

**IBERIA COMPREHENSIVE
COMMUNITY HEALTH CENTER, INC.
New Iberia, Louisiana**

**Financial and Compliance Report
May 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Iberia Comprehensive Community Health Center, Inc.
New Iberia, Louisiana

Report on the Financial Statements

I have audited the accompanying statements of Iberia Comprehensive Community Health Center, Inc., (a non-profit organization), which comprise the statement of financial position as of May 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iberia Comprehensive Community Health Center, Inc. as of May 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited Iberia Comprehensive Community Health Center, Inc.'s May 31, 2018 financial statements, and my report dated October 16, 2018, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

My 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, as required by Title 2 U. S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Compensation, Benefits and Other Payments, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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*, I have also issued my report dated October 15, 2019, on my consideration of Iberia Comprehensive Community Health Center, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Iberia Comprehensive Community Health Center, Inc.'s internal control over financial reporting and compliance.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
October 15, 2019

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
New Iberia, Louisiana
Statements of Financial Position
As of May 31, 2019
With Summarized Comparative Totals as of May 31, 2018

| | 2019 | 2018 |
|---------------------------------------|---------------|---------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 18,792,752 | \$ 15,964,114 |
| Patient accounts receivable, net | 616,835 | 831,780 |
| Supplies inventory | 39,606 | 56,908 |
| Prepaid expenses | 108,608 | 169,046 |
| Certificates of deposit | 117,149 | 116,390 |
| Other receivables | 397,865 | 28,365 |
| Total Current Assets | 20,072,815 | 17,166,603 |
| Property, Plant and Equipment | | |
| Land and improvements | 1,713,952 | 1,713,952 |
| Building and improvements | 9,352,193 | 9,334,044 |
| Furniture and equipment | 3,535,691 | 3,239,705 |
| Construction in progress | 4,126,074 | 1,141,863 |
| Less accumulated depreciation | (6,483,698) | (5,992,138) |
| Total Property and Equipment | 12,244,212 | 9,437,426 |
| Other Assets | | |
| Deposits | 1,441 | 1,441 |
| Certificate of deposit | 121,928 | 121,017 |
| Total Other Assets | 123,369 | 122,458 |
| Total Assets | \$ 32,440,396 | \$ 26,726,487 |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable | \$ 168,071 | \$ 467,046 |
| Accrued payroll and other liabilities | 544,491 | 489,509 |
| Total Current liabilities | 712,562 | 956,555 |
| Total Liabilities | 712,562 | 956,555 |
| Net Assets | | |
| Without donor restrictions net assets | 31,727,834 | 25,769,932 |
| Total Liabilities and Net Assets | \$ 32,440,396 | \$ 26,726,487 |

See accompanying notes to financial statements.

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
New Iberia, Louisiana
Statements of Activities
For the Year Ended May 31, 2019
With Summarized Comparative Totals for the Year Ended May 31, 2018

| | 2019 | 2018 |
|---|---------------|---------------|
| Revenue and Support - Without Donor Restrictions | | |
| Revenue: | | |
| Gross patient service revenue | \$ 20,927,606 | \$ 20,048,808 |
| Contractual allowances and discounts | (3,642,488) | (3,292,046) |
| Bad debts | (39,894) | 44,238 |
| Net patient service revenue | 17,245,224 | 16,801,000 |
| Grant, public health service | 4,366,640 | 3,913,325 |
| Other grants and contracts | 60,909 | 42,987 |
| Other sources | 1,739,777 | 267,516 |
| Interest income | 101,019 | 107,565 |
| Realized gain (loss) on investments | - | (267,911) |
| Total Support | 6,268,345 | 4,063,482 |
| Total Revenue and Support | 23,513,569 | 20,864,482 |
| Expenses | | |
| Program Services | 12,948,987 | 11,521,594 |
| Management and general | 4,606,680 | 3,881,195 |
| Total Expenses | 17,555,667 | 15,402,789 |
| Change in Net Assets - Without Donor Restrictions | 5,957,902 | 5,461,693 |
| Net Assets - Beginning of Year | 25,769,932 | 20,308,239 |
| Net Assets - End of Year | \$ 31,727,834 | \$ 25,769,932 |

See accompanying notes to financial statements.

