

**Teche Action Board, Inc.
d/b/a Teche Action Clinic
Franklin, Louisiana
May 31, 2021**

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**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA

Independent Auditor's Report

Board of Directors
Teche Action Board, Inc.
d/b/a Teche Action Clinic
Franklin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Teche Action Board, Inc. d/b/a Teche Action Clinic (a non-profit organization), which comprise the statement of financial position as of May 31, 2021, 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

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 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 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 Teche Action Board, Inc. d/b/a Teche Action Clinic as of May 31, 2021, 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.

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* 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 or chief executive officer, as required by the Louisiana Legislative Auditor, are presented for purposes of additional analysis and are not required parts 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 April 30, 2022, on our consideration of Teche Action Board, Inc. d/b/a Teche Action Clinic'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 Teche Action Board, Inc. d/b/a Teche Action Clinic'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 Teche Action Board, Inc. d/b/a Teche Action Clinic's internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, L.L.P.

April 30, 2022

Teche Action Board, Inc. d/b/a Teche Action Clinic
Statement of Financial Position
May 31, 2021

Assets

Current Assets

Cash and cash equivalents	\$ 6,553,938
Investments	3,342,476
Patient accounts receivable, net	1,212,648
Grants receivable	65,868
Inventory	199,361
Prepaid expenses	<u>226,296</u>

Total current assets 11,600,587

Property and Equipment, net

13,309,511

Other Assets

3,000

Total assets \$ 24,913,098

Liabilities and Net Assets

Current Liabilities

Current portion of note payable	\$ 2,121,849
Lines of credit	2,727,149
Accounts payable	413,690
Accrued liabilities	1,053,023
Deferred grant revenue	<u>132,480</u>

Total current liabilities 6,448,191

Net Assets Without Donor Restrictions

18,464,907

Total liabilities and net assets \$ 24,913,098

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

Teche Action Board, Inc. d/b/a Teche Action Clinic
Statement of Activities
Year Ended May 31, 2021

	<u>Without Donor Restrictions</u>
Public Support and Revenue	
Revenue:	
Patient service revenue, net	\$ 11,472,836
Provision for bad debts	<u>(701,336)</u>
Net patient service revenue, less provision for bad debts	10,771,500
Other revenue	560,821
Interest	88,752
Investment loss	(117,489)
Gain on asset disposal	800
Public Support:	
Federal grants revenue	8,459,095
Other grants and contract revenue	<u>516,457</u>
Total public support and revenue	<u>20,279,936</u>
Expenses	
Program services	14,459,161
Management and general	<u>5,973,072</u>
Total expenses	<u>20,432,233</u>
Change in Net Assets	(152,297)
Net Assets, beginning of year	<u>18,617,204</u>
Net Assets, end of year	<u><u>\$ 18,464,907</u></u>

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

Teche Action Board, Inc. d/b/a Teche Action Clinic
Statement of Functional Expenses
Year Ended May 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries	\$ 9,849,321	\$ 2,514,560	\$ 12,363,881
Payroll taxes and fringe benefits	1,423,975	253,666	1,677,641
Medical contracts	693,326	1,967	695,293
Non-medical contracts	74,133	976,030	1,050,163
Supplies	1,800,589	8,333	1,808,922
Travel	106,314	59,925	166,239
Repairs and maintenance	137,308	468,829	606,137
Utilities	14,745	243,865	258,610
Telephone and postage	13,046	441,861	454,907
Dues and subscriptions	7,361	64,975	72,336
Insurance	3,296	192,269	195,565
Organizational meetings	4,046	16,080	20,126
Advertising	5,340	69,203	74,543
Other expenses	76,473	92,188	168,661
Depreciation	170,130	488,030	658,160
Lease expenses	68,067	25,559	93,626
Interest	<u>11,691</u>	<u>55,732</u>	<u>67,423</u>
 Total expenses	 <u>\$ 14,459,161</u>	 <u>\$ 5,973,072</u>	 <u>\$ 20,432,233</u>

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

Teche Action Board, Inc. d/b/a Teche Action Clinic
Statement of Cash Flows
Year Ended May 31, 2021

