

**PRIMARY CARE PROVIDERS
FOR A HEALTH FELICIANA, INC.**

Clinton, Louisiana

**Financial and Compliance Report
August 31, 2022**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Cash Flows	6
Statement of Functional Expenses	7
Notes to Financial Statements	8 - 26
Supplementary Information	
Schedule of Expenditures of Federal Awards	27
Schedule of Compensation, Benefits and Other Payments	28
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 <i>Government Auditing Standards</i>	29 - 30
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	31 - 33
Schedule of Findings and Questioned Costs	34 - 35
Summary Schedule of Prior Year Findings and Questioned Costs	36

STEVEN M. DEROUEN & ASSOCIATES, LLC

Certified Public Accountants

P. O. BOX 4265
LAKE CHARLES, LA 70606
(337) 513-4915 OFFICE/ (337) 205-6927 FAX
steve@sderouencpa.com

Member American Institute of
Certified Public Accountants

Member Louisiana Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Primary Care Providers For A Healthy Feliciana, Inc.
Clinton, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Primary Care Providers For A Healthy Feliciana, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Primary Care Providers For A Healthy Feliciana, Inc. as of August 31, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Primary Care Providers For A Healthy Feliciana, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter Regarding Contingent Liability

The accompanying financial statements have been prepared assuming all liabilities have been recognized and recorded. The entity is in the process of negotiating with the State of Louisiana Medicaid Program regarding a potential payback of a portion of prior-year claims that Medicaid believes were overpaid. Information related to this contingent liability is disclosed in Note 6.

Prior Period Financial Statements

The financial statements of Primary Care Providers For A Healthy Feliciana, Inc. as of August 31, 2021 were audited by other auditors whose report dated February 17, 2022 expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Primary Care Providers For A Healthy Feliciano, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Primary Care Providers For A Healthy Feliciano, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Primary Care Providers For A Healthy Feliciano, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. In addition, the accompanying schedule of compensation, benefits and other payments to chief executive officer, are also presented for additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of compensation, benefits and other payments to chief executive officer are 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 February 21, 2023, on our consideration of Primary Care Providers For A Healthy Feliciano, 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 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 Primary Care Providers For A Healthy Feliciano, Inc.'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 Primary Care Providers For A Healthy Feliciano, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

Other auditors audited Primary Care Providers For A Healthy Feliciano, Inc.'s 2021 financial statements, and expressed an unmodified audit opinion on those audited financial statements in their report dated February 17, 2022.

In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
February 21, 2023

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Statements of Financial Position
As of August 31, 2022
With Summarized Comparative Totals as of August 31, 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,466,076	\$ 4,777,747
Cash - restricted	-	24,714
Patient accounts receivable, net	1,687,485	1,416,922
Other receivables	31,205	61,034
Certificates of deposit investment	280,769	-
Certificates of deposit investment - restricted	-	279,968
Inventory	184,832	223,042
Prepaid expenses	357,453	575,826
Total Current Assets	6,007,820	7,359,253
Property, Plant and Equipment		
Furniture and equipment	4,407,641	4,888,691
Building and improvements	15,334,031	14,758,962
	19,741,672	19,647,653
Less accumulated depreciation	(7,873,267)	(7,327,830)
	11,868,405	12,319,823
Land	750,280	750,280
Construction in progress	32,015	-
Net Property, Plant and Equipment	12,650,700	13,070,103
Other Assets		
Investment LPCACO	31,264	2,025
Total Other Assets	31,264	2,025
Total Assets	\$ 18,689,784	\$ 20,431,381
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 160,040	\$ 162,359
Accrued payroll and related liabilities	845,901	841,890
Medicaid program estimated liability	1,000,000	-
Accrued interest payable	16,596	-
Current portion of notes payable	1,218,114	406,341
Total Current liabilities	3,240,651	1,410,590
Long Term Liabilities		
Notes payable - net of current portion	5,284,022	6,411,884
Total Long Term Liabilities	5,284,022	6,411,884
Total Liabilities	8,524,673	7,822,474
Net Assets		
Without donor restrictions	10,165,111	12,608,907
With donor restrictions	-	-
Total Net Assets	10,165,111	12,608,907
Total Liabilities and Net Assets	\$ 18,689,784	\$ 20,431,381

See accompanying notes to the financial statements

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Statements of Activities and Changes in Net Assets
For the Year Ended August 31, 2022
With Summarized Comparative Totals for the Year Ended August 31, 2021

