

ACCESS HEALTH LOUISIANA

AUDIT OF FINANCIAL STATEMENTS

**For the Years Ended February 28, 2018
and February 28, 2017**



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**Access Health Louisiana
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February 28, 2018**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Access Health Louisiana
Kenner, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Access Health Louisiana (a nonprofit healthcare entity) (AHL), which comprise the statements of financial position as of February 28, 2018 and 2017, and the related statements of activities and changes in net assets, 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 AHL'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 on the effectiveness of AHL'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 Access Health Louisiana as of February 28, 2018 and 2017, 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 schedules of functional expenses and the schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2018, on our consideration of Access Health Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Access Health Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Access Health Louisiana's internal control over financial reporting and compliance.

Cam, Riggs & Ingram, L.L.C.

August 30, 2018

Access Health Louisiana
Statements of Financial Position

<i>As of February 28,</i>	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,097,334	1,343,156
Patient accounts receivable, net of allowance for doubtful accounts of \$1,595,125 for 2018 and \$1,923,432 for 2017	1,131,286	1,240,758
Other receivables	343,160	697,609
Inventory	58,235	-
Prepaid expenses	104,847	81,033
Total Current Assets	2,734,862	3,362,556
PROPERTY AND EQUIPMENT		
Property and equipment, net	10,439,119	8,428,483
OTHER ASSETS		
Intangibles, net	13,325	25,625
Total Other Assets	13,325	25,625
TOTAL ASSETS	\$ 13,187,306	\$ 11,816,664
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,356,295	\$ 2,100,978
Accrued expenses	1,032,466	834,809
Deferred revenue	-	54,490
Line of credit	499,975	699,975
Capital lease obligation - short-term portion	39,305	32,812
Current maturities of long-term debt	570,750	32,629
Total Current Liabilities	3,498,791	3,755,693
LONG-TERM LIABILITIES		
Capital lease obligation - long-term portion	90,027	132,450
Long-term debt, less current maturities	1,971,242	1,095,241
Total long-term liabilities	2,061,269	1,227,691
Total Liabilities	5,560,060	4,983,384
NET ASSETS		
Unrestricted	7,412,246	6,618,280
Permanently restricted	215,000	215,000
Total Net Assets	7,627,246	6,833,280
TOTAL LIABILITIES AND NET ASSETS	\$ 13,187,306	\$ 11,816,664

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

Access Health Louisiana
Statements of Activities and Changes in Net Assets

<i>For the Years Ended February 28,</i>	<i>2018</i>	<i>2017</i>
UNRESTRICTED REVENUES AND OTHER SUPPORT		
Patient service revenue (net of contractual allowances and discounts)	\$ 15,484,940	\$ 13,838,708
Less: provision for uncollectible accounts	(183,337)	(567,430)
Net patient service revenue	15,301,603	13,271,278
Community health centers grant revenue	4,556,010	4,388,670
Other grants and contracts revenue	3,583,846	4,090,702
Cooperative endeavor agreement support	1,409,134	1,476,050
Other revenues	609,634	522,667
Donations	838,916	8,887
Total Unrestricted Revenues and Other Support	26,299,143	23,758,254
EXPENSES		
Program services	20,917,543	20,815,364
Management and general	5,454,244	4,936,861
Total Expenses	26,371,787	25,752,225
Deficiency of Revenue Over Expenses (See Note 2)	(72,644)	(1,993,971)
Grants for the acquisition of property and equipment	866,610	324,920
CHANGE IN UNRESTRICTED NET ASSETS	793,966	(1,669,051)
UNRESTRICTED NET ASSETS - beginning of year	6,833,280	8,502,331
UNRESTRICTED NET ASSETS - end of year	\$ 7,627,246	\$ 6,833,280

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

Access Health Louisiana Statements of Cash Flows

<i>For the Years Ended February 28,</i>	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 793,966	\$ (1,669,051)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	641,020	669,610
Provision for bad debts	183,337	567,430
Bad debt - other receivables	73,189	161,137
Donation of property and equipment	(723,943)	
(Increase) decrease in operating assets:		
Accounts receivable	(73,865)	(219,532)
Other receivables	281,260	(218,528)
Inventory	(58,235)	-
Prepaid expenses	(23,814)	12,890
Increase (decrease) in operating liabilities:		
Accounts payable	(744,683)	786,309
Accrued expenses	197,657	(26,946)
Deferred revenue	(54,490)	(69,659)
Net cash provided by (used in) operating activities	491,399	(6,340)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,439,356)	(893,358)
Purchase of intangible asset	-	(36,900)
Net cash used in investing activities	(1,439,356)	(930,258)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Payments on) proceeds from line of credit, net	(200,000)	449,975
Bank overdrafts	-	(177,726)
Proceeds from long-term debt	970,709	-
Payments on long-term debt and capital lease obligation	(68,574)	(255,732)
Net cash provided by financing activities	702,135	16,517
NET DECREASE IN CASH AND CASH EQUIVALENTS	(245,822)	(920,081)
CASH AND CASH EQUIVALENTS - beginning of year	1,343,156	2,263,237
CASH AND CASH EQUIVALENTS - end of year	\$ 1,097,334	\$ 1,343,156
SUPPLEMENTAL CASH FLOWS INFORMATION:		
Cash paid for interest during the year	\$ 139,191	\$ 103,626
NON-CASH INVESTING ACTIVITY:		
Donation of property and equipment	\$ 1,200,000	\$ -
NON-CASH FINANCING ACTIVITY:		
Assumption of note payable for donated property and equipment	\$ 476,057	
Software capital lease obligation	-	\$ 198,110

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

NOTE 1: NATURE OF OPERATIONS

Access Health Louisiana (AHL) is a Federally Qualified Health Center incorporated in the State of Louisiana as a non-profit organization that works to improve, promote and maintain the physical and emotional health of patients in the communities served, regardless of their ability to pay. AHL currently has 13 individual clinic locations which operate under registered trade names reflective of the communities they serve. AHL recognizes patient service revenue for the provision of medical, behavioral, and dental health services through community health centers, school-based wellness centers, and specialty service clinics located in southeastern Louisiana across seven parishes, including Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. Tammany, and Washington Parishes. AHL's administrative offices are located in Kenner, Louisiana. During the 2018 fiscal year, AHL opened a retail delivery pharmacy managed by a third party.

