

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
Baton Rouge, Louisiana
FINANCIAL REPORT
March 31, 2021

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

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March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louisiana Primary Care Association, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying statements of Louisiana Primary Care Association, Inc., (a non-profit organization), which comprise the statement of financial position as of March 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the fiscal 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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 we 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, 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 Louisiana Primary Care Association, Inc. as of March 31, 2021, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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, 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 to Agency Head, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021, on our consideration of Louisiana Primary Care Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 Louisiana Primary Care Association, Inc.'s internal control over financial reporting and compliance.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
December 14, 2021

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

March 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	2,651,659
Receivables:		
Grants		312,724
Trade and other		250,620
Prepaid expenses and other		7,845
Total current assets		3,222,848

INVESTMENT

2,024

PROPERTY AND EQUIPMENT, net

887,908

RESTRICTED CASH

1,918,541

Total assets

\$ 6,031,321

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$	75,116
Accrued vacation		64,993
Current portion of long term debt		40,177
Total current liabilities		180,286

NOTE PAYABLE

353,824

Total liabilities

534,110

NET ASSETS

Without donor restriction		3,502,405
With donor restriction		1,994,806
Total net assets		5,497,211

Total liabilities and net assets

\$ 6,031,321

The accompanying notes to financial statements
are an integral part of this statement.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended March 31, 2021

	Without donor restrictions	With donor restrictions	Total
REVENUES AND SUPPORT			
Grants	\$ 2,608,314	\$ 196,824	\$ 2,805,138
Conferences	161,126	-	161,126
Management fees and other	559,142	-	559,142
Member dues	177,750	-	177,750
Investment income, net	34,674	-	34,674
Total revenues and support	3,541,006	196,824	3,737,830
Changes in net asset restrictions:			
Released from restrictions	457,744	(457,744)	-
Total revenues and support	3,998,750	(260,920)	3,737,830
EXPENSES			
Supporting services	2,880,057	-	2,880,057
Management and general	371,021	-	371,021
Total expenses	3,251,078	-	3,251,078
Change in net assets	747,672	(260,920)	486,752
NET ASSETS			
Beginning of year	2,754,733	2,255,726	5,010,459
End of year	\$ 3,502,405	\$ 1,994,806	\$ 5,497,211

The accompanying notes to financial statements
are an integral part of this statement.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended March 31, 2021

	<u>Supporting Services</u>		
	<u>LPCA Programs</u>	<u>Management & General</u>	<u>Total</u>
Salaries	\$ 1,521,416	\$ 92,496	\$ 1,613,912
Fringe benefits	203,643	5,417	209,060
Payroll taxes	107,754	5,265	113,019
Consulting and other contracted services	808,458	138,650	947,108
Accounting services	73,877	10,972	84,849
Depreciation	-	41,534	41,534
Legal	13,759	23,622	37,381
Office	17,234	15,058	32,292
Advertising	30,000	-	30,000
Conferences and staff development	24,644	-	24,644
Interest	8,694	10,125	18,819
Dues and subscriptions	11,451	6,907	18,358
Telephone and online	11,793	701	12,494
Program supplies	11,466	-	11,466
Property tax	7,435	3,701	11,136
Repairs and maintenance	6,304	4,070	10,374
Insurance	5,531	4,355	9,886
Utilities	8,216	1,369	9,585
Facility lease	7,562	-	7,562
Printing and duplicating	103	3,178	3,281
Meals and entertainment	17	1,800	1,817
Postage	201	635	836
Bank charges	24	548	572
Miscellaneous	475	618	1,093
Total expenses	<u>\$ 2,880,057</u>	<u>\$ 371,021</u>	<u>\$ 3,251,078</u>

The accompanying notes to financial statements
are an integral part of this statement.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended March 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 486,752
Adjustments for non-cash items:	
Depreciation	41,533
Change in operating assets and liabilities:	
Accounts receivable	(74,507)
Grants receivable	357,231
Prepaid expenses and other	(6,173)
Unrealized loss on investments	174
Accounts payable	(140,480)
Accrued vacation	18,228
	<hr/>
Net cash provided by operating activities	<u>682,758</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on note payable	<u>(38,470)</u>
Net increase in cash	644,288