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
New Iberia, Louisiana
Statements of Cash Flows
For the Year Ended May 31, 2019
With Summarized Comparative Totals for the Year Ended May 31, 2018

| | 2019 | 2018 |
|---|----------------------|----------------------|
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ 5,957,902 | \$ 5,461,693 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 491,561 | 536,489 |
| Change in allowance for doubtful accounts | (79,067) | 189,090 |
| (Increase) decrease in accounts receivable, patients | 294,012 | 298,939 |
| (Increase) decrease in supplies inventory | 17,302 | (8,248) |
| (Increase) decrease in prepaid expenses | 60,438 | (35,769) |
| (Increase) decrease in other receivables | (369,500) | 14,423 |
| Increase (decrease) in accounts payable | (298,975) | (28,070) |
| Increase (decrease) in accrued payroll and other liabilities | 54,982 | 36,820 |
| | <u>6,128,655</u> | <u>6,465,367</u> |
| Net Cash Provided (Used) by Operating Activities | | |
| Cash Flows From Investing Activities | | |
| (Purchase) redemption of certificate of deposit | (911) | (752) |
| (Purchase) redemption of investments in mortgage backed securities | - | 2,354,292 |
| Payments on construction in progress | (2,984,211) | (789,488) |
| Fixed asset acquisitions | (314,895) | (313,882) |
| | <u>(3,300,017)</u> | <u>1,250,170</u> |
| Net Cash Provided (Used) by Investing Activities | | |
| Net (Decrease) Increase in Cash and Cash Equivalents | 2,828,638 | 7,715,537 |
| Cash and Cash Equivalents - Beginning of Year | 15,964,114 | 8,248,577 |
| Cash and Cash Equivalents - End of Year | <u>\$ 18,792,752</u> | <u>\$ 15,964,114</u> |

See accompanying notes to financial statements.

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
New Iberia, Louisiana
Statements of Functional Expenses
For the Year Ended May 31, 2019
With Summarized Comparative Totals for the Year Ended May 31, 2018

| | <u>Program Services</u> | <u>Supporting Services General and Administrative</u> | <u>Total</u> | |
|---|-------------------------|---|----------------------|----------------------|
| | | | <u>2019</u> | <u>2018</u> |
| Salaries | \$ 6,987,278 | \$ 2,584,336 | \$ 9,571,614 | \$ 8,490,186 |
| Fringe benefits | 887,338 | 328,194 | 1,215,532 | 890,199 |
| Payroll taxes | 496,885 | 183,780 | 680,665 | 606,232 |
| Consultants and contractual services | 1,502,998 | 423,383 | 1,926,381 | 1,702,283 |
| Supplies | 1,885,649 | 49,010 | 1,934,659 | 1,781,821 |
| Dues and subscriptions/printing | - | 106,313 | 106,313 | 67,306 |
| Maintenance and repairs | 273,970 | 101,331 | 375,301 | 288,313 |
| Insurance | - | 103,045 | 103,045 | 93,879 |
| Travel and seminars | 185,255 | 56,561 | 241,816 | 179,091 |
| Occupancy | 97,013 | 35,882 | 132,895 | 126,169 |
| Legal and professional | - | 78,301 | 78,301 | 56,464 |
| Telephone and communications | 163,272 | 60,388 | 223,660 | 156,709 |
| Advertising and promotion | 110,489 | - | 110,489 | 121,460 |
| Miscellaneous | - | 267,711 | 267,711 | 232,337 |
| Service charges | - | 42,239 | 42,239 | 39,534 |
| Recruitment cost | - | 53,485 | 53,485 | 34,317 |
| Total expenses before depreciation | <u>12,590,148</u> | <u>4,473,958</u> | <u>17,064,106</u> | <u>14,866,300</u> |
| Depreciation and amortization | <u>358,840</u> | <u>132,721</u> | <u>491,561</u> | <u>536,489</u> |
| Total expenses | <u>\$ 12,948,987</u> | <u>\$ 4,606,680</u> | <u>\$ 17,555,667</u> | <u>\$ 15,402,789</u> |

See accompanying notes to financial statements.