NOTE 2: OPERATING RESULTS

As shown in the accompanying financial statements, AHL incurred an overall deficiency of revenues over expenses of (\$72,644) for the year ended February 28, 2018 compared to a deficiency of revenues over expenses of (\$1,993,971) for the year ended February 28, 2017. AHL had an increase in unrestricted net assets of \$793,966 for the year ended February 28, 2018 compared to a decrease in unrestricted net assets of (\$1,669,051) for the year ended February 28, 2017. In addition, AHL had a working capital deficit as of (\$763,929) as of February 28, 2018 compared to (\$393,137) as of February 28, 2017. For the 2018 fiscal year, AHL produced cash from operating activities of \$491,399 which was an improvement from the cash used by operating activities during the 2017 fiscal year of (\$6,340).

Management has prepared a budget for the 2019 fiscal year that takes into account an improved collection rate, increased Medicaid encounters and increased quality incentive payments; which all were integral pieces that contributed to the improvement in deficiency of revenues over expenses and change in net assets in the fiscal year ended February 28, 2018. The fiscal year ending 2019 budget projects AHL to produce a revenues over expenses

Management believes that Medicaid encounters will continue to drive increase in net patient revenues and that AHL will continue to see the positive trend in performance related incentives through fiscal year 2019 and beyond.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or grant is received, the amount is reported as unrestricted revenues. Accordingly, net assets of AHL and changes therein are classified and reported as follows:

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets that are available for use, but expendable only for those purposes specified by the grantor.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained by AHL.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of AHL to make assumptions, estimates, and judgments that affect the amounts reported in the financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. AHL considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its financial statements, including the following: recognition of net patient service revenue, which includes contractual allowances and a provision for doubtful accounts; allocation of functional expenses; and depreciable lives of property, plant and equipment. Management relies on historical experience and other assumptions believed to be reasonable in making its judgments and estimates. Actual results could differ materially from those estimates.

Patient Accounts Receivable

AHL extends credit to patients, as well as to third-party intermediaries responsible for medical services provided to patients. In most cases, the amount collected is less than the amount billed. The balance in patient accounts receivable is net of contractual adjustments and an allowance for doubtful accounts. The allowance for doubtful accounts is based upon a review of aging of outstanding receivables, historical collection information and existing economic conditions. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

For receivables associated with services provided to patients who have third-party coverage, AHL analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely).

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), AHL records a significant provision for bad debts in the period of services on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or provided by the sliding fee or other policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

AHL's allowance for uncollectible accounts was 58% of patient accounts receivable net of estimated contractual allowances at February 28, 2018, compared to 61% at 2017. All payor balances over 120 days have allowances ranging from 65% to 100% and balances over 120 days account for 57% and 55% of gross accounts receivable for the years ended February 28, 2018 and 2017, respectively.

AHL's process for determining the appropriate level of the allowance for doubtful accounts involves judgment, and considers such factors as the age of the underlying receivables, specific account reviews, historical collection experience, and other external factors that could affect the collectability of its receivables. Changes to the allowance for doubtful accounts are recorded as an adjustment to bad debt expense. Recoveries of accounts receivable previously written off are recorded as a reduction of the provision for uncollectible accounts when received. AHL does not charge interest on past due accounts.

Other Receivables

Other receivables principally include program service grants and fees which are uncollateralized funding source obligations and are stated at the invoice amount. These are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to other receivables.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

AHL capitalizes fixed assets with costs of \$1,000 or greater and useful lives of three years or more. Property and equipment are stated at cost. Donations of property and equipment are capitalized at the estimated fair value of the donation. AHL uses the straight-line depreciation method over the estimated useful lives of the assets ranging from 5 to 40 years.

Intangible Assets

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic *Intangibles - Goodwill and Other* addresses the initial recognition and measurement of intangible assets acquired outside a business combination and the recognition and measurement of goodwill and other intangible assets subsequent to their acquisition. In accordance with this Topic, intangible assets that have an indefinite useful life are not amortized, but rather are subject to an impairment test. Intangible assets that have a finite useful life are amortized over the asset's estimated useful life.

Amortization is calculated using the straight-line method unless another method better reflects the pattern of consumption of the economic benefits of the intangible asset.

Long-Lived Asset Impairment

AHL evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended February 28, 2018 or February 28, 2017.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Revenue and Funding Source

Grants are recognized as revenue when earned. Expense-driven grants are recognized as revenue when the qualifying expenses have been incurred and all other grant requirements have been met. AHL receives funds from the United States Department of Health and Human Services (DHHS) through the Health Resources and Services Administration. In accordance with DHHS policies, all funds disbursed should be in compliance with the specific terms of the grant agreements. DHHS may, at its discretion, request reimbursement for expenses or return of unexpended funds, or both, as a result of non-compliance by AHL with the terms of the grants. In addition, if AHL terminates the activities of the grants, all unexpended federal funds are to be returned to DHHS. The grant agreement requires AHL to provide primary healthcare to all requesting individuals; however, the amount an individual actually pays is based on the individual's personal income.

Net Patient Service Revenue

AHL has agreements with third-party payers that provide for payments to AHL at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, and discounted charges. Net patient service revenue is reported at the estimated net realizable amount from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care

In the ordinary course of business, AHL renders services to patients who are financially unable to pay for medical care. AHL provides care to these patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Charity care eligibility is based on limited or no insurance coverage, income compared to published poverty levels and family size, as well as other factors. Because AHL does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

AHL maintains records to identify and monitor the level of charity care it provides. Charity care is measured based on AHL's estimated direct and indirect costs of providing charity care services. That estimate is made by multiplying the amount of charges forgone by the estimated cost to charge ratio. The cost of charity care provided during the years ended February 28, 2018 and February 28, 2017 was estimated as \$1,911,386 and \$1,980,799, respectively.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. If a restriction is fulfilled in the same time period in which the contribution is received, AHL reports the support as unrestricted. Otherwise, when a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Income Taxes

AHL is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, AHL is subject to federal income tax on any unrelated business taxable income.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. AHL believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in operating expenses.

Non-Direct Response Advertising

AHL expenses advertising costs as incurred. Advertising expenses amounted to \$45,849 and \$107,387 for the years ended February 28, 2018 and February 28, 2017, respectively.