CASH AND RESTRICTED CASH

Beginning of year	<u>3,925,912</u>
End of year	<u>\$ 4,570,200</u>

**Reconciliation of cash and restricted cash
reported within the balance sheet:**

Cash	\$ 2,651,659
Restricted cash	<u>1,918,541</u>
Total cash and restricted cash	<u>\$ 4,570,200</u>

Supplemental disclosure of cash flow information:

Interest paid during the year	<u>\$ 18,819</u>
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The accompanying notes to financial statements
are an integral part of this statement.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND OPERATIONS

The accompanying financial statements include the accounts of the Louisiana Primary Care Association, Inc. (the Association), a nonprofit corporation. The Association is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code.

The Association promotes comprehensive, high quality primary health care to medically underserved people in Louisiana. The Association represents Louisiana Section 330 federally funded community health centers that are an integral component of the health care delivery system dedicated to manage health care for individuals most likely to lack access to health services. The Association has a leadership role in providing guidance and assistance to community health centers with all efforts directed to assure these centers remain viable providers of primary health care. The Association accomplishes its goals by providing a myriad of support services including:

Member Services

The Association provides governmental relations and legislative advocacy, recruitment and retention, clinical improvement programs, information and public education, and technical assistance to its member organizations.

Conferences, Seminars, and Educational Programs

The Association provides educational programs and workshops to physicians, staff, and governing board members.

Management and General

The Association provides management oversight and assistance with general and financial operations as well as technology maintenance.

BASIS OF ACCOUNTING

The financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

The Association considers all highly liquid investments, including certificates of deposit with an initial maturity of three months or less, to be cash equivalents.

ACCOUNTS AND GRANTS RECEIVABLE

The Association uses the allowance method for doubtful accounts. Management believes all accounts to be collectable and therefore no allowance has been recorded for uncollectible receivables as of March 31, 2021.

INVESTMENT

The Association is a limited partner in Louisiana Primary Care Accountable Care Organization, LLC (LPCACO) with an interest of 3.45% and has no ability to influence the operating or financial policies of the partnership; the cost method is used to account for its investment. Under that method, the Association records income only to the extent of distributions received. Distributions of \$117,824 were received in 2021. See Note 10 for additional information regarding transactions involving LPCACO.

VACATION AND SICK LEAVE

Full time employees (working an average of no less than 30 hours per week) shall receive sick leave and accrued annual (vacation) leave. Employees working between 30-39 hours per week on average will receive a prorated amount of both sick and annual vacation leave based on the percentage of hours worked divided by forty (40).

Vacation leave is earned at varying rates from 10 to 14 hours per month depending on length of service.

Vacation balances will not exceed a maximum of thirty (30) days (or 240 hours) at any given time. A maximum of 40 hours (5 days) accrued vacation may be carried over for one additional calendar year as vacation time. Annual vacation leave not used by each calendar year end (in excess of above 40 hours) will convert into sick leave (up to the current 240 hour sick leave maximum). When an employee is terminated, he/she is entitled to compensation (at current salary or wage) for unused accrued annual leave (not to exceed the accrued maximum of 240 hours).

Sick leave is earned at varying rates from 6-8 days annually depending on length of service. Employees may retain unused sick leave hours, up to a maximum of 240 hours, until employment is severed or terminated. Unused sick leave is not payable upon termination and therefore no accrual has been recorded for these hours.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Association is required to report information regarding its financial position and activities according to two classes of net assets: without donor restriction net assets and with donor restriction net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of contributor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restriction

Net assets for general use with no donor restrictions.

Net assets with donor restriction

Net assets that can be expended currently, but only for a specified purpose designated by the grantor. Once expended for their restricted purpose, these donor restricted net assets are released to net assets without restrictions and reported in the statement of activities as net assets released from restriction.

NEW ACCOUNTING PRONOUNCEMENT

During the year ended June 30, 2021, the Association adopted the requirements of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this ASU to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional.

The adoption of ASU 2018-08 does not materiality change the way the Association recognizes revenue, therefore, there was no restatement required to net assets as of March 31, 2021.