Cash Flows from Operating Activities	
Change in net assets	\$ (152,297)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	658,160
Realized gain on investments	(12,904)
Amortization on fixed income securities	14,065
Net depreciation in fair value of investments	130,393
Provisions for bad debts	701,336
Gain on disposal of asset	(800)
(Increase) Decrease in assets:	
Patient accounts receivable	(1,046,522)
Grants receivable	949,219
Inventory	(19,291)
Prepaid expenses	(110,624)
Increase (Decrease) in liabilities:	
Accounts payable	302,201
Accrued liabilities	(8,826)
Deferred grant revenue	(716,469)
Net cash provided by operating activities	<u>687,641</u>
 Cash Flows from Investing Activities	
Purchase of property and equipment	(583,098)
Proceeds from sale of asset	800
Certificates of deposit matured	315,527
Net proceeds from sales of investments	139,590
Net purchases of investments	<u>(78,684)</u>
Net cash used in investing activities	<u>(205,865)</u>
 Cash Flows from Financing Activities	
Payments on notes payable	(5,872)
Net decrease in line of credit	<u>(4,720)</u>
Net cash used in financing activities	<u>(10,592)</u>
 Net Increase in Cash and Cash Equivalents	471,184
 Cash and Cash Equivalents, beginning of year	<u>6,082,754</u>
 Cash and Cash Equivalents, end of year	<u>\$ 6,553,938</u>
 Supplemental Cash Flow Disclosures	
Cash paid during the year for interest	<u>\$ 67,423</u>

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

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Financial Statements
May 31, 2021

Note 1-Nature of Activities and Significant Accounting Policies

A. Nature of Activities

Teche Action Board, Inc. (the “Organization”) operates as Teche Action Clinic. The Organization was incorporated in May 1974 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). The Organization primarily earns revenue by providing medical services to its patients and through various federal grants and state contracts.

B. Basis of Accounting and Presentation

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

Net assets, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: net assets not subject to donor stipulations.

Net assets with donor restrictions: net assets subject to donor stipulations that a) restrict their use to a specific purpose, which will be satisfied by actions of the Organization or the passage of time; or b) require that they be maintained in perpetuity by the Organization; generally, the donor of these assets permit the Organization to use all or part of the income earned.

C. Use of 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant item on the statement of financial position involving a greater degree of accounting estimates subject to changes in the near future is the assessment of the allowance for doubtful accounts. As additional information becomes available (or actual amounts are determinable), the recorded estimates are revised and reflected in operating results in the period they are determined.

D. Cash and Cash Equivalents

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

E. Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value based on quoted market prices. For those investments where quoted market prices are unavailable, management estimates fair value based on information provided by the fund managers or the general partners. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost basis of the securities sold, using the specific identification method. Realized and unrealized gains and losses are reported in the Organization’s statement of activities.

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Financial Statements
May 31, 2021

Note 1-Nature of Activities and Significant Accounting Policies (Continued)

E. Investments (Continued)

Donated investments are recorded at their fair value at the date of receipt, which is then treated as cost. Dividend, interest, and other investment income are recorded as an increase in net assets without donor restrictions or net assets with donor restrictions, depending on donor stipulations.

F. Patient Accounts Receivable

The Organization records patient receivables 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 payors.

G. Allowance for Doubtful Accounts and Bad Debts

Patient receivables are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. 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), the Organization records a provision for bad debts in the period of service 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) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. The allowance for doubtful accounts and bad debts was \$675,807 as of May 31, 2021.

H. Inventory

Inventory is comprised of pharmaceutical supplies and is stated at the lower of cost or net realizable value, determined by using the first-in, first-out method. The Organization participates in several pharmaceutical distribution programs for indigent patients. Under these programs, free prescriptions are provided to eligible patients of the Organization. These amounts are not included in the financial statements.

I. Property and Equipment

Property and equipment are stated at cost. It is the Organization's policy to capitalize expenditures for property and equipment in excess of \$5,000. Depreciation of property and equipment is computed principally by the straight-line method over the following estimated useful lives: building and improvements (5-35 years); furniture and equipment (3-20 years); and vehicles (10 years).

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Financial Statements
May 31, 2021

Note 1-Nature of Activities and Significant Accounting Policies (Continued)

J. Patient Service Revenue

The Organization has agreements with third-party payors that provide for payments to the Organization 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 amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party-payors. 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. The Organization has a sliding fee plan for patients whose income levels fall within the sliding fee guidelines and who do not have coverage with a third-party payor.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near-term.

K. Grants and Contributions

Grants are recognized as income as related expenses are incurred, and contributions are recognized as income when received.

L. Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an entity other than a private foundation within the meaning of Section 509(a). Accordingly, no provision has been made for income taxes.

Management has determined there are no uncertain tax positions that would require recognition in the financial statements. If the Organization were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax liability would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax law, regulations, and interpretations thereof, as well as other factors.

M. Advertising

The Organization expenses the cost of advertising as the expense is incurred. For the year ended May 31, 2021, advertising expense totaled \$74,543.

N. Functional Expenses

Expenses were allocated in the accompanying financial statements to program services and management and general 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.

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Financial Statements
May 31, 2021

Note 1-Nature of Activities and Significant Accounting Policies (Continued)

O. 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.

P. Liquidity Management

As of May 31, 2021, the following financial assets could be made readily available within one year of the date of the statement of financial position to meet general expenditures:

Cash and cash equivalents	\$ 6,553,938
Investments	3,342,476
Patient accounts receivable, net	<u>1,212,648</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 11,109,062</u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. In addition to the above amounts, the Organization has revolving lines of credit with a financial institution, which are further discussed in Note 4.

Q. Recently Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. The Organization adopted Topic 606 effective June 1, 2020, the first day of the Organization's fiscal year, using the modified retrospective approach. No cumulative effect adjustment in net assets was recorded as the adoption of Topic 606 did not significantly impact the entity's reported historical revenue. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

R. Accounting Pronouncements Pending Adoption

In February 2016, the FASB issued ASU 2016-02, *Leases*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous U.S. GAAP and this ASU is the recognition of lease assets and lease liabilities for those leases classified as operating leases under previous U.S. GAAP. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021. The Organization has not yet implemented this ASU and is in the process of assessing the effect on its financial statements.

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Financial Statements
May 31, 2021

Note 2-Property and Equipment

The following is a summary of property and equipment as of May 31, 2021:

Building and improvements	\$	15,831,079
Furniture and equipment		2,517,685
Vehicles		581,875
Leasehold improvements		10,433
Land improvements		<u>238,979</u>
		19,180,051
Less: accumulated depreciation and amortization		<u>7,513,488</u>
		11,666,563
Land		1,406,643
Deposit on mobile unit		<u>236,305</u>
		\$ <u>13,309,511</u>
Net property and equipment	\$	<u>13,309,511</u>

Note 3-Note Payable

Note payable with a bank, dated May 5, 2020, under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan may be forgiven to the extent proceeds are used for eligible expenditures, such as payroll and other expenses described in the CARES Act. The note bears interest at a rate of 1.00% and is payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the note. The note was fully forgiven by the SBA in June 2021. See Note 12 for further information.

\$ 2,121,849

Note 4-Lines of Credit

The Organization has a revolving line of credit with Whitney Bank dated March 21, 2021 and maturing March 21, 2023 with a current limit of \$3,250,000. The line of credit is secured by all deposits and investments held for the Organization at Whitney Bank and bears interest at 4.00%. The outstanding balance was \$2,627,171 at May 31, 2021.

The Organization has an additional revolving line of credit with Whitney Bank dated October 24, 2018 and maturing October 24, 2023 with an available limit of \$100,000. The line of credit is secured by all deposits and investments held for the Organization at Whitney Bank and bears interest at 4.25%. The outstanding balance was \$99,978 at May 31, 2021.

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Financial Statements
May 31, 2021

Note 5-Accrued Vacation

The Organization allows employees to carry 40 hours of unused vacation into the following year. An employee may carry over additional vacation hours only with written permission from the executive director. The accrual is calculated based on the employee's pay rate at the end of the year. At May 31, 2021, accrued vacation totaled \$512,396 and is included in accrued liabilities on the statement of financial position.

Note 6-Operating Leases

The Organization has lease agreements for multiple copy machines expiring through 2024. Future minimum payments are as follows for the years ending May 31:

2022	\$ 41,305
2023	4,794
2024	464

The Organization also has various month-to-month leases for equipment. Total lease expense on these operating leases totaled \$58,318 for the year ended May 31, 2021.

Note 7-Retirement Plan

The Organization has a 401(k)-retirement plan for eligible employees. The plan provides for a mandatory 3% safe-harbor matching contribution. The Organization will also match 50% of an employee's contributions up to an additional 2% matching contribution. All participating employees are fully vested immediately. To be eligible, an employee must be employed with the Organization for at least one year and must be at least eighteen years of age. Retirement expense was \$169,428 for the year ended May 31, 2021 and is included in payroll taxes and fringe benefits on the statement of functional expenses.