Compensated Absences

Employees of AHL are entitled to paid time off depending on their length of service and other factors. Accrued compensated absences included as a component of accrued expenses on AHL's statement of financial position were \$343,337 and \$350,283, as of February 28, 2018 and February 28, 2017, respectively.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statements of cash flows, AHL considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Deficiency of Revenues Over Expenses

The statements of activities and changes in net assets include deficiency of revenues over expenses. Changes in unrestricted net assets which are excluded from deficiency of revenues over expenses, consistent with industry practice, include contributions and grants of long-lived assets (including assets acquired using contributions or grants which by donor or granting agency restriction were to be used for the purpose of acquiring such assets).

Recent Accounting Pronouncements

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which amends the financial reporting and disclosure of net assets for not-for-profit entities. The main provisions include presenting net assets in two classes, net assets with donor restrictions and net assets without donor restrictions, on the statement of financial position; present on the face of the statement of activities the amount of change in each of the two classes; and provide enhanced disclosures over the amounts and purposes of governing board designations, composition of net assets with donor restrictions, and qualitative information that communicates how an organization manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position date. ASU No. 2016-14 is effective for the year beginning March 1, 2018, with early adoption permitted. Management is evaluating the impact of the implementation of ASU 2016-14 will have on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, with new guidance intended to increase transparency and comparability among organizations relating to leases. Lessees will be required to recognize a liability to make lease payments and a right-of-use asset representing the right to use the underlying asset for the lease term. The FASB retained a dual model for lease classification, requiring leases to be classified as finance or operating leases to determine recognition in the statements of activities and cash flows; however, substantially all leases will be required to be recognized on the balance sheet. Lessor accounting is largely unchanged from the current accounting model. The standards update will also require quantitative and qualitative disclosures regarding key information about leasing arrangements. The standards update is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. It must be adopted using a modified retrospective approach, and provides for certain practical expedients. The transition will require application at the beginning of the earliest comparative period presented at the time of adoption. Management is evaluating the impact of this standards update on the financial statements.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTNUED)

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that “an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.” In applying the revenue model to contracts within its scope, an entity:

- Identifies the contract(s) with a customer (step 1)
- Identifies the performance obligations in the contract (step 2)
- Determines the transaction price (step 3)
- Allocates the transaction price to the performance obligations in the contract (step 4)
- Recognizes revenue when (or as) the entity satisfies a performance obligation (step 5)

ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2018. Subsequent to the issuance of ASU No. 2014-09, various ASU amendments to the revenue guidance have been issued. These updates address 1) Principal versus Agent Considerations (Reporting Revenue Gross versus Net); 2) Identifying Performance Obligations and Licensing; 3) Rescission of Certain SEC Staff Observer Comments upon Adoption of Topic 606; and 4) Narrow-Scope Improvements and Practical Expedients. The effective date for each of these revenue amendments is concurrent with the effective date of ASU 2014-09, as referenced above. Management is still evaluating the impact that implementation of these ASUs will have on the Foundation’s financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides analysis and guidance on how the entity should identify between the two types of transactions which would then determine which standard to follow (ASU 2014-09 or FASB Subtopic 958-605) in recognizing the revenue or expense of the transaction. ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Management is evaluating the impact implementation of ASU 2018-08 will have on the Foundation’s financial statements.

A variety of proposed or otherwise potential accounting standards are currently under study by standard setting organizations. Because of the tentative and preliminary nature of such proposed standards, AHL has not yet determined the effect, if any, that the implementation of such proposed standards would have on the financial statements.

Access Health Louisiana
Notes to Financial Statements

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of February 28, 2018 and February 28, 2017:

	2018	2017
Property and Equipment		
Land	\$ 409,620	\$ 219,620
Buildings and Improvements	8,758,344	7,653,408
Office Equipment	1,734,044	1,666,312
Medical Equipment	934,996	894,031
Vehicles	256,454	74,804
Leasehold Improvements	1,582,947	1,222,416
Total Property and Equipment	13,676,405	11,730,591
Less: Accumulated Depreciation	(3,971,924)	(3,394,604)
	9,704,481	8,335,988
Construction in Progress	734,638	92,495
	10,439,119	8,428,483
Total Property and Equipment, Net	\$ 10,439,119	\$ 8,428,483

Total depreciation expense for the years ended February 28, 2018 and February 28, 2017 was \$628,720 and \$658,335, respectively.

The construction in progress reflected in the schedule above principally represents building and renovating costs associated with Belle Chase clinic. The renovations are expected to be completed during the fiscal year ending February 28, 2019. AHL recognized grant proceeds of \$866,610 and \$324,920 for the years ended February 28, 2018 and February 28, 2017, respectively.

On November 10, 2017, AHL received a donation consisting of land and a building. The land and building had a fair market value on the date of the donation of \$1,200,000. AHL record these assets at fair market value at the date of donation. Coincident therewith, AHL assumed a note payable associated with the property from the donor of \$476,057. AHL recognized a donation from this transaction of \$723,943 which is included in the statement of activities and changes in net assets.

NOTE 5: ASSET ACQUISITION AGREEMENT

During April of 2016, AHL entered into an asset acquisition agreement to acquire the assets of a previous practice of certain physicians who became employees of AHL upon the purchase of the assets. Intangible assets acquired in this acquisition were associated with medical records. Total purchase price of the assets was \$78,728 with \$36,900 associated with the purchase of the medical records.

AHL began amortization of the intangible costs at the time of acquisition of the assets for a period of three years. Amortization expense for the years ended February 28, 2018 and February 28, 2017 was \$12,300 and \$11,275, respectively.

NOTE 6: LINE OF CREDIT

At February 28, 2017, AHL had a line of credit with a financial institution of \$500,000, bearing an interest rate of 4.8%, maturing October 2, 2018. This line of credit was secured by AHL's accounts receivable. During the 2018 fiscal year, AHL paid the line of credit in full. At February 28, 2017, AHL's outstanding balance was \$499,975.

During the 2017 fiscal year, AHL opened an additional line of credit with a financial institution of \$200,300, bearing an interest rate of 3.5% that matured and was paid in full on April 27, 2017. Upon its expiration the line of credit was not renewed. At February 28, 2017, AHL's outstanding balance was \$200,000.

During the 2018 fiscal year, AHL opened a line of credit with a new financial institution of \$500,000, bearing an interest rate of 6.750%, maturing January 23, 2019. At February 28, 2018, AHL's outstanding balance on this line of credit was \$499,975.