REVENUE RECOGNITION

The Association's primary revenues are related to grants, contracts with service providers, management fees and member dues. the Association recognizes revenues in accordance with ASU No. 2014-09 *Revenue from Contracts with Customers* (Topic 606). the Association recognizes funds received as contract revenues once the performance obligation attributable to these agreements has been satisfied (as the services are performed and execution of work contracts). The Association was applied on the modified retrospective method and no material changes were necessary to conform with the new standard.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Grants and Contributions

The Association receives funding from several federal, state and private financial assistance programs that supplement its other funding sources. Grant revenue is typically on cost-reimbursement grants is recognized after the program expenditures have been incurred. As such, the Association recognizes revenue and records a receivable for the reimbursement amount from the granting agency. Such grant programs are subject to independent audit under the Office of Management and Budget's (OMB's) Uniform Guidance (2 CFR 200), as well as review by grantor agencies. Such review could result in disallowance of expenditures under the terms of the grant or reductions in future grant funds. Based on prior experience, the Association's management believes costs ultimately disallowed, if any, would not materially affect the consolidated financial statements.

Contracts and Management Fees

Contract revenue totaling \$5,200, management fees totaling \$515,801 and the related accounts receivable represent fees for service contracts due from governmental units and agencies. The Association does not require collateral. Management believes the accounts are collectible at March 31, 2021 and 2020, which totaled \$176,113. Accordingly, there was no allowance for doubtful accounts recorded as of March 31, 2021 or 2020.

Accounts receivable outstanding after 30 days, are considered past due. There were no accounts receivable in excess of 90 days as of March 31, 2021 or 2020. The Association records contract and management fee revenue as services are rendered.

Dues Revenue and Deferred Dues Revenue

The membership year ends on March 31st of each fiscal year. Revenue from annual membership dues are recognized as revenue in the fiscal year to which the membership term applies. Dues paid by members in advance of the period to which they pertain are reflected in the accompanying statement of financial position as deferred revenue.

Conference Revenues

Conference revenue for sponsorships are recognized as revenue in the fiscal year to which the conference applies. Registrations from conferences are recognized as revenue once the event has occurred.

FUNCTIONAL EXPENSES

The Association allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

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

INCOME TAXES

The Association is exempt from federal income taxed under Section 501(c)(3) of the Internal Revenue Code. The Association is subject to income tax on unrelated business income which included the rental of space. The Association did incur income tax expenses of \$372 during the fiscal year ended March 31, 2021.

The Association's Forms 990, *Return of Organization exempt from Income Tax*, and Forms 990-T, *Exempt Organization Business Income Tax Return*, are subject to examination by the IRS, general for one year after they are filed. The Association's open tax years are 2018 to 2021.

SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through December 10, 2021, the date the financial statements were available to be issued.

NOTE 2 - FAIR VALUE MEASURES

The carrying value of receivables, prepaid expenses and other, unearned revenue, accounts payable, accrued expenses and notes payable approximate fair value due to the short-term nature of these financial instruments. None of these financial instruments are held for trading purposes.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment is presented in the financial statements at cost (in excess of \$3,000) less allowances for depreciation. Depreciation is computed using the straight-line method and is allocated over the estimated useful lives of the assets.

NOTE 3 - PROPERTY AND EQUIPMENT (CONTINUED)

A summary of property and equipment is as follows:

	Estimated Service Lives	Amount
Building and improvements	7-39 years	\$ 992,554
Land	-	150,000
Equipment	5-7 years	142,972
Furniture and fixtures	5-7 years	20,070
Total		1,305,596
Less accumulated depreciation		(417,688)
Total		\$ 887,908

Depreciation expense was \$41,533 for 2021.

As discussed in Note 1, the Association receives funding under the Public Health Services Act which places various restrictions on items obtained with these funds. According to the Public Health Service Grants Policy Statement, title to real and tangible property shall rest in the grantee upon acquisition, subject to the accountability requirements and the Public Health Service's right to transfer title.