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
New Iberia, Louisiana
Notes to Financial Statements
May 31, 2019

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

Nature of Activities

Iberia Comprehensive Community Health Center, Inc. (a nonprofit corporation) was incorporated April 26, 1985 to provide comprehensive health care to area residents, with particular emphasis on the socio-economically disadvantaged. The Organization is a federally qualified health center (FQHC).

Income Taxes

The Organization is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and applicable state codes. Accordingly, no provision for federal and state income taxes is included in the financial statements. The Organization's Form 990, Return of Organization Exempt for Income Tax, is subject to examination by the IRS, generally for three (3) years after it was filed.

Method of Accounting

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

Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASU 2016-14, Financial Statements of Not-for-Profit Entities. Under FASB ASU 2016-14, the Agency is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions include amounts that are not subject to usage restrictions on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met. Net assets with donor restrictions include assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Accounting Estimates

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

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
New Iberia, Louisiana
Notes to Financial Statements (Continued)
May 31, 2019

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

Cash and Cash Equivalents

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

Property and Equipment

Property and equipment is stated at cost. It is the Organization's policy to capitalize expenditures for these items in excess of \$1,000. Repairs and maintenance are charged to operations when incurred. Depreciation of property and equipment is computed principally by the straight-line method over the following estimated useful lives:

| | Years |
|-----------------------------------|---------|
| Building & improvements | 15 - 30 |
| Equipment, furniture and fixtures | 3 - 10 |
| Land improvements | 20 |

Advertising Expense

The Organization expenses the cost of advertising as the expense is incurred. For the year ended May 31, 2019, the cost totaled \$110,489.

Accounts Receivable

The Organization records accounts receivable at the time of service according to fees developed from cost data of this and similar organizations. These amounts are often reduced because of the patients' inability to pay or because of disallowances and reductions from third party payers.

Bad Debts

The Organization uses the allowance method in accounting for its un-collectible accounts. The allowance account consists of an estimate of uncollectible accounts and a general reserve. Management's evaluation of the adequacy of the allowance is based on a continuing review of all accounts and includes a consideration of past patient history, any adverse situations that might affect the patient's ability to repay, and current economic conditions. Amounts charged-off that are subsequently recovered are recorded as income.

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
New Iberia, Louisiana
Notes to Financial Statements (Continued)
May 31, 2019

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

Major Funding Source

The Organization receives funds from DHHS, under section 330 of the Public Health Service Act (42 U.S.C. 254c). 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 the Organization with the terms of the grants. In addition, if the Organization terminates its DHHS grant activities, all unexpended federal funds are to be returned to DHHS.

Net Patient Service Revenue

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

Inventory

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

Functional Expenses

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

Investments

The Organization reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities.

Grants and Contributions

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

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.

New Iberia, Louisiana

Notes to Financial Statements (Continued)

May 31, 2019

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

Risk Management

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters.

NOTE 2 - PATIENT ACCOUNTS RECEIVABLE

Patient accounts receivable are comprised of the following for the year ending May 31, 2019:

| | |
|--------------------------------------|------------|
| Medicare | \$ 86,046 |
| Medicaid | 261,273 |
| Private | 500,777 |
| | <hr/> |
| | 848,096 |
| Less allowance for doubtful accounts | (231,261) |
| | <hr/> |
| | \$ 616,835 |
| | <hr/> |

NOTE 3 - COST REPORT RECEIVABLE

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

NOTE 4 - ECONOMIC DEPENDENCY

The Organization receives a substantial portion of its total support and revenues from the federal government. During the year ended May 31, 2019, Iberia Comprehensive Community Health Center, Inc. recorded \$4,029,240 in grant support from the Department of Health and Human Services. This represents 17.1% of total support and revenues for the year ended May 31, 2019.

NOTE 5 - FUNCTIONAL ALLOCATION OF EXPENSES

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

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
New Iberia, Louisiana
Notes to Financial Statements (Continued)
May 31, 2019

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains several bank accounts at various banks, where account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, the Organization maintains deposit balances that exceed federally insured limits. The Organization deposits its cash with high quality financial institutions, and management believes the Organization is not exposed to significant credit risk on those amounts.