	2022			2021
	Without Donor Resitrections	With Donor Resitrections	Total	Total
Revenue and Support				
Revenue:				
Gross patient service revenue	\$ 27,752,293	\$ -	\$ 27,752,293	\$ 29,542,108
Less: contractual allowances and discounts	(16,376,891)	-	(16,376,891)	(16,209,843)
Net patient service revenue	11,375,402	-	11,375,402	13,332,265
Less: provision for uncollectible accounts	(927,119)	-	(927,119)	(91,495)
Net patient service revenue	10,448,283	-	10,448,283	13,240,770
Pharmacy 340B program income	136,948	-	136,948	43,209
Medicare settlement revenue	25,028	-	25,028	38,306
Medicare shared savings and Medicaid incentive program	532,445	-	532,445	255,298
Total Revenue	11,142,704	-	11,142,704	13,577,583
Support:				
Grant awards	9,011,210	-	9,011,210	6,866,426
Interest and investment income (loss)	4,475	-	4,475	9,045
SBA PPP loan forgiveness	-	-	-	1,270,870
Gain/(loss) on disposal of fixed assets	1,095	-	1,095	(20,821)
Miscellaneous income	35,897	-	35,897	5,967
Total Support and Other Income	9,052,677	-	9,052,677	8,131,487
Net assets released from restrictions				
Satisfaction of program restrictions	-	-	-	-
Total Revenue, Support and Other Income	20,195,381	-	20,195,381	21,709,070
Expenses				
Program services	20,232,402	-	20,232,402	13,893,018
General and administrative	2,406,775	-	2,406,775	7,326,162
Total Expenses	22,639,177	-	22,639,177	21,219,180
Change in Net Assets (Revenues over Expenses)	(2,443,796)	-	(2,443,796)	489,890
Net Assets - Beginning of Year, As Previously Reported	12,608,907	-	12,608,907	12,503,357
Prior Period Adjustment	-	-	-	(384,340)
Net Assets - Beginning of Year, As Restated	12,608,907	-	12,608,907	12,119,017
Net Assets - End of Year	\$ 10,165,111	\$ -	\$ 10,165,111	\$ 12,608,907

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Statements of Cash Flows
For the Year Ended August 31, 2022
With Summarized Comparative Totals for the Year Ended August 31, 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	\$ (2,443,796)	\$ 489,890
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,121,436	1,021,564
Changes in operating assets and liabilities:		
Change in allowance for doubtful accounts	927,119	73,303
(Increase) decrease in accounts receivable	(1,197,682)	(286,786)
(Increase) decrease in other receivables	29,829	233,301
(Increase) decrease in inventory	38,210	57,567
(Increase) decrease in prepaid expenses	218,373	(481,639)
Increase (decrease) in accounts payable	(2,319)	72,246
Increase (decrease) in accrued liabilities	2,835	(23,669)
Increase (decrease) in Medicaid program estimated liability	1,000,000	-
	(305,995)	1,155,777
Net Cash Provided (Used) by Operating Activities		
Cash Flows From Investing Activities		
Appreciation of LPCACO investment	(29,239)	9,045
Investment in certificates of deposit	(801)	-
Fixed asset acquisitions	(707,224)	(2,343,669)
Disposal of fixed assets	14,018	230,295
	(723,246)	(2,104,329)
Net Cash Provided (Used) by Investing Activities		
Cash Flows From Financing Activities		
Proceeds from the issuance of long-term debt	-	487,138
Increase (decrease) in accrued interest payable	16,596	-
Payments payments on long-term debt	(323,739)	(403,554)
	(307,143)	83,584
Net Cash Provided (Used) by Financing Activities		
Net Increase in Cash and Cash Equivalents	(1,336,384)	(864,968)
Cash and Cash Equivalents - Beginning of Year	4,802,460	5,667,428
Cash and Cash Equivalents - End of Year	3,466,076	4,802,460
Presentation on the Statement of Financial Position:		
Cash and cash equivalents	3,466,076	4,777,746
Cash - restricted	-	24,714
Total cash and cash equivalents	3,466,076	4,802,460
Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$ 301,372	\$ 237,486

See accompanying notes to the financial statements

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Statements of Functional Expenses
For the Year Ended August 31, 2022
With Summarized Comparative Totals for the Year Ended August 31, 2021

	Supporting Services		Total	
	Program Services	General and Administrative	2022	2021
Salaries	\$ 11,791,552	\$ 1,139,738	\$ 12,931,290	\$ 12,441,863
Fringe benefits	1,086,122	104,982	1,191,104	1,049,380
Retirement	258,486	24,985	283,471	289,585
Payroll taxes	907,771	87,743	995,514	963,599
Consultants and contractual services	11,776	-	11,776	5,238
Computer processing and billing costs	821,057	144,892	965,949	599,126
Printing and copying	64,493	11,381	75,874	62,953
Medical supplies	709,248	-	709,248	702,501
Software supplies	160,727	28,364	189,090	123,977
Office supplies	-	60,309	60,309	76,409
Minor equipment	302,240	53,337	355,577	438,113
Dues and subscriptions	59,324	10,469	69,793	45,001
Repairs and maintenance	856,464	151,141	1,007,605	1,038,059
Telephone	309,886	77,472	387,358	302,012
Automobile expense	25,208	4,449	29,657	20,446
Bank charges	-	758	758	2,003
Postage	11,612	2,049	13,661	18,231
Insurance	110,502	19,500	130,002	136,560
Supplies	-	46,443	46,443	66,892
Meals and entertainment	7,686	1,356	9,042	10,268
Travel and seminars	48,066	8,482	56,548	47,284
Occupancy	518,405	91,483	609,888	521,096
Waste disposal	63,999	11,294	75,293	59,941
Interest	276,678	48,825	325,503	245,021
Donations	8,750	-	8,750	32,358
Legal and professional	467,918	82,574	550,492	298,189
Rental expense	83,075	14,660	97,735	140,496
Taxes and licenses	73,695	13,005	86,700	103,925
Advertising and promotion	250,846	-	250,846	364,625
Total expenses before depreciation	19,285,586	2,239,690	21,525,276	20,205,151
Depreciation	946,816	167,085	1,113,901	1,014,029
Total expenses	\$ 20,232,402	\$ 2,406,775	\$ 22,639,177	\$ 21,219,180