Note 8-Fair Value Measurements

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 the fair value 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 at the measurement date.

Level 2 inputs are inputs (other than quoted market 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 regarding what market participants would use in pricing the same asset or liability. (The unobservable inputs should be developed based on the best information available).

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Financial Statements
May 31, 2021

Note 8-Fair Value Measurements (Continued)

The amortized cost and fair values measured on a recurring basis of investment securities as of May 31, 2021 are as follows:

Level 2 Observable Inputs	Amortized Cost	Fair Value
Fixed income securities	\$ 3,349,030	\$ 3,342,476

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at May 31, 2021 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is 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 Organization could realize in a current market exchange.

Note 9-Contingencies

The Organization receives funds from the Department of Health and Human Services (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.

Note 10-Concentrations

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 amounts in excess of federally insured limits.

The Organization receives a substantial portion of its total revenue and support from the federal government. During the year ended May 31, 2021, the Organization recognized \$8,459,095 in grant support from DHHS. This represents 40% of total revenue and support for the year ended May 31, 2021.

The majority of the Organization's patients are located in South Louisiana. The Organization grants credit without collateral to its patients. The mix of receivables from patients and third-party payors as of May 31, 2021 was as follows:

Medicare	13%
Medicaid	45%
Other	42%
	100%

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Financial Statements
May 31, 2021

Note 11-Commitments

Commitments for the purchase of a new mobile unit totaled \$236,305 at May 31, 2021.

Note 12-Subsequent Events

Management of the Organization evaluated all subsequent events through April 30, 2022, which is the date the financial statements were available to be issued.

In June 2021, the Organization was forgiven for a loan through the Small Business Administration in the amount of \$2,121,849 as part of the Paycheck Protection Program.

Supplementary Information

**Teche Action Board, Inc. d/b/a Teche Action Clinic
 Schedule of Compensation, Benefits, and Other Payments to
 Agency Head or Chief Executive Officer
 Year Ended May 31, 2021**

Agency Head Name: Dr. Gary Wiltz, Chief Executive Officer

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

The above amount only represents compensation paid to the CEO from public funds received by the Organization. Dr. Wiltz did not receive any compensation from public funds for the year ended May 31, 2021.



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
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
Teche Action Board, Inc.
d/b/a Teche Action Clinic
Franklin, 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 Teche Action Board, Inc. d/b/a Teche Action Clinic (a nonprofit organization), which comprise the statement of financial position as of May 31, 2021, 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 our report thereon dated April 30, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Teche Action Board, Inc. d/b/a Teche Action Clinic's internal control over financial reporting (internal control) as a basis for designing 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 Teche Action Board, Inc. d/b/a Teche Action Clinic's internal control. Accordingly, we do not express an opinion on the effectiveness of Teche Action Board, Inc. d/b/a Teche Action Clinic'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Teche Action Board, Inc. d/b/a Teche Action Clinic'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 financial statements. 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 is required to be reported under *Government Auditing Standards*.

Teche Action Board, Inc. d/b/a Teche Action Clinic's Response to Finding

Teche Action Board, Inc. d/b/a Teche Action Clinic's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Teche Action Board, Inc. d/b/a Teche Action Clinic's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Hawthorn, Waymouth & Carroll, L.L.P.

April 30, 2022



**Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Directors
Teche Action Board, Inc.
d/b/a Teche Action Clinic
Franklin, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Teche Action Board, Inc. d/b/a Teche Action Clinic'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 the Organization's major federal programs for the year ended May 31, 2021. Teche Action Board, Inc. d/b/a Teche Action Clinic'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 Teche Action Board, Inc. d/b/a Teche Action Clinic'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 Teche Action Board, Inc. d/b/a Teche Action Clinic'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 Teche Action Board, Inc. d/b/a Teche Action Clinic's compliance.

Opinion on Each Major Federal Program

In our opinion, Teche Action Board, Inc. d/b/a Teche Action Clinic 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, 2021.

Report on Internal Control Over Compliance

Management of Teche Action Board, Inc. d/b/a Teche Action Clinic 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 Teche Action Board, Inc. d/b/a Teche Action Clinic'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 Teche Action Board, Inc. d/b/a Teche Action Clinic'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 preceding paragraph 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.