The majority of the Organization's patients are located in Iberia Parish Louisiana. The Organization grants credit without collateral to its patients. The mix of receivables from patients and third-party payers as of May 31, 2019 was as follows:

| | |
|----------|-------|
| Medicare | 14 % |
| Medicaid | 42 |
| Other | 44 |
| | 100 % |

The mix of net patient revenues for the year ended May 31, 2019 was as follows:

| | |
|----------|-------|
| Medicare | 17 % |
| Medicaid | 63 |
| Other | 20 |
| | 100 % |

NOTE 7 - ACCRUED VACATION

The Organization allows employees to carry over unused vacation hours. The accrual is calculated based on the employee's pay rate at the end of the year. At May 31, 2019 accrued vacation totaled \$414,331.

NOTE 8 - CHARITY CARE

The Organization provides care to patients who qualify under federal guidelines and other policies of the Organization at fees less than its established rates. The amount of charity care is reduced from the amount of fees for services presented in the statement of activities. The amount of charity care for disclosure purposes should be measured by costs, including direct and indirect costs. Management has calculated the costs associated with providing charity care utilizing the cost to charge ratio obtained from the Medicare cost report data. The amount of costs associated with charity care for the fiscal year ending May 31, 2019 was \$3,918,542.

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
New Iberia, Louisiana
Notes to Financial Statements (Continued)
May 31, 2019

NOTE 9 – 401(k) PLAN

The Organization sponsors a 401(k) Plan covering substantially all of its employees. The employees may elect to make contributions pursuant to a salary reduction agreement upon meeting eligibility requirements. The Organization made matching contributions of \$311,386 for the year ended May 31, 2019.

NOTE 10 – INVESTMENTS

The Organization applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair market hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs are inputs (other than quoted prices in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available).

The amortized cost and fair values measured on a recurring basis of investment securities as of May 31, 2019 are as follows:

| | <u>Amortized Cost</u> | <u>Fair Value</u> | <u>Unrealized Gain (Loss)</u> |
|--|---------------------------|-----------------------|-----------------------------------|
| Certificate of deposits (Level 2 Observable Inputs) | \$ 239,077 | \$ 239,077 | \$ -0- |

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
New Iberia, Louisiana
Notes to Financial Statements (Continued)
May 31, 2019

NOTE 11 – QUANTITATIVE AND QUALITATIVE LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the board of directors approves that action.

| | 2019 |
|---|---------------|
| Current assets | \$ 20,072,815 |
| Subtract: supplies inventory | (39,606) |
| Subtract: prepaid expenses | (108,608) |
| Financial assets available to meet cash needs for general expenditure within one year | \$ 19,924,601 |

NOTE 12 – FAIR VALUE OF INSTRUMENTS

The Organization has a number of financial instruments, none of which is held for trading purposes. The Organization estimates that the fair value of all financial instruments at May 31, 2019, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the agency could realize in a current market exchange. The recorded values of cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, and accrued expenses approximate their fair values based on their short-term nature.

NOTE 13 - PRIOR-YEAR SUMMARIZED INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended May 31, 2018, from which the summarized information was derived.

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
New Iberia, Louisiana
Notes to Financial Statements (Continued)
May 31, 2019

NOTE 14 – SUBSEQUENT EVENTS

The Organization evaluated its May 31, 2019 financial statements for subsequent events through the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER
Schedule of Expenditures of Federal Awards
Year Ended May 31, 2019

| <u>Program Title</u> | <u>CFDA Number</u> | <u>Grant Number</u> | <u>Program Year</u> | <u>Program Receipts</u> | <u>Program Expenses</u> |
|--|------------------------|---------------------|-------------------------|-----------------------------|-----------------------------|
| U. S. Department of Health and Human Services | | | | | |
| Direct Programs: | | | | | |
| Community Health Center Section 330 | 93.224 * | H80CS00697 | 6/1/18 - 5/31/19 | \$ 4,029,240 | \$ 4,029,240 |
| Capital Assistance for Hurricane Response and Recovery Efforts | 93.224 * | C13CS31952 | 6/1/18 - 5/31/19 | <u>337,400</u> | <u>337,400</u> |
| Total federal assistance | | | | <u>\$ 4,366,640</u> | <u>\$ 4,366,640</u> |

*** Programs considered major.**

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Iberia Comprehensive Community Health Center, Inc., and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements contained by Title 2 of U. S. Code of Federal Regulations Part 200, Uniform Requirements, Cost Principles, and Requirements for Federal Awards (Uniform Guidance).