See accompanying notes to the financial statements

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

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

Nature of Activities

Primary Care Providers For A Healthy Feliciana, Inc. was organized without capital stock under Louisiana laws on August 6, 1998, as a non-profit corporation for the purpose of operating one or more community health centers for the public and/or providing medical care or medical education for the benefit of the public. The Organization is a federally qualified health center (FQHC) and is principally funded under a grant from the Office of Public Health Services, a component of the U.S. Department of Health and Human Services (DHHS). The Board of Directors of Primary Care Providers For A Healthy Feliciana, Inc. is comprised of thirteen members who serve without paid compensation. The Organization is supported primarily through fees for services paid by patients, Medicare, Medicaid and private insurance as well as from grants. The Organization's main location is in Clinton, Louisiana, but also operates eleven other primary health care sites located in East Feliciana Parish, West Baton Rouge Parish, Livingston Parish, and Tangipahoa Parish. Also, behavioral health services are offered in forty-one schools in Livingston Parish, twenty-six schools in Tangipahoa Parish, and in four schools in West Baton Rouge Parish.

Income Taxes

Primary Care Providers For A Healthy Feliciana, Inc. 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 Primary Care Providers For A Healthy Feliciana, Inc.'s Form 990's, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three (3) years after they are filed.

Budgetary Planning and Control

Once Primary Care Providers For A Healthy Feliciana, Inc. determines the activities to undertake for the coming year(s), the budget is prepared to translate those goals, objectives, and plans into revenue and expense figures. The Chief Financial Officer develops the budget in collaboration with the executive staff with input obtained from others such as other senior management. The governing board reviews and approves the operating budget. Once approved, the budgets are submitted to the full board for review and approval. Budgets are reviewed and revised annually. A continuing actual-to-budget comparison is prepared monthly with year-to-date figures in adequate detail to provide basic comparative data to staff responsible for expenses or revenues.

Prior Year Balances

Certain prior year amounts may have been reclassified to conform to current year presentation.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

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

Accounting Estimates

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

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.

Method of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles. Net assets and revenues, expense, gains and losses are classified based on the existence or absence of grantor/contributor imposed or time restrictions.

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) in its Accounting Standard Codification (ASC) Topic, *Financial Statements of Not-for-Profit Organizations*. In accordance with this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets available subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

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

Method of Accounting (Continued)

There were no significant net assets with donor restrictions at August 31, 2022.

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 payors.

Allowance for Doubtful Accounts and Bad Debts

Accounts receivable 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 significant 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.

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.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

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. The Organization is deemed under the Federal Torts Claims Act for claims arising from malpractice and commercial insurance (remained of what is there).

Property and Equipment

Property and equipment are stated at cost. It is the Organization's policy to capitalize expenditures for these items in excess of \$5,000. Property and equipment donated for Primary Care Providers For A Healthy Feliciana, Inc. operations are valued at their fair market value as of the date received. Repairs and maintenance are charged to operations when incurred. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	15 - 40
Equipment, furniture and fixtures	3 - 20

Grants and Contributions

Grants and contributions are recognized as income when received. The Board reports grants as with donor restrictions support if they are received with stipulations that limit the use of the funds. When grantor restrictions expire, with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the statement of activities as net assets released from restrictions. All other support is recognized when earned. Grants and contributions that are restricted by the grantor or donor are reported as increases in without donor restrictions net assets if the restrictions expire in the same fiscal year in which the grants and contributions are recognized.

Compensated Absences

Employees of Primary Care Providers For A Healthy Feliciana, Inc. are entitled to paid vacation and personal days off depending on job classification, length of service and other factors. The values of these compensated absences is calculated based on the employee's pay rate at the end of the year. Accrued compensated absences totaled \$186,318 as of August 31, 2022

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

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

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Retroactive adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Primary Care Providers For A Healthy Feliciana, Inc. has agreements with third-party payors that provide reimbursement to the Primary Care Providers For A Healthy Feliciana, Inc. at amounts different from its established rates. Contractual adjustment under third-party reimbursement programs represent the difference between the Primary Care Providers For A Healthy Feliciana, Inc.'s rates for services and amounts reimbursed by third-party payors.

Patient service revenue is reported at the amount the Organization expects to be paid for providing patient care. These amounts are due from patients and third-party payors (including health insurers and government programs) and include variable consideration for retroactive revenue adjustments due to the settlement of audits, reviews, and investigations. Generally, the Organization bills the patients and third-party payors soon after the services are performed.

Patient service revenue is recognized as performance obligations are satisfied based on the nature of the services provided by the Organization. Revenue for performance obligations that are satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving outpatient services. The Organization measures the performance obligations for patient services over a period of less than one day when goods or services are provided and the Organization does not believe it is required to provide additional goods or services to the patient.