**Access Health Louisiana
Notes to Financial Statements**

NOTE 7: NOTES PAYABLE

Details of notes payable are as follows:

	2018	2017
Note Payable – Gulf Coast Bank – Payable in annual installments of \$250,000, and monthly interest payments at 5.25%, maturing March 23, 2020.	\$ 750,000	\$ -
Note Payable – Catahoula Lasalle Bank – Payable in monthly installments of \$7,643, including interest at 4.37%, maturing October 15, 2022.	458,400	-
Note Payable – Ford Credit – Payable in monthly installments of \$645, including interest at 6.84%, maturing October 19, 2022.	30,852	-
Note Payable – ReCept Pharmacy – Due on demand, including interest at 3.75%.	207,499	-
Note Payable – USDA – Payable in monthly installments of \$2,090, including interest at 4%, secured by the building at 853 Milling Avenue in Luling, LA, maturing April 2050.	453,401	460,192
Note Payable- Gulf Coast Bank - Payable in monthly installments of \$4,785, including interest at 4.75%, maturing March 2034.	641,840	667,678
Total Notes Payable	2,541,992	1,127,870
Less: Current Maturities	(570,750)	(32,629)
Notes Payable less Current Maturities	\$ 1,971,242	\$ 1,095,241

Maturities by year for AHL's long and short-term debt instruments detailed above are as follows for the year ending February 28, 2018:

2019	\$	570,750
2020		368,122
2021		373,574
2022		129,447
2023		132,916
Thereafter		967,183
Total	\$	2,541,992

NOTE 7: NOTES PAYABLE (CONTINUED)

AHL incurred \$139,191 and \$103,626, in interest expense on financed obligations, for the years ended February 28, 2018 and February 28, 2017, respectively. These amounts are included as other expenses on schedules of functional expenses.

NOTE 8: CAPITAL LEASE OBLIGATION

AHL entered into a capital lease obligation for software during the fiscal ended February 28, 2017. The economic substance of the lease is that AHL is financing the acquisition of the asset through the lease, and, accordingly, it is recorded in AHL's assets and liabilities. The capital lease obligation expires March 2021. The lease agreement contains a bargain purchase option at the end of the lease term.

The net book value of assets recorded under capital leases as of February 28, 2018 consist of the following:

		2018
Computers and equipment	\$	198,110
Less accumulated amortization		(66,037)
	\$	132,073

Amortization of the asset held under the capital lease was \$66,037 and \$55,030 for the years ended February 28, 2018 and February 28, 2017, respectively. Amortization of the asset held under capital lease is included in depreciation and amortization expense.

The following is a schedule, by years, of future minimum payments required under the lease together with their present value as of February 28, 2018:

2019	\$	49,358
2020		49,358
2021		49,358
2022		4,113
Total minimum lease payments		148,074
Less: amounts representing imputed interest		(18,742)
Present value of minimum lease payments	\$	129,332

NOTE 9: RESTRICTIONS ON NET ASSETS

Permanently restricted net assets consist of donated land, recognized at the estimated fair value of \$215,000. The land is to be used in perpetuity for the purpose of housing a community health center in Norco, Louisiana.

NOTE 10: NET PATIENT SERVICE REVENUE

AHL recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of estimated contractual rates for the services rendered.

For uninsured patients that do not qualify for the sliding fee program, AHL recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of AHL's uninsured patients who do not qualify for the sliding fee program will be unable or unwilling to pay for the services provided. Thus, AHL records a significant provision for uncollectible accounts related to these patients in the period the services are provided. This provision for uncollectible accounts is presented in the statements of activities and changes in net assets as a component of net patient service revenue.

AHL is approved as a Federally Qualified Health Center (FQHC) for both Medicare and Medicaid reimbursement purposes. AHL has agreements with third-party payers that provide for payments at amounts different from AHL's established rates. These payment arrangements are as follows:

Medicare- Covered FQHC services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. AHL is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by AHL and audit thereof by the Medicare fiscal intermediary. Services not covered under the FQHC benefit are paid based on established fee schedules.

Medicaid - Covered FQHC services rendered to Medicaid program beneficiaries are paid based on a prospective reimbursement methodology. AHL is reimbursed a set encounter rate for all services under the plan. Services not covered under the FQHC benefit are paid based on established fee schedules.

Laws and regulations governing these programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

AHL has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per unit of service and discounts from established charges.

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized for the years ended February 28, 2018 and February 28, 2017, respectively, as follows:

**Access Health Louisiana
Notes to Financial Statements**

NOTE 10: NET PATIENT SERVICE REVENUE (CONTINUED)

	2018	2017
Medicaid and KidMed	\$ 10,245,848	\$ 8,870,698
Commercial	1,814,418	1,815,054
Medicare	1,976,538	1,870,474
Other Government Programs	732,215	598,442
Private Pay	715,921	684,040
Total	\$ 15,484,940	\$ 13,838,708

NOTE 11: COOPERATIVE ENDEAVOR AGREEMENTS

Pursuant to a cooperative endeavor agreement with St. Charles Parish, AHL provides accessible healthcare services for residents of St. Charles Parish in exchange for the use of a Parish-owned building and direct financial support from the proceeds of ad valorem taxes via lump sum payments, less deductions for certain costs associated with the Parish-owned facilities provided. The current agreement terminates in December 2020.

Pursuant to multiple cooperative endeavor agreements with St. Tammany Parish, AHL provides primary medical care, behavioral/mental health, and other FQHC-related services to the public in the Slidell area. AHL also operates a pediatric practice, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) program, and a suicide prevention program with the St. Tammany Parish Hospital District. In exchange, AHL is provided the use of operating space in the hospital's Wellness Pavilion via a cooperative endeavor agreement. Agreement terminated in December 2017.

Pursuant to a cooperative endeavor agreement with St. Tammany Parish, AHL operates and provides behavioral/mental health and other FQHC-related services to the public in the Covington area. Under this agreement, AHL also donated a modular building to St. Tammany Parish from which AHL operates this clinic. In exchange, AHL is provided the use of operating space in St. Tammany Parish's Fair Grounds Annex Building as well as the building donated by AHL to St. Tammany Parish via a cooperative endeavor agreement. The agreement terminated in October 2017.