NOTE 4 - NOTE PAYABLE

The Association obtained a \$620,000 loan from Capital One, National Association in 2014. Proceeds from the loan were used to purchase a building and the respective land and make necessary improvements. Payments are due in 180 monthly installments of principal and interest of \$4,774 based on an annual interest rate of 4.5%. The loan matures on June 16, 2029. Interest expense was \$18,819 for 2021. This loan is collateralized by real estate.

Maturities of long-term debt are as follows:

Year	Amount
2022	\$ 40,177
2023	42,048
2024	43,974
2025	46,056
2026	48,202
Thereafter	173,544
	\$ 394,001

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist primarily of a grant from the Louisiana Department of Administration (DOA). In January 2008, the Association entered into a Cooperative Endeavor Agreement with the DOA to act as the program financial manager for a state appropriation of \$41,500,000. The funds were allocated by the DOA for statewide planning, acquisition and construction of community primary health care clinics. The expanded capacity represents buildings and equipment which will allow for a broader population of patients to be served. The program expenditures were made over multiple years. The funding has been placed in a savings account (\$1,918,541 as of March 31, 2021).

When a donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as “net assets released from restrictions.” The Association does not imply a time restriction on gifts of long-lived assets. If a restriction expires in the same fiscal year as the contribution was received, the contribution is reported as without donor restriction. The Association released \$457,744 in net assets with donor restriction during the fiscal year ending June 30, 2021.

	Beginning of			
	<u>Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Facility Expansion Initiative	\$ 2,149,320	\$ -	\$ (230,779)	\$ 1,918,541
BCBS Collective Impact Grant	84,410	-	(81,947)	2,463
Minority Health Access	-	60,000	-	60,000
Breast & Cervical Health Grant	8,194	136,824	(145,018)	-
Heinz Grant	12,742	-	-	12,742
Direct Relief Grant	<u>1,060</u>	<u>-</u>	<u>-</u>	<u>1,060</u>
Total	<u>\$ 2,255,726</u>	<u>\$ 196,824</u>	<u>\$ (457,744)</u>	<u>\$ 1,994,806</u>

NOTE 6 - CONCENTRATIONS

Financial instruments, which potentially subject the Association to concentrations of credit risk, consist principally of cash accounts. Cash accounts are insured by the Federal Deposit Insurance Corporation to \$250,000. Amounts in excess of insured limits at March 31, 2021 were \$3,992,347. The Association does not believe that it is exposed to any significant credit risk on uninsured amounts.

NOTE 7 - RETIREMENT PLAN

The Association sponsors a 401(k) profit sharing plan. Eligible employees are allowed to contribute a portion of their compensation, up to federally designated limits. The Association matches up to 100% of the amount of the employee’s elective deferrals that are not in excess of 3% of the employee’s compensation, plus 50% of the amount of the employee’s elective deferrals that exceeds 3% of the employee’s compensation but not in excess of 5% of the employee’s compensation. All employees are 100% vested in the plan. The Association’s contribution to the plan for the year ended March 31, 2021 was \$42,488.

NOTE 8 - ECONOMIC DEPENDENCY

The Association receives a substantial portion of its total support and revenues from the federal government. During the fiscal year ended March 31, 2021, the Association recorded \$2,569,496 in grant support from the Health Resources and Services Administration. This represents 69% of total support and revenues for the fiscal year ended March 31, 2021. These funds are provided to subsidize charity support services provided by the Association.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Grants

The Association receives grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the Association management that its compliance with the terms of grants will result in negligible, if any, disallowed costs.

NOTE 10 - RELATED PARTIES

The Association is a member organization of Louisiana Primary Care Accountable Care Organization, LLC (LPCACO), an entity of 29 members, each of which is a federally qualified health center in the State of Louisiana. The Association paid various costs on behalf of LPCACO. The Association has a receivable of \$120 related to the reimbursement of these costs as of March 31, 2021. In addition, the Association also provided management services to the LPCACO during the fiscal year ended March 31, 2021 which resulted in management fee revenue totaling \$117,824.

NOTE 11 - OPERATING LEASE

The Association is a lessor of an office building where the Association occupies approximately 50% of the premises. The lease commenced in February 2019 and expired in February 2020. On January 23, 2020, this lease was extended to February 28, 2021.