Because all its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in ASC 606. Under this exemption, the Organization is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Since the unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to outpatient services at the end of the reporting period, the performance obligations for these contracts are generally completed within days or weeks of the end of the reporting period.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

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

Net Patient Service Revenue (Continued)

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy, and other implicit price concessions provided to uninsured patients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and its historical settlement experience. The Organization determines its estimate of implicit price concessions for uninsured patients based on its historical collection experience with this class of patients.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- **Medicare:** Certain services are paid at prospectively determined rates based on clinical, diagnostic, and other factors. Certain services are paid based on cost-reimbursement methodologies (subject to certain limits) with final settlement determined after Medicare Administrative Contractors have audited annual cost reports submitted by the Organization. Services are paid based upon established fee schedules that are based on services provided.
- **Medicaid:** Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member.
- **Other:** Payment agreements with certain commercial insurance carriers, HMOs, and preferred provider organizations provide for payment using prospectively determined rates.

The healthcare industry is subject to laws and regulations concerning government programs, including Medicare and Medicaid, which are complex and subject to varying interpretation. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. While the Organization operates a Compliance Program, which reviews its compliance with these laws and regulations, there can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Organization. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

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

Net Patient Service Revenue (Continued)

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Consistent with the Organization's mission, care is provided to patients regardless of their ability to pay. Therefore, the Organization has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). For uninsured patients, the Organization applies a policy discount from standard charges to determine amounts billed to those patients. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Organization expects to collect based on its collection history with that class of patients.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Major Funding Source

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.

The DHHS established a Provider Relief Fund to be used for economic support of health care entities in connection with health-care-related expenses or lost revenues attributable to COVID-19 and treatment of uninsured COVID-19 patients. The Organization received \$686,418 in provider relief funds during the fiscal year ending August 31, 2022.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

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

Functional Expenses

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. The methods of allocation were based on the Organization's estimates of the relative proportion of various staff members' time and effort between program and support services as well as the Organization's estimates of the amount of each expense utilized for program or support service functions.

Inventory

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

Rentals

Effective April 27, 2020, the Organization entered into a land lease related to the Loranger site. The lease is for six months, and an option exists to renew the lease on a month-to-month basis at a rate of \$300 per month. During the fiscal year ending August 31, 2022, the rental expense totaled \$7,800.

Effective March 29, 2018, the Organization entered into a building lease to house the purchasing department. The lease converted to a month-to-month lease on December 31, 2018 at a rate of \$1,750 per month. During the fiscal year ending August 31, 2022, the rental expense totaled \$16,550.

Effective December 6, 2019, the Organization entered into a 39-month copier lease for multiple machines at a rate of \$5,700 per month. During fiscal year ending August 31, 2022, the lease expense totaled \$70,469.

The following is a schedule of the future minimum rental payments under this operating lease:

Year Ending August 31,		
2023	\$	22,800
2024		<u>17,100</u>
Total Minimum Lease Payments	\$	<u>39,900</u>

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

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

Advertising and Promotion Expense

The Organization expenses the cost of advertising and promotion as the expenses are incurred. For the year ended August 31, 2022, the cost totaled \$191,495.

Performance Indicator

The Organization utilizes revenues over expenses as its performance indicator.

Revenue Recognition

The Organization adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), using the full retrospective method. This guidance outlines a single, comprehensive model for accounting for revenue in exchange transactions from contracts with other entities. The Organizations revenue derived from exchange transactions are for services performed under the terms of various contracts. The Organization applied Topic 606 to its revenue derived from exchange transactions as follows:

Transaction price – The transaction price of contract revenue are based on the cost expended to provide such goods and services.

Performance obligations – The Organization has identified the following performance obligation in exchange transactions: services under the terms of various contracts. The Organization applies the principles of materiality in the determination of the performance obligations.

Payments under cost-reimbursable contracts and deliverable contracts recognize revenue when performance obligations under the terms of the contracts with other entities are satisfied.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

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

Revenue Recognition (Continued)

340b Drug Program – The 340b drug program is a federal program whereby drug manufacturers provide outpatient drugs to eligible healthcare organizations at significantly reduced costs. The Organization tracks separately the revenues and expenses related to the outpatient drugs provided under this program.

This program is overseen by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA). HRSA conducts routine audits and monitoring of these programs at healthcare organizations. Laws and regulations governing the 340b program are complex and subject to interpretation and change. As a result, it is reasonably possible that material changes to amounts related to the 340b Program could occur in the near term.

Incentive Revenue – The Organization participates in various incentive programs with third party insurers who provide bonus payments based on quality measures and metrics established by the program. The Organization recognizes incentive payments as revenue when it is reasonably assured that the quality measures and metrics have been achieved.

NOTE 2 - PATIENT ACCOUNTS RECEIVABLE

Patient accounts receivable are comprised of the following for the year ending August 31, 2022:

Medicare	\$ 1,000,808
Medicaid	885,759
Private	<u>1,170,344</u>
	3,056,911
Less allowance for doubtful accounts	<u>(1,369,426)</u>
	<u>\$ 1,687,485</u>

The method to calculate allowance for doubtful accounts did not significantly change from the prior year. The Organization's write-offs, which primarily consisted of self-pay charges, totaled \$927,119 for the fiscal year August 31, 2022. The Organization amended its charity care policy to adhere to the annually revised Federal Poverty Level Guidelines during the fiscal year.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

NOTE 3 - ECONOMIC DEPENDENCY

The Organization receives a substantial portion of its total support and revenues from the federal government. During the fiscal year ended August 31, 2022, Primary Care Providers For A Healthy Felician, Inc. recorded \$5,303,228 in grant support from the Department of Health and Human Services. This represents 26% of total support and revenues for the year ended August 31, 2022.