Pursuant to a cooperative endeavor agreement with St. Bernard Parish, AHL provides accessible healthcare services for residents of St. Bernard Parish in exchange for the use of office space in the medical office building adjacent to the new hospital. This agreement also provides for discretionary direct financial support from the proceeds of ad valorem taxes via lump sum payments, less deductions for certain costs associated with the Parish-owned facilities provided. The agreement stipulates that AHL shall make requests for such support in writing on or about January 31 of each year. AHL has submitted requests for support to date and the Parish has paid \$167,361. This has been recognized in

NOTE 11: COOPERATIVE ENDEAVOR AGREEMENTS (CONTINUED)

these financial statements as cooperative endeavor agreement support. The agreement effective through December 31, 2021.

During the year ended February 28, 2014, AHL entered into a transfer and affiliation agreement with a local university, whereby AHL is responsible for administration of a clinic associated with the university's medical center. In exchange, AHL is provided use of the clinic space at no charge. The agreement terminated on August 5, 2017 when the clinic suffered catastrophic loss due to a flood.

Revenues earned as exchange transactions under these cooperative endeavor agreements, along with the corresponding program expenses, are reflected in the statements of activities and changes in net assets.

During the fiscal years ended February 28, 2018 and February 28, 2017, AHL recognized the following support in its financial statements associated with the agreements:

	2018	2017
Estimated Lump Sum Payments Received or Receivable from St. Charles Parish	\$ 732,259	\$ 722,000
Estimated Lump Sum Payments Received or Receivable from St. Bernard Parish	167,371	149,202
Use of Operating Space Owned by Various Parish Governments	509,504	604,848
Total Cooperative Endeavor Support	\$ 1,409,134	\$ 1,476,050

NOTE 12: COMMITMENTS, CONCENTRATIONS, AND CONTINGENCIES

Lease Commitments

AHL has entered into various long-term and month-to-month lease agreements for office space in a variety of Louisiana cities and towns, including Kenner, St. Rose, Belle Chase, Luling, New Orleans, and Bogalusa. The terms of the leases range from 1 to 120 months and expire through May 2026. AHL is currently committed to monthly payments totaling approximately \$56,131 under these leases.

AHL has entered into various lease agreements for office equipment. The term of the leases range from 36 to 60 months and expire through April 2019. AHL is committed to monthly payments totaling \$9,488 under these leases.

**Access Health Louisiana
Notes to Financial Statements**

NOTE 12: COMMITMENTS, CONCENTRATIONS, AND CONTINGENCIES (CONTINUED)

The following is a schedule of future minimum lease payments as of February 28:

2019		\$		613,479
2020				424,359
2021				372,790
2022				346,028
2023				321,907
Thereafter				344,483
Total				2,423,046

During the fiscal year ended February 28, 2018 and February 28, 2017 amounts paid under lease agreements were \$1,120,428 and \$1,183,540 respectively.

Concentrations of Credit Risk

AHL grants credit without collateral to its patients, most of who are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers as of February 28, 2018 and February 28, 2017, was as follows:

	2018	2017
Payor	Percent	
Medicaid	29%	23%
Medicare	19%	17%
Patients	38%	47%
Managed Care and other Third-Party Payors	14%	13%
Total	100%	100%

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

AHL periodically maintains cash in bank accounts in excess of federally insured limits. At February 28, 2018 and 2017, AHL had cash in excess of the federally insured limit of \$1,066,185 and \$627,367, respectively. AHL has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

NOTE 12: COMMITMENTS, CONCENTRATIONS, AND CONTINGENCIES (CONTINUED)

Laws and Regulations

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, and government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse.

In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers.

To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the Centers for Medicare & Medicaid Services (CMS) to implement a Recovery Audit Contractor (RAC) program on a permanent and nationwide basis no later than 2010. The program uses RACs to search for potentially improper Medicare payments that may have been made to health care providers that were not detected through existing CMS program integrity efforts, on payments that have occurred at least one year ago but not longer than three years ago. Once a RAC identifies a claim it believes to be improper, it makes a deduction from the provider's Medicare/Medicaid reimbursement in an amount estimated to equal the overpayment.

AHL will deduct from revenue any amounts assessed under the RAC audits at the time a notice is received until such time that estimates of net amounts due can be reasonably estimated. RAC assessments are possible; however, the outcome of such assessments is unknown and cannot be reasonably estimated.

Violations of these laws and regulations could result in exclusion from government healthcare program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While AHL is subject to similar regulatory reviews, management believes the outcome of any such regulatory review will not have a material adverse effect on AHL's financial position.

NOTE 12: COMMITMENTS, CONCENTRATIONS, AND CONTINGENCIES (CONTINUED)

Economic Conditions

Current local and national economic conditions have created challenges for not-for-profit healthcare organizations including rising costs, and declines in contributions. Rising unemployment rates have made it difficult for certain patients to pay for services rendered. As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on the AHL's future operating results. Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid program. Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in future adjustments to the allowances for accounts and contributions receivable that could negatively impact AHL. The financial statements have been prepared using values and information currently available to AHL.

Risk Management

Effective August 13, 2003, The U.S. Department of Health and Human Services deemed AHL and its practicing providers covered under the Federal Tort Claims Act (FTCA) for damage for personal injury, including death resulting from the performance of medical, surgical, dental and related functions. FTCA coverage is comparable to an occurrence policy without a monetary cap. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon AHL's claim experience, no such accrual has been made. However, because of the risk in providing health care services, it is possible that an event has occurred which will be the basis of a future material claim.

NOTE 13: RETIREMENT PLAN

AHL maintains a defined contribution retirement plan under IRS Code Section 403(b). AHL matches 100% of an employee's salary deferral contributions up to 4%. Matching contributions totaling \$302,916 and \$264,693, for the years ended February 28, 2018 and February 28, 2017, respectively, were made by AHL.

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 30, 2018, and determined that other than the matters disclosed in Note 2 to the financial statements and below, no such other events occurred that require disclosure. No subsequent events occurring after August 30, 2018, have been evaluated for inclusion in these financial statements.