The cost of the building and related improvements under the lease agreement is \$496,277 for the year ending March 31, 2021. The accumulated depreciation is \$127,739 for the year ended March 31, 2021.

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Association's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>Amount</u>
Financial assets, at year-end	
Cash	\$ 2,409,361
Restricted cash	2,160,839
Grant and trade receivables	563,344
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor imposed restrictions	<u>(2,225,585)</u>
Financial assets available for general expenditures within one year	<u>\$ 2,907,959</u>

As part of the Associations liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

STEVEN M. DEROUEN & ASSOCIATES, LLC

Certified Public Accountants

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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
Louisiana Primary Care Association, Inc.
Baton Rouge, 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 Louisiana Primary Care Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana Primary Care Association, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Primary Care Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Louisiana Primary Care Association, Inc.'s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Primary Care Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
December 14, 2021

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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

Board of Directors
Louisiana Primary Care Association, Inc.
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Louisiana Primary Care Association, 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 Louisiana Primary Care, Inc.'s major federal programs for the year ended March 31, 2021. Louisiana Primary Care Association, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Louisiana Primary Care Association, Inc.'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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Louisiana Primary Care Association Inc.'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 of Louisiana Primary Care Association, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Louisiana Primary Care Association, 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 March 31, 2021.

Report on Internal Control Over Compliance

Management of Louisiana Primary Care Association, 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, we considered Louisiana Primary Care Association, 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 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 Louisiana Primary Care Association, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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. However, this report is a matter of public record and its distribution is not limited.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana

December 14, 2021

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
Baton Rouge, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended March 31, 2021

Grantor/State Pass-through/ Program name/ <u>Location of Project</u>		CFDA Number	Assistance Listing Number	Federal Expenditures
U.S. Department of Health and Human Services				
Technical and Non-Financial Assistance to Health Centers	*	93.129	U58CS06850	\$ 892,872
COVID-19: Technical and Non-Financial Assistance to Health Centers	*	93.129	U58CS06850	<u>176,296</u>
		Total 93.129		<u>1,069,168</u>
Affordable Care Act (ACA) - New and Expanded Services	*	93.527	H2QCS30271	1,015,921
COVID-19: Affordable Care Act (ACA) - New and Expanded Services	*	93.527	H2QCS30271	<u>104,000</u>
		Total 93.527		<u>1,119,921</u>
Telehealth Programs		93.211	GA1RH39570	68,196
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke		93.426	LAGOV:2000377518	39,146
Rural Health Care Services Outreach and Rural Health Network Development Program		93.912	G25RH32966	116,352
COVID-19: Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health		93.421	870-01	116,000
Pass-through / Louisiana State University - Health Sciences Center Organized Approaches to Increase Colorectal Cancer Screening		93.800	PH-19-111-005-A1	<u>40,713</u>
Total Federal Assistance				<u>\$ 2,569,496</u>

* Major Program

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Louisiana Primary Care Association, 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 Administrative Requirements, Cost Principles, and Requirements for Federal Awards (Uniform Guidance). The Association has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the guidance.

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

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

For the year ended March 31, 2021

Agency Head: Gerrelda Davis

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 181,740
Benefits - health insurance (Employer Paid portion)	7,300
Benefits - dental insurance (Employer Paid portion)	363
Benefits - retirement (Employer Paid portion)	6,011
Benefits - life insurance (Employer Paid portion)	360
Car allowance	12,000
Registration fees	150
Continuing educatino fees	449
	<u>\$ 208,373</u>

The accompanying notes to financial statements
are an integral part of this statement.

Schedule of Findings and Questioned Costs
Year Ended March 31, 2021

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 the Uniform Guidance?	___	Yes	<u> x </u>	No	

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.527	US Department of Health and Human Services, New and Expanded Services Under the Health Center Program
93.129	US Department of Health and Human Services, Technical and Non-Financial Assistance to Health Centers

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 Issued

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

**Schedule of Findings and Questioned Cost
Year Ended March 31, 2021**

SECTION II – FINDINGS

None

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

**Summary Schedule of Prior Year Findings and Questioned Cost
Year Ended March 31, 2020**

SECTION III – PRIOR YEAR FINDINGS

None