan funds for its payroll and other purposes consistent with the PPP conditions and applied for loan forgiveness after the end of the fiscal period. The Corporation was notified in February 2021 that the total amount has been forgiven and it has elected the application of FASB ASC 470, *Debt*; FASB ASC 405-20-40-1 *Debt Model* to report this loan. Therefore, the total amount of the loan was removed from the notes payable on the statement of financial position for the period ended August 31, 2021 and recognized as grant revenue.

The Corporation received various other one-time non-loan funds related to the CARES Act through the U.S. Health and Human Services due to the Covid-19 Pandemic. These awards are listed in the Schedule of Expenditures of Federal Awards contained in the supplemental information section of this report.

SUPPLEMENTAL INFORMATION

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021

<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	\$ 5,280,311
U. S. Department of Health and Human Services Health Resources and Services Administration Coronavirus Aid, Relief, and Economic Security (CARES) Act (H8D)	93.224	\$ 899,720
U. S. Department of Health and Human Services Health Resources and Services Administration Quality Improvement (H80C)	93.224	\$ 247,750
U. S. Department of Health and Human Services Health Resources and Services Administration Expanding Capacity for Coronavirus Testing (ECT) (H8E and LAL ECT)	93.224	\$ 226,008
U. S. Department of Health and Human Services Health Resources and Services Administration Coronavirus Preparedness and Response Supplemental Appropriations Act (H8C)	93.224	\$ 46,782

See Accompanying Notes and Accountant's Report

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
 FOR THE YEAR ENDED AUGUST 31, 2021**

Other Federal Assistance

Paycheck Protection Program Loan forgiveness	\$ 1,270,870
U. S. Department of Health and Human Services Health Resources and Services Administration Rural Communities Opioid Response Program (RCORP)	\$ 12,000

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

Private Foundation Grants

<u>Grantor/Pass-through Grantor Program Title</u>	<u>Expenditures</u>
Tulane University Impact Study Grant	\$ 23,851
Total	\$ 8,137,296

See Accompanying Notes and Accountant's Report

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021**

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the revenues from federal awards of Primary Care Providers for a Healthy Feliciano, Inc. (the Corporation) as defined in the notes to the basic financial statements for the year ended August 31, 2021. All federal financial assistance received directly from federal agencies is included in the Schedule, as well as federal assistance passed through other government agencies.

NOTE 2 – BASIS OF PRESENTATION: SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC. and is presented on the accrual basis of accounting. 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 of Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 3 – INDIRECT COST RATE

The Organization has not elected to use the 10 percent de minimis interest cost rate as allowed under Uniform Guidance.

NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Revenues from federal awards are reported in the Corporation's basic financial statements as program revenues.

NOTE 4 – LOANS

The Corporation did not expend federal awards related to loans or loan guarantees during the year.

NOTE 5 – PAYCHECK PROTECTION PROGRAM "PPP" LOAN FORGIVENESS

In May, 2020, the Corporation received a loan in the amount of \$1,270,870 under the Paycheck Protection Program (PPP) pursuant to the Coronavirus Aid, Relief and Economic Relief (CARES) Act and administered by the U.S. Small Business Administration (SBA). The PPP provides for forgivable loans to qualifying businesses. The Corporation was notified in February 2021 that the total amount had been forgiven. The Corporation received various other one-time non-loan funds related to the CARES Act through the U.S. Health and Human Services due to the Covid-19 Pandemic. These awards are listed in the Schedule of Expenditures of Federal Awards.

MC DUFFIE K. HERROD, LTD.

(A Professional Accounting Corporation)

McDUFFIE K. HERROD
CERTIFIED PUBLIC ACCOUNTANT

Member:
American Institute of CPAs
Society of Louisiana CPAs

POST OFFICE BOX 8436
12410 WOODVILLE ST.
CLINTON, LA 70722

Telephone (225) 683-3888
Facsimile (225) 683-6733

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, 2021 and 2020, 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 17, 2022.

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.

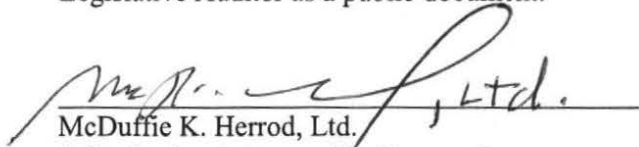
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not 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 17, 2022

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CLINTON, LA 70722

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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, 2021 and 2020. 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, 2021 and 2020.

Report on Internal Control Over Compliance

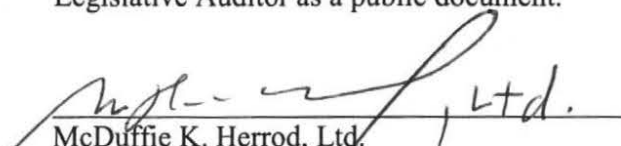
The management of Primary Care Providers For A Healthy Feliciana, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audits of compliance, we considered Primary Care 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 17, 2022

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020**

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Primary Care Providers For A Healthy Feliciania, 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 Feliciania, 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 Feliciania, 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 programs tested as major programs included: U. S. Department of Health and Human Services - Health Resources and Services Administration Federally Qualified Health Center Grant and CARES Act funds (93.224); Paycheck Protection Program forgiveness grant.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Primary Care Providers For A Healthy Feliciania, 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, 2021 AND 2020**

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, 2021 AND 2020**

COMMUNICATIONS

Results of audit findings were discussed with Christi Hunt, the current C.E.O., on February 17, 2022.

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, 2021

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.