Access Health Louisiana
Schedule of Functional Expenses

For the Year Ended February 28,

2018

	Program Services	Management and General	Total
Salaries and wages	\$ 10,684,853	\$ 2,367,446	\$ 13,052,299
Benefits and payroll taxes	3,441,268	1,082,815	4,524,083
Contractual services	1,918,326	1,092,997	3,011,323
Pharmaceuticals	1,062,397	1,090	1,063,487
Rent	994,154	-	994,154
Other	464,094	339,793	803,887
Depreciation and amortization	510,856	130,164	641,020
Maintenance	382,782	63,678	446,460
Communications	269,967	65,404	335,371
Patient supplies	335,501	-	335,501
Laboratory	289,966	792	290,758
Insurance	186,086	60,292	246,378
Utilities	146,736	43,111	189,847
Travel	79,034	109,630	188,664
Supplies	82,580	23,467	106,047
Dues and memberships	12,555	48,237	60,792
Advertising	38,104	7,745	45,849
Printing and shipping	18,284	17,583	35,867
Total Expenses	\$ 20,917,543	\$ 5,454,244	\$ 26,371,787

Access Health Louisiana
Schedule of Functional Expenses

For the Year Ended February 28,

2017

	Program Services	Management and General	Total
Salaries and wages	\$ 10,592,082	\$ 2,230,311	\$ 12,822,393
Benefits and payroll taxes	3,277,279	836,737	4,114,016
Contractual services	1,970,249	952,077	2,922,326
Rent	1,035,585	20,436	1,056,021
Other	540,053	285,216	825,269
Depreciation and amortization	559,788	109,822	669,610
Pharmaceuticals	830,977	414	831,391
Maintenance	402,401	83,700	486,101
Laboratory	391,225	796	392,021
Communications	299,589	54,907	354,496
Patient supplies	283,832	-	283,832
Insurance	184,153	65,639	249,792
Travel	74,565	125,532	200,097
Utilities	146,596	41,263	187,859
Supplies	110,106	41,555	151,661
Advertising	79,539	27,848	107,387
Dues and memberships	10,921	44,829	55,750
Printing and shipping	26,424	15,779	42,203
Total Expenses	\$ 20,815,364	\$ 4,936,861	\$ 25,752,225

Access Health Louisiana Schedule of Compensation, Benefits, and Other Payments to Agency Head

Mark Keiser, CEO

For the year ended February 28,

2018

Salary	\$	-
Benefits- insurance		-
Benefits - retirement		-
Benefits - other		-
Car allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		-
Conference travel		-
Continuing professional education fees		-
Housing		-
Unvouchered expenses		-
Special meals		-
Total Compensation, Benefits, and Other Payments		\$ -

Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expenses, per diem, and registration fees be reported as a supplemental report within the financial statement of local governmental and quasi-public auditees. In 2015 Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.



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

Board of Directors
Access Health Louisiana
Kenner, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Access Health Louisiana (AHL), which comprise the statement of financial position as of February 28, 2018 and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered AHL'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AHL's internal control. Accordingly, we do not express an opinion on the effectiveness AHL's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carri Riggs & Ingram, L.L.C.

August 30, 2018



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

Board of Directors
Access Health Louisiana
Kenner, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Access Health Louisiana's (AHL) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of AHL's major federal programs for the year ended February 28, 2018. AHL's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements 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 AHL's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about AHL's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on AHL's compliance.

Opinion on Each Major Federal Program

In our opinion, AHL complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended February 28, 2018.

Report on Internal Control Over Compliance

Management of AHL 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 audit of compliance, we considered AHL's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of AHL'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of AHL as of and for the year ended February 28, 2018, and have issued our report thereon dated August 30, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Carri Riggs & Ingram, L.L.C.

August 30, 2018

Access Health Louisiana Schedule of Expenditures of Federal Awards

<u>Grantor/Program Title</u>	Federal CFDA Number	Pass-Through Entity No.	Federal Expenditures	Amount Passed through to Subrecipient	Total Federal Expenditures
<u>U.S. Department of Health and Human Services</u>					
Community Health Centers Program	93.224	N/A	\$ 1,471,860	\$ -	\$ 1,471,860
Affordable Care Act Grants for New and Expanded Services under the Health Center Program	93.527	N/A	3,950,760	-	3,950,760
Total Health Centers Cluster			5,422,620	-	5,422,620
Total U.S. Department of Health and Human Services			5,422,620	-	5,422,620
<u>U.S. Department of Agriculture</u>					
Passed-Through State of LA Department of Health and Hospitals, Office of Public Health					
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	057847, 057848 & 057849	727,275	-	727,275
Total U.S. Department of Agriculture			727,275	-	727,275
Total Federal Assistance			\$ 6,149,895	\$ -	\$ 6,149,895



Access Health Louisiana
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended February 28, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Access Health Louisiana and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). AHL elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 2: SUBRECIPIENTS

There were no payments to subrecipients for the fiscal year ended February 28, 2018.

NOTE 3: FEDERALLY FUNDED INSURANCE

AHL has no federally funded insurance.

NOTE 4: NONCASH ASSISTANCE

AHL did not receive any federal noncash assistance for the fiscal year ended February 28, 2018.

NOTE 5: LOAN

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

Access Health Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended February 28, 2018

SECTION I - SUMMARY OF AUDITORS' REPORTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of Access Health Louisiana.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Access Health Louisiana were disclosed and identified during the audit.
4. No significant deficiencies were disclosed relating to the audit of the major federal award programs.
5. *The Independent Auditors' Report on Compliance for each Major Program and on Internal Control Over Compliance Required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) dated August 30, 2018 expressed an unmodified opinion.*
6. No compliance findings required to be reported in accordance with the Uniform Guidance.
7. The programs tested as major programs were:

Health Centers Cluster	<u>CFDA No.</u> 93.224 & 93.527
------------------------	------------------------------------
8. The threshold for distinguishing between Type A and Type B programs was \$750,000.
9. Access Health did not qualify as a low-risk auditee as that term is defined in the Uniform Guidance.



**Access Health Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended February 28, 2018**

SECTION I - FINANCIAL STATEMENT FINDINGS

No findings noted.

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SECTION III – MANAGEMENT LETTER

No findings noted.



Access Health Louisiana
Summary Schedule of Prior Findings and Questioned Costs

SECTION I - FINANCIAL STATEMENT FINDINGS

No findings noted.

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Members of the
Board of Directors of
Access Health Louisiana and
The Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Board of Directors of Access Health Louisiana ("AHL") 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 March 1, 2017 through February 28, 2018. AHL 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 results are as follows:

Written Policies and Procedures

1. Obtained AHL's written policies and procedures and observed that those written policies and procedures address each of the following financial/business functions:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
Results: No exceptions were found as a result of applying the procedure.
 - 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.
Results: No exceptions were found as a result of applying the procedure.
 - c) ***Disbursements***, including processing, reviewing, and approving.
Results: No exceptions were found as a result of applying the procedure.