NOTE 4 - 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. As of August 31, 2022, the Organization has a total due from the filing of its Medicare cost report in the amount of \$20,460.

NOTE 5 - CONTINGENT LIABILITY

In August 2021, the Organization formally acknowledged an inquiry by the Louisiana Medicaid Program concerning collections of nurse medication administration claims in the 2014-2017 school years. The Organization operated during these years under the premise stemming from conversations with the Medicaid Managed Care Organizations (MCO) that, under the MOA with the school systems, this was a service provided to the student population. Verbal responses from the MCO's included that the clinics could only be compensated as an FQHC with the PSS payment methodology. School systems across the state bill and collect for these same services, but at a reduced fee for service rate. The state's position is that registered nurses are not billable providers under the FQHC program. While there was no fraudulent intent from the Organization, simply inconclusive documentation, the state has a case for reimbursement of those payments which could range from \$-0- to over \$1,000,000, the approximate amount of the overpayment. In the event penalties and interest are assessed, the liability could increase to approximately \$3,000,000. The Organization has engaged a law firm to represent the Organization as well as the consulting firms to conduct a validation of the state's method of estimating any potential payback and a "ability to pay" study. Resolution to the inquiry is expected to be concluded during the upcoming fiscal year. As of the date of the financial statements, it appears it is probable the Organization will be liable for the overpayment. While the estimated potential settlement is unknown, a liability of \$1,000,000 has been accrued on the statement of financial position and statement of activities. It is possible the estimated potential settlement could change in the near term.

NOTE 6 - RESTRICTED CASH

Cash and cash equivalents restricted consist of certificate of deposit accounts at August 31, 2021. The certificates of deposit are held as security for a line of credit that is used for payment of operating expenses.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

NOTE 7 - 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.

NOTE 8 - PRIOR-YEAR SUMMARIZED INFORMATION

The financial statements include certain prior year summarized comparative information in total, but not by 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 August 31, 2021, from which the summarized information was derived.

NOTE 9 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains several bank accounts at various banks. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution and one bank secures excess deposits over FDIC insurance with a pledged line of credit totaling \$3,200,000. As of August 31, 2022, the Organization had cash deposits totaling \$3,846,916 of which deposits in excess of FDIC insured limits and pledged securities totaled \$959,513.

The majority of the Organization's patients are located in east Louisiana. The Organization grants credit without collateral to its patients. The mix of receivables from patients and third-party payors as of August 31, 2022 was as follows:

Medicare	34 %
Medicaid	44
Other	22
	100 %

The mix of net patient revenues for the year ended August 31, 2022 was as follows:

Medicare	10 %
Medicaid	76
Other	14
	100 %

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

NOTE 10 - NOTES PAYABLE

Notes payable for the year ended August 31, 2022 consisted of the following:

Promissory Note Payable from Hancock Whitney Bank: Mortgage loan dated June 14, 2016, in the amount of \$1,455,486, due in 119 installments of \$9,021.47 starting on July 14, 2016 until loan maturity and balloon payment of \$889,205 due on June 14, 2026, bearing an fixed interest of 4.20%; collateralized by real estate (11990 Jackson St. Clinton, LA) and deposit accounts. Cross-collateralization multiple indebtedness mortgage. \$ 1,128,900

Promissory Note Payable from Hancock Whitney Bank: Mortgage loan dated October 30, 2018, in the amount of \$768,000, due in 180 installments of \$6,180.09 starting on November 30, 2018 until loan maturity on October 30, 2033, bearing an fixed interest of 5.19%; collateralized by real estate (455 East Airport Ave. Baton Rouge, LA) and deposit accounts. Cross-collateralization multiple indebtedness mortgage. 639,818

Promissory Note Payable from Hancock Whitney Bank: Mortgage loan dated September 3, 2015, in the amount of \$1,296,250, due in 120 installments of \$7,477.79 starting on October 3, 2016 until balloon payment of \$786,931 and loan maturity on September 3, 2025, bearing an fixed interest of 4.35%; collateralized by real estate (221 Allendale Rd. Port Allen, LA) and deposit accounts. Cross-collateralization multiple indebtedness mortgage. 942,766

Promissory Note Payable from Hancock Whitney Bank: Mortgage loan dated October 17, 2016, in the amount of \$748,000, due in 72 installments of \$4,738 starting on November 17, 2016 until loan maturity and balloon payment of \$579,343 due on October 17, 2022, bearing an fixed interest of 4.45%; collateralized by real estate (27124 Highway 42, Springfield, LA) and deposit accounts. Cross-collateralization multiple indebtedness mortgage. 597,204

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

NOTE 10 - NOTES PAYABLE (CONTINUED)

Promissory Note Payable from Landmark Bank: Mortgage loan dated December 22, 2011, in the amount of \$487,359, due in 180 installments of \$3,206.98 bearing an fixed interest of 5.150% starting on January 20, 2012 until January 20, 2027 in which 119 additional installments are required with an initial amount of \$1,958.37 bearing a variable interest rate starting at 4.250% based on the prime rate published in the “Wall Street Journal” plus a margin of 1.00%, loan maturity on December 20, 2036, collateralized by real estate. Cross-collateralization multiple indebtedness mortgage. 257,263