Hawthorn, Waymouth & Carroll, L.L.P.

April 30, 2022

**Teche Action Board, Inc. d/b/a Teche Action Clinic
Schedule of Expenditures of Federal Awards
Year Ended May 31, 2021**

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Assistance Listing Number	Federal Expenditures
U.S Department of Health and Human Services		
Health Center Program Cluster*		
Consolidated Health Centers	93.224	\$ 1,398,916
COVID-19 FY 2020 Expanding Capacity for Coronavirus Testing (ECT)	93.224	290,342
COVID-19 Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding	93.224	619,170
COVID-19 Coronavirus Supplemental Funding for Health Centers	93.224	11,784
FY 2018 Capital Assistance for Hurricane Response and Recovery Efforts	93.224	81,940
Affordable Care Act (ACA) Grants for New and Expanded Services Under the Health Center Program	93.527	<u>5,016,059</u>
Total Health Center Program Cluster		7,418,211
COVID-19 Provider Relief Fund*	93.498	848,949
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	<u>191,935</u>
Total expenditures of federal awards		<u>\$ 8,459,095</u>

*Denotes major program

The accompanying notes are an integral part of this schedule.

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Schedule of Expenditures of Federal Awards
Year Ended May 31, 2021

Note 1-Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal award activity of Teche Action Board, Inc. d/b/a Teche Action Clinic under programs of the federal government for the year ended May 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2-Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3-Indirect Cost Rate

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

Note 4-Loans and Loan Guarantee Program

The Organization had no loans or loan guarantee programs outstanding as of May 31, 2021 for those loans described in 2 CFR 200.502(b).

Note 5-Subrecipients

The Organization did not pass-through any of its federal awards to subrecipients during the year ended May 31, 2021.

Note 6-Non-Cash Assistance

For the year ended May 31, 2021, the Organization did not expend any federal awards in the form of non-cash assistance.

Note 7-Donated Personal Protective Equipment

The Organization did not receive any donated federally funded personal protective equipment for the year ended May 31, 2021.

Note 8-Provider Relief Fund

The amount reported on the SEFA for the Provider Relief Fund is based upon the December 31, 2020 PRF report.

**Teche Action Board, Inc. d/b/a Teche Action Clinic
 Schedule of Findings and Questioned Costs
 Year Ended May 31, 2021**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

*Material weakness(es) identified? Yes X No
 *Significant deficiency(ies) identified? X Yes None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

*Material weakness(es) identified? Yes X No
 *Significant deficiency(ies) identified? Yes X 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 2 CFR 200.516(a)? Yes X No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.224/93.527	Health Center Program Cluster
93.498	Provider Relief Fund

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

Auditee qualified as low-risk auditee? X Yes No

A separate management letter was not issued.

Teche Action Board, Inc. d/b/a Teche Action Clinic
Schedule of Findings and Questioned Costs
Year Ended May 31, 2021

Section II – Financial Statement Findings

Significant Deficiency

2021-001: Reconciliation of Accounts Receivable and Assessment of Allowance for Doubtful Accounts

Condition:

The accounts receivable subsidiary is not reconciled to the general ledger on a monthly basis. Additionally, accounts receivable was not assessed for collectability on a timely basis.

Criteria:

Proper internal control policies require monthly reconciliations of balance sheet accounts so that management could detect and correct any possible financial statement misstatements in a timely manner. The collectability of accounts receivable should also be assessed on a timely basis.

Cause:

No cause.

Effect:

Management is unable to detect and correct misstatements in a timely manner. Net accounts receivable could be overstated or understated.

Auditor's Recommendation:

Management should review accounts receivable and reconcile the accounts receivable subsidiary to the general ledger on a monthly basis. Monthly assessments of the collectability of accounts receivable should also be done on a monthly basis to ensure accurate financial statements.

Management's Response:

We agree with the finding. We have incorporated the auditor's recommendation to reconcile the accounts receivable subsidiary to the general ledger on a monthly basis. Additionally, on a monthly basis, we are assessing the collectability of accounts receivable and adjusting the allowance for doubtful accounts accordingly.

Section III – Federal Award Findings and Questioned Costs

No findings were noted.

**Teche Action Board, Inc. d/b/a Teche Action Clinic
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended May 31, 2021**

Section II – Financial Statement Findings

No findings were noted.

Section III – Federal Award Findings and Questioned Costs

No findings were noted.