- d) **Receipts**, including receiving, recording, and preparing deposit.

Results: No exceptions were found as a result of applying the procedures, except for the following: policy regarding receipts does not address receiving, recording, and preparing deposits.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: No exceptions were found as a result of applying the procedure.

- 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.

Results: No exceptions were found as a result of applying the procedures, except for the following: policy regarding contracting does not address types of services requiring written contracts, standard terms and conditions, legal review, approval process, and 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, and (5) monitoring card usage.

Results: No exceptions were found as a result of applying the procedures, except for the following: policy regarding credit cards does not address allowable business uses.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: No exceptions were found as a result of applying the procedures, except for the following: policy regarding travel and expense reimbursement does not identify dollar thresholds by category of expenses.

Board

2. Obtained and inspected the board minutes for the fiscal period and the Board's bylaws in effect during the fiscal period, and:

- a) Observed that the managing board met (with a quorum) at least monthly in accordance with the Board's bylaws or other equivalent document.

Results: No exceptions were found as a result of applying the procedure.

- b) Observed that the minutes obtained and inspected in a) above either referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: No exceptions were found as a result of applying the procedure.

Bank Reconciliations

3. Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete.

Results: No exceptions were found as a result of applying the procedure.

4. Using the listing obtained from management in #3 above, selected one-third of AHL's bank accounts on a three-year rotating basis as there were more than five (5) bank accounts. For each of the bank accounts selected, obtained bank statements and reconciliations for all months in the fiscal period and observed that:

- a) Bank reconciliations have been prepared;

Results: No exceptions were found as a result of applying the procedure.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Results: No exceptions were found as a result of applying the procedures, except for the following: all five (5) bank accounts reconciliations selected did not have evidence that a member of management or a board member has reviewed each bank reconciliation.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: No exceptions were found as a result of applying the procedures, except for the following: management did not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Collections

5. Obtained a listing of cash/check/money order (cash) collection locations for the fiscal period and management's representation that the listing is complete.

Results: No exceptions were found as a result of applying the procedure.

6. Using the listing provided by management in #5 above, selected one-third of AHL's cash collection locations on a three-year rotating basis as there were more than five (5) cash collection locations. For each cash collection location selected:

- a) Determined who is responsible for collecting cash through inquiry with management.

- b) Obtained existing written documentation (e.g. insurance policy, policy manual, job description) and inspected the documentation obtained to determine that each person responsible for collecting cash, as identified in #6a above, is (1) bonded, or there is sufficient general liability insurance covering each person, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account, and (3) not required to share the same cash register or drawer with another employee.

Results: No exceptions were found as a result of applying the procedure.

- c) Obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and observed that AHL has a formal process to reconcile cash collections to the general ledger by revenue source and by a person who is not responsible for cash collections in the cash collection location selected.

Results: No exceptions were found as a result of applying the procedure.

- d) Selected the highest (dollar) week of cash collections from the general ledger during the fiscal period and:

- 1) Obtained AHL's collection documentation, deposit slips, and bank statements for each cash collection included in the highest (dollar) week, traced daily collections to the deposit date on the corresponding bank statement, and observed that the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Results: No exceptions were found as a result of applying the procedure.

- 2) Obtained sequentially numbered receipts, system reports, and other related collection documentation, observed that daily cash collections were supported by documentation.

Results: No exceptions were found as a result of applying the procedure.

- 7. Obtained existing written documentation from management (e.g. policy manual, written procedure) and observed that the written documentation includes a process specifically defined (as identified by management) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Results: No exceptions were found as a result of applying the procedure.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

- 8. Obtained the general ledger and sort/filter for AHL disbursements. Obtained management's representation that the general ledger population is complete.
- 9. Using the disbursement population from #8 above, randomly selected 25 disbursements excluding credit card/debit card/fuel card/P-card purchases or payments. Obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined that the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Results: No exceptions were found as a result of applying the procedure.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Results: No exceptions were found as a result of applying the procedure.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Results: No exceptions were found as a result of applying the procedure.

- 10. Using AHL's documentation (e.g. electronic system control documentation, policy manual, written procedure), observed that the person responsible for processing payments is prohibited from adding vendors to AHL's purchasing/disbursement system.

Results: No exceptions were found as a result of applying the procedure.

- 11. Using AHL's documentation (e.g. electronic system control documentation, policy manual, written procedure), observed that the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: No exceptions were found as a result of applying the procedure.

- 12. Inquired of management and observed that the supply of unused checks is maintained in a locked location, with access restricted to those persons (as identified by management) that do not have signatory authority. Alternately, if the checks are electronically printed on blank check stock, inspected AHL's documentation (electronic system control documentation) and observed that only the persons with signatory authority have system access to print checks.

Results: No exceptions were found as a result of applying the procedure.

- 13. If a signature stamp or signature machine is used, inquired of the signer to determine that his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquired of the signer to determine that signed checks are likewise maintained under the control of the signer or authorized user until mailed.

Results: No signature stamp or signature machine use was noted; therefore, this procedure is not applicable.

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

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

- 15. Using the listing obtained by management in #14 above, randomly selected all three (3) credit cards. Obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards for the fiscal period. Selected the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, selected the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Results: No exceptions were found as a result of applying the procedure.

- b) Observed that no finance charges and/or late fees were assessed on the selected statements.

Results: No exceptions were found as a result of applying the procedure.

16. Using the monthly statements or combined statements selected under #15 above, obtained supporting documentation as follows for all transactions for each of the three (3) cards selected.

- a) For each transaction, observed that the transaction is supported by:

- 1) An original itemized receipt (i.e., identifies precisely what was purchased)

Results: No exceptions were found as a result of applying the procedure.

- 2) Documentation of the business/public purpose, if not evident from the receipt. For meal charges, there should also be documentation of the individuals participating.

Results: No exceptions were found as a result of applying the procedure.

- 3) If applicable, other documentation that is required by the written policy obtained in #1g above (e.g., purchase order, written authorization.)

Results: No exceptions were found as a result of applying the procedure.

- b) For each transaction, compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to AHL's written purchasing/disbursement policies obtained in #1b above and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and determined that the transaction complied with the requirements.