Promissory Note Payable from Hancock Whitney Bank: Mortgage loan dated November 14, 2019, in the amount of \$1,600,000, line of credit phase until May 1, 2021 in which due in 119 installments of principal and interest bearing an variable interest rate of a one month Ice Libor rate plus 1.85%, loan maturity on May 1, 2031 with an estimated unpaid balance balloon payment of \$951,855, collateralized by real estate (28315 South Frost Rd, Livingston, LA), deposit accounts, and furniture, fixture and equipment. Cross-collateralization multiple indebtedness mortgage. 1,540,681

Bond For Deed: Bond for deed agreement dated April 29, 2020, in the amount of \$425,000, due in 36 installments of \$3,600.00 starting on May 1, 2021 until May 1, 2023 with a final balloon payment of the remaining balance estimated to total \$295,400, property not conveyed until agreement completion (54016 Hwy 1062, Loranger, LA). 324,200

Promissory Note Payable from Hancock Whitney Bank: Mortgage loan dated August 7, 2020, in the amount of \$1,200,000, line of credit phase until May 1, 2021 in which due in 180 installments of principal and interest bearing an variable interest rate of a one month Ice Libor rate plus 2.50%, loan maturity on May 1, 2031 with an estimated unpaid balance balloon payment of \$473,313, collateralized by real estate (11990 Jackson St, Clinton, LA) and deposit accounts. Cross-collateralization multiple indebtedness mortgage. 1,112,787

Total 6,543,619

Less: current portion (1,218,114)

Less: deferred financing costs, net (41,483)

Long-term debt \$ 5,284,022

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

NOTE 10 - NOTES PAYABLE (CONTINUED)

Maturities of debt are as follows:

August 31,	Amount
2023	\$ 1,218,114
2024	310,548
2025	325,037
2026	1,934,906
2027	223,602
Thereafter	2,531,412
Total	\$ 6,543,619

NOTE 11 - COMPLIANCE WITH LOAN COVENANTS

The multiple loan agreements contain various requirements related to reserves, financial ratios, financial reporting due dates, etc. The Organization did not fulfil the debt service coverage ratio as required in the loan agreement with Hancock Whitney Bank. Hancock Whitney Bank issued a debt service coverage ratio covenant waiver for the fiscal year ending August 31, 2022.

NOTE 12 - DEFERRED FINANCING COSTS

Deferred financing costs are capitalized and amortized over the life of the related debt using the straight-line method. Total capitalized costs were \$89,282 and the related accumulated amortization was \$47,799, as of August 31, 2022. Deferred financing costs are reported as a direct deduction from the face amount of the related notes payable in the statements of financial position. Amortization expense totaled \$7,535 for the fiscal year ended August 31, 2022.

The following is the estimated aggregate amortization expense for each of the five years succeeding August 31, 2022:

Year	Amount
2023	\$ 5,313
2024	4,996
2025	4,996
2026	2,408

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

NOTE 13 – 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 as of August 31, 2022, 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, inventory, prepaid expenses, accounts payable, accrued payroll and related liabilities, and accrued interest approximate their fair values based on their short-term nature. The recorded values of notes payable approximate their fair value, as interest is insignificant.

NOTE 14 – 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).

As of August 31, 2022, the Organization’s investments measured on a recurring basis consisted of certificate of deposit investments with fair market value (Level 2) and cost bases as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Certificate of deposit investments (Level 2 Observable Inputs)	\$ 280,769	\$ 280,769	\$ -0-

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

NOTE 15 – RETIREMENT PLAN

The Organization has established a 403B defined contribution retirement plan. All employees are eligible to participate after thirty days of service. The Organization will contribute to each qualifying participant a dollar-per-dollar match up to 5% of the qualifying participant's monthly wages which is subjected to a vesting period. The Organization's contributions to the plan for the year ended August 31, 2022 totaled \$283,471.

NOTE 16 – 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 ended August 31, 2022 was \$1,055,017. The Organization receives a Department of Health and Human Services grant to subsidize the charity care medical services provided to qualifying patients.

NOTE 17 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has \$5,465,535 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of substantially cash of \$3,466,076, receivables of \$1,718,690, and certificates of deposit of \$280,769. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The Organization has a goal to maintain financial assets which consist of cash on hand to meet three (3) months of normal operating expenses, which are, on average, approximately \$5,600,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Organization deposits cash in excess of daily requirements in certificate of deposit investments.

NOTE 18 – SUBSEQUENT EVENTS

The Organization evaluated its August 31, 2022 financial statements for subsequent events through the date of the audit report, 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.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

NOTE 19 - PROPERTY AND EQUIPMENT

The balances and changes in property, plant, and equipment as of and for the year ended August 31, 2022 are as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Asset type:				
Non-depreciable assets:				
Land	\$ 750,280	\$ -	\$ -	\$ 750,280
Construction in progress	-	32,015	-	32,015
Total non-depreciable assets	750,280	32,015	-	782,295
Depreciable assets:				
Buildings	14,758,962	589,450	(14,381)	15,334,031
Furniture and equipment	4,888,692	85,759	(566,810)	4,407,641
Total depreciable assets	19,647,654	675,209	(581,191)	19,741,672
Accumulated depreciation	7,327,830	1,112,725	(567,288)	7,873,267
Total depreciable assets	12,319,824	(437,516)	(13,903)	11,868,405
Total property and equipment, net	\$ 13,070,104	\$ (405,501)	\$ (13,903)	\$ 12,650,700