The amounts presented in this schedule do not differ from the amounts presented in, or used in the preparation of the financial statements.

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
New Iberia, Louisiana
Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer
May 31, 2019

Paid from Public Funds

Agency Head Name: Roderick Campbell, Chief Executive Officer

| Purpose | Amount |
|--|---------------|
| Salary | \$-0- |
| Benefits-health insurance | \$-0- |
| Benefits-retirement | \$-0- |
| Benefits-Life, ADD, LTD | \$-0- |
| Car allowance | \$-0- |
| Vehicle provided by government | \$-0- |
| Per diem | \$-0- |
| Reimbursements – Auto Mileage Reimb | \$-0- |
| Travel | \$-0- |
| Registration fees | \$-0- |
| Conference travel | \$-0- |
| Continuing professional education fees | \$-0- |
| Housing | \$-0- |
| Unvouchered expenses | \$-0- |
| Special meals | \$-0- |

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

Board of Directors
Iberia Comprehensive Community Health Center, Inc.
New Iberia, Louisiana

I 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 Iberia Comprehensive Community Health Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2019 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated October 15, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Iberia Comprehensive Community Health Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Iberia Comprehensive Community Health Center, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Iberia Comprehensive Community Health Center, Inc.'s internal control.

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Iberia Comprehensive Community Health Center, Inc.
New Iberia, Louisiana
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iberia Comprehensive Community Health Center, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my test 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
October 17, 2019

STEVEN M. DEROUEN & ASSOCIATES

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

The Board of Directors
Iberia Comprehensive Community Health Center, Inc.
New Iberia, Louisiana

Report on Compliance for Each Major Federal Program

I have audited Iberia Comprehensive Community Health Center, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Iberia Comprehensive Community Health Center, Inc.'s major federal programs for the year ended May 31, 2019. Iberia Comprehensive Community Health Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Iberia Comprehensive Community Health Center, Inc.'s major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 of 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 I 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 Iberia Comprehensive Community Health Center, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Iberia Comprehensive Community Health Center, Inc.'s compliance.

Opinion on Each Major Federal Program

In my opinion, Iberia Comprehensive Community Health Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2019.

Report on Internal Control Over Compliance

Management of Iberia Comprehensive Community Health Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, I considered Iberia Comprehensive Community Health Center, Inc.'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Iberia Comprehensive Community Health Center, Inc.'s internal control over compliance.

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

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
October 17, 2019

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
Schedule of Findings and Questioned Cost
Year Ended May 31, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

| | | | |
|---|---------|------------------------|------------|
| Type of auditor’s report issued | | | Unmodified |
| Internal control over financial reporting: | | | |
| Material weaknesses identified? | ___ Yes | <u>X</u> No | |
| Significant deficiencies identified not considered to be material weaknesses? | ___ Yes | <u>X</u> None reported | |
| Noncompliance material to financial statements noted? | ___ Yes | <u>X</u> No | |

Federal Awards

| | | | |
|---|---------|------------------------|------------|
| Internal control over major programs: | | | |
| Material weaknesses identified? | ___ Yes | <u>X</u> No | |
| Significant deficiencies identified not considered to be material weaknesses? | ___ Yes | <u>X</u> None reported | |
| Type of auditor’s report issued on compliance for major programs: | | | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance | ___ Yes | <u>X</u> No | |

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|--|
| 93.224 | US Department of Health and Human Services, Community Health Center Section 330 and Capital Assistance for Hurricane Response and Recovery Efforts |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes ___ No

No Separate Management Letter was Issued

SECTION II – FINDINGS

None

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended May 31, 2018

SECTION III – PRIOR YEAR FINDINGS

None