Results: No exceptions were found as a result of applying the procedure.

- c) For each transaction, compare AHL's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and determined that the transaction complied with the requirements (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

Results: No exceptions were found as a result of applying the procedure.

Travel and Expense Reimbursement

17. Obtained from management a listing of all travel and related expense reimbursements, by person during the fiscal period. Obtained management's representation that the listing is complete.

Results: No exceptions were found as a result of applying the procedure.

18. Using the Organization's written policies related to travel and expense reimbursements obtained in #1h above, compare the amounts in the policies to the per diem and mileage rates established

by the U.S. General Services Administration (www.gsa.gov) and determined that no amounts exceeded GSA rates.

Results: No exceptions were found as a result of applying the procedures, except for the following: policy regarding travel and expense reimbursement did not identify the dollar thresholds by category of expense. In addition, CRI was unable to compare to the rates established by the U.S. General Service Administration.

19. Using the listing detail from #17 above, selected the three persons who incurred the most travel costs during the fiscal period. Obtained the expense reimbursement reports or prepaid expense documentation of each selected person for the fiscal period, including the supporting documentation, and chose the largest travel expense for each person to inspect. For each of the three travel expenses selected:

a) Compared expense documentation to the written policies and observed that each expense was reimbursed or prepaid in accordance with the written policy obtained in #1h above (e.g., rates established for meals, mileage, lodging).

Results: No exceptions were found as a result of applying the procedure.

b) Observed that each expense is supported by:

1) An original itemized receipt that identifies precisely what was purchased.

Results: No exceptions were found as a result of applying the procedures, except for the following: exceptions found 19 out of 34 receipts tested did not have an original itemized receipt that identified precisely what was purchased.

2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Results: No exceptions were found as a result of applying the procedure.

3) If applicable, other documentation as required by the written policy obtained in #1h above (e.g., authorization for travel, conference brochure, certificate of attendance)

Results: No exceptions were found as a result of applying the procedure.

c) Compared AHL's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and determined that the transaction complied with the requirements (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).

Results: No exceptions were found as a result of applying the procedure.

d) Observed that each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of applying the procedure.

Contracts

20. Obtained a listing of all contracts in effect during the fiscal period and sort/filter for contract payments. Obtained management's representation that the listing complete.
21. Using the listing from #20 above, selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to Carr, Riggs & Ingram, LLC). Obtained the related contracts and paid invoices during the fiscal period related to the five vendors selected and:
- a) Observed that there is a formal/written contract that supports the services arrangement and the amount paid.

Results: No exceptions were found as a result of applying the procedure.

- b) Compared each contract's detail to the requirements of Louisiana Public Bid Law or Procurement Code. Determined whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
- 1) If yes, obtained/compared supporting contract documentation to legal requirements and observed that AHL complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Results: For the five (5) contracts subject to the Louisiana Public Bid Law, no exceptions were found as a result of applying the procedure.

- 2) If no, obtained supporting contract documentation and observed that AHL solicited quotes as a best practice.

Results: For the five (5) contracts subject to the Louisiana Public Bid Law, no exceptions were found as a result of applying the procedure.

- c) Determined whether the contract was amended. If so, determined the scope and dollar amount of the amendment and observed that the original contract terms contemplated or provided for such an amendment.

Results: No exceptions were found as a result of applying the procedure.

- d) Selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms as observed in the contract, and observed that the invoice and related payment complied with the terms and conditions of the contract.

Results: No exceptions were found as a result of applying the procedure.

- e) Obtained board minutes related to the contract and observed that there is documentation of board approval, if required by the policy obtained in #1f above.

Results: No exceptions were found as a result of applying the procedure.

Payroll and Personnel

22. Obtained a listing of employees during the fiscal period with their related salaries, and obtained management's representation that the listing is complete. Randomly selected five employees, obtained their personnel files, and:

- a) Determined compensation paid to each employee during the fiscal period and observed that payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure as observed in the employees' employee personnel files.

Results: No exceptions were found as a result of applying the procedure.

- b) Inspected changes made to hourly pay rates/salaries during the fiscal period and observed that those changes were approved in writing and in accordance with the written policy obtained in #1e above.

Results: No exceptions were found as a result of applying the procedure.

- 23. Obtained attendance and leave records for the fiscal period and selected one pay period in which leave has been taken by at least one employee. Within that pay period, selected 25 employees, and:

- a) Observed that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Results: No exceptions were found as a result of applying the procedure.

- b) Observed that there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.

Results: No exceptions were found as a result of applying the procedure.

- c) Observed that there is written documentation that AHL maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees that earn leave.

Results: No exceptions were found as a result of applying the procedure.

- 24. Obtained from management a list of those employees that terminated during the fiscal period and management's representation that the list is complete. If any termination payments were made during the fiscal year, selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files and if applicable, employment contract for the two employees. Observed that the termination payments were made in strict accordance with the policy obtained in #1e above and/or employment contract and approved by management.

Results: No exceptions were found as a result of applying the procedure.

- 25. Obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to all payroll taxes and retirement contributions during the fiscal period. Observed that the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines (as identified by management).

Results: No exceptions were found as a result of applying the procedure.

Other

26. Inquired of management whether AHL had any misappropriations of public funds or assets during the fiscal period. If so, obtained/inspected supporting documentation and observed that AHL reported the misappropriation to the legislative auditor and the district attorney of AHL in which AHL is domiciled.

Results: No exceptions were found as a result of applying the procedure.

27. Observed that AHL has posted on its premises and website, the notice required by R.S. 24:523.1.

Results: No exceptions were found as a result of applying the procedure.

28. If the practitioner observed or otherwise identified any exceptions regarding management's representations in the procedures above, reported the nature of each exception.

Results: No exceptions were found as a result of applying the procedure.

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 procedures performed on those C/C areas identified in the SAUPs, and the result of the procedures performed, 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.

Car, Riggs & Ingram, L.L.C.

August 30, 2018



August 30, 2018

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And

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RE: Management's Response to Statewide Agreed-Upon Procedures
Access Health Louisiana

Dear Sirs:

Access Health Louisiana will review policies and procedures in regard to the comments for each financial function and make appropriate changes that will improve operations and internal controls in each area that are cost effective and within our budget constraints.

Sincerely,

Mark F. Keiser, MBA, MHA, MPH, FACHE
President/Chief Executive Officer