NOTE 20 – PRIOR PERIOD ADJUSTMENTS

The Organization increased its beginning net assets to the amount of \$147,765 to correct the estimate of prepaid software costs and to amortize over a three-year period. This prior period adjustment resulted in the following changes to the August 31, 2021 financial statements:

Account	Balance as of August 31, 2021, as previously reported	Prior Period Adjustment	Balance as of August 31, 2021, as restated
Prepaid expenses (asset)	\$ 428,061	\$ 147,765	\$ 575,826
Computer processing and billing costs (expense)	746,891	(147,765)	599,126

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Notes to Financial Statements
August 31, 2022

NOTE 20 – PRIOR PERIOD ADJUSTMENTS (CONTINUED)

The Organization reduced its beginning net assets for the fiscal year ending August 31, 2021 in the amount of \$17,864 for the adjustment of note payable balances and the prior year recognition of interest expense. This prior period adjustment resulted in the following changes to the August 31, 2021 financial statements:

Account	Balance as of August 31, 2021, as previously reported	Prior Period Adjustment	Balance as of August 31, 2021, as restated
Notes payable	\$ 6,457,348	\$ 17,864	\$ 6,475,212

The Organization reduced its beginning net assets to the amount of \$366,476 to record the removal of capitalized loan acquisition costs and related accumulated amortization from loans that have terminated or have been refinanced prior to August 31, 2020. This prior period adjustment resulted in the following changes to the August 31, 2021 financial statements:

Account	Balance as of August 31, 2021, as previously reported	Prior Period Adjustment	Balance as of August 31, 2021, as restated
Loan acquisition fees, net (contra-liability included in notes payable)	\$ 382,101	\$ (341,837)	\$ 40,264
Amortization expense (included in interest expense)	269,660	(24,639)	245,021

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.

**Schedule of Expenditures of Federal Awards
Year Ended August 31, 2022**

<u>Program Title</u>	<u>Assistance Listing Number</u>	<u>Grant Number</u>	<u>Program Year</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
U. S. Department of Health and Human Services Cluster					
Direct Programs:					
Community Health Center Section 330	* 93.224	H80CS06459	9/1/21 - 8/31/22	\$ 5,592,923	\$ 5,592,923
American Rescue Plan Act Funding for Health Centers	* 93.224	H8FCS41539	9/1/21 - 8/31/22	2,265,466	2,265,466
Provider Relief Funds	* 93.498		9/1/21 - 8/31/22	<u>902,392</u>	<u>902,392</u>
Total federal assistance				<u>\$ 8,760,781</u>	<u>\$ 8,760,781</u>

* Major Program

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Provider Care Providers for a Healthy Felician, Inc., and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the 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). Certain costs have been allocated to the federal program in accordance with OMB Circular A-122, *Cost Principles of Non-Profit Organizations*. The amounts presented in this schedule do not differ from the amounts presented in, or used in the preparation of the financial statements. Provider Care Providers for a Healthy Felician, Inc. has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Primary Care Providers For A Healthy Feliciano, Inc.

Schedule of Compensation, Benefits and Other Payments to Executive Director

August 31, 2022

NO COMPENSATION PAID FROM PUBLIC FUNDS

Agency Head Name: Christi Hunt, Chief Executive Officer

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

STEVEN M. DEROUEN & ASSOCIATES, LLC

Certified Public Accountants

P. O. BOX 4265
LAKE CHARLES, LA 70606
(337) 513-4915 OFFICE/ (337) 205-6927 FAX
steve@sderouencpa.com

Member American Institute of
Certified Public Accountants

Member Louisiana Society of
Certified Public Accountants

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
Primary Care Providers For A Healthy Feliciana, Inc.
Clinton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Primary Care Providers For A Healthy Feliciana, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities and changes of 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 February 21, 2023.

Report on Internal Control Over Financial Reporting

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

Board of Directors
Primary Care Providers For A Healthy Feliciana, Inc.
Clinton, Louisiana

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 were not 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 one deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2022-1, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Primary Care Providers For A Healthy Feliciana, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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 are required to be reported under *Government Auditing Standards*.

Primary Care Providers For A Health Feliciana, Inc.'s Response to Findings

Governmental Auditing Standards requires the auditor to perform limited procedures on the Primary Care Providers For A Healthy Feliciana, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Primary Care Providers For A Healthy Feliciana, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
February 21, 2023

STEVEN M. DEROUEN & ASSOCIATES, LLC

Certified Public Accountants

P. O. BOX 4265
LAKE CHARLES, LA 70606
(337) 513-4915 OFFICE/ (337) 205-6927 FAX
steve@sderouencpa.com

Member American Institute of
Certified Public Accountants

Member Louisiana Society of
Certified Public Accountants

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

Board of Directors
Primary Care Providers For A Healthy Feliciana, Inc.
Clinton, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Primary Care Providers For A Healthy Feliciana, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Primary Care Providers For A Healthy Feliciana, Inc.'s major federal programs for the year ended August 31, 2022. Primary Care Providers For A Healthy Feliciana, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Primary Care Providers For A Healthy Feliciana, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Primary Care Providers For A Healthy Feliciana, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Primary Care Providers For A Healthy Feliciana, Inc.'s compliance with the compliance requirements referred to above.

Board of Directors
Primary Care Providers For A Healthy Felician, Inc.
Clinton, Louisiana

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Primary Care Providers For A Healthy Felician, Inc.'s federal programs.

Auditor Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Primary Care Providers For A Healthy Felician, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Primary Care Providers For A Healthy Felician, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Primary Care Providers For A Healthy Felician, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Primary Care Providers For A Healthy Felician, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Primary Care Providers For A Healthy Felician, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Board of Directors
Primary Care Providers For A Healthy Feliciana, Inc.
Clinton, Louisiana

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
February 21, 2023

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, LA
Schedule of Findings and Questioned Costs
Year Ended August 31, 2022

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditor’s report issued			Unmodified
Internal control over financial reporting:			
Material weaknesses identified?	___ Yes	_x_ No	
Significant deficiency identified not considered to be material weaknesses?	_x_ Yes	___ None reported	
Noncompliance material to financial statements noted?	___ Yes	_x_ No	

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	___ Yes	_x_ No	
Significant deficiency identified not considered to be material weaknesses?	___ 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 the Uniform Guidance?	___ Yes	_x_ No	

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.224	U.S. Department of Health and Human Services, Community Health Centers Cluster
93.498	Provider Relief Funds

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.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
Clinton, Louisiana
Schedule of Findings and Questioned Costs (Continued)
Year Ended August 31, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

2022-1: Reconciliation of Various Accounts

Condition:	Several balance sheet accounts which included patient accounts receivable, inventory, accounts payable and notes payable were not reconciled to the general ledger. Additionally, patient accounts receivable was not assessed for collectability on a timely basis.
Cause:	Proper internal control policies require monthly and annual 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.
Criteria:	No cause.
Effect:	Management is unable to detect and correct misstatements in a timely manner. Net patient accounts receivable could be overstated or understated.
Recommendation:	Management should review the aforementioned accounts and reconcile to the general ledger on a monthly and annual basis. Monthly assessments of the collectability of patient accounts receivable should also be performed on a monthly basis to ensure accurate financial statements.
Response:	Management concurs with the finding. Management has incorporated the auditor's recommendation to reconcile the various accounts to the general ledger on a monthly and annual basis. Additionally, on a monthly basis, management is assessing the collectability of patient accounts receivable and adjusting the allowance for doubtful accounts accordingly.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The results of my tests disclosed no instances of non-compliance with the requirements applicable to each major federal program that are required to be reported in accordance with the Uniform Guidance.

PRIMARY CARE PROVIDERS FOR A HEALTH FELICIANA, INC.
Clinton, Louisiana
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended August 31, 2022

PRIOR YEAR FINDINGS

None

STEVEN M. DEROUEN & ASSOCIATES, LLC

Certified Public Accountants
2720 RUE DE JARDIN, SUITE 300
P. O. BOX 4265
LAKE CHARLES, LA 70606
(337) 513-4915 OFFICE/ (337) 205-6927 FAX
steve@sderouencpa.com

Member American Institute of
Certified Public Accountants

Member Louisiana Society of
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Primary Care Providers For A Health Feliciana, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period September 1, 2021 through August 31, 2022. Primary Care Providers For A Health Feliciana, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Primary Care Providers For A Health Feliciana, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period September 1, 2021 through August 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

We performed the Information Technology Disaster Recovery/Business Continuity procedure 1k and discussed the results with management.

Exception (1c): The Organization's disbursement policy does not include specific language regarding check writing and approval.

Exception (1f): The Organization's contracting policy does not include (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, and (5) monitoring process.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exceptions were found as a result of these procedures.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exception (3b): The bank reconciliations did not include evidence of a review by a member of management/board member who does not handle cash, post ledgers or issue checks.

Exception (3c): Did not note documentation reflecting the research of reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

These procedures are not applicable to the public funds administered by this non-profit organization.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
 - 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- [Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Exception (9b): Noted that two employees were not included in some reoccurring payments to vendors.

Exception (9c): Noted no periodic review of changes to vendor files.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions were found as a result of these procedures.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of these procedures.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of these procedures.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning

leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

The payroll and personnel items were subject to testing under the Allowable Costs and Procurement in the OMB Compliance Supplement (Uniform Guidance).

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

These procedures are not applicable to this non-profit organization.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

These procedures are not applicable to the public funds administered by this non-profit organization.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exception (24): Fraud notice is not posted on the entity's website.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the Information Technology Disaster Recovery/Business Continuity procedures and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

These procedures are not applicable to this non-profit organization.

Management’s Responses

1c – The Organization does maintain and practice an approval process over check writing and will update the disbursement policy to include these procedures.

1f – The Organization will incorporate these elements into its contracting policy.

3b – The Organization will require a member of management/board member who does not handle cash, post ledgers, or issue checks to review bank reconciliations and include evidence (e.g. initialed and dated).

3c – The Organization will include documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months as of the end of the fiscal period.

9b – The Organization does review reoccurring payments to vendors once processed, but will begin requiring the review prior to payment by a second individual.

9c – The Organization will review for changes to vendor files on a periodic basis.

24 – The entity will post the notice required by R.S. 24:523.1 on its website.

We were engaged by Primary Care Providers For A Health Feliciana, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Primary Care Providers For A Health Feliciana, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
February 21, 2023