



**Access Health Louisiana**

**FINANCIAL STATEMENTS**

February 28, 2021 and February 29, 2020

<b>REPORT</b>	<b>Page</b>
Independent Auditors’ Report.....	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position.....	4
Statements of Activities.....	5
Statement of Functional Expenses for the Year Ended February 28, 2021.....	6
Statement of Functional Expenses for the Year Ended February 29, 2020.....	7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Compensation, Benefits and Other Payments to Agency Head.....	31
<b>UNIFORM GUIDANCE COMPLIANCE AND GOVERNANCE AUDITING STANDARDS REPORTS</b>	
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	32
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance.....	34
Schedule of Expenditures of Federal Awards.....	36
Notes to Schedule of Expenditures of Federal Awards.....	37
Schedule of Findings and Questioned Costs.....	38
Summary Schedule of Prior Audit Findings .....	40



# REPORT





**Carr, Riggs & Ingram, LLC**  
111 Veterans Memorial Blvd.  
Suite 350  
Metairie, Louisiana 70005

(504) 833-2436  
(504) 484-0807 (fax)  
[www.CRIcpa.com](http://www.CRIcpa.com)

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Access Health Louisiana  
Kenner, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Access Health Louisiana (a nonprofit healthcare entity) (AHL), which comprise the statements of financial position as of February 28, 2021 and February 29, 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to AHL's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AHL's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Access Health Louisiana as of February 28, 2021 and February 29, 2020, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of Compensation, Benefits and Other Payments to Agency Head is required by Louisiana Revised Statute 24:513(A)(3) and is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### *Other 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 for the year ended February 28, 2021, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26 2021, on our consideration of Access Health Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Access Health Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Access Health Louisiana's internal control over financial reporting and compliance.

*Cary Riggs & Ingram, L.L.C.*

Metairie, Louisiana

August 26, 2021



# FINANCIAL STATEMENTS



**Access Health Louisiana**  
**Statements of Financial Position**

<i>As of February 28 and 29,</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 5,617,668	\$ 973,850
Patient accounts receivable	1,372,596	1,172,592
Pharmacy receivable	447,453	390,785
340B Drug Pricing Program receivable	193,841	192,943
Grants receivable	3,314,073	494,812
Other receivables	83,408	44,709
Inventory	136,984	200,850
Prepaid expenses	228,448	218,444
<b>Total current assets</b>	<b>11,394,471</b>	3,688,985
Non-current assets		
Property and equipment, net	11,525,206	10,395,480
Intangibles, net	29,992	45,640
<b>Total non-current assets</b>	<b>11,555,198</b>	10,441,120
<b>Total assets</b>	<b>\$ 22,949,669</b>	<b>\$ 14,130,105</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 1,231,475	\$ 1,403,923
Accrued expenses	1,947,397	1,710,109
Line of credit	-	175,000
Capital lease obligation - current portion	-	47,032
Current maturities of long-term debt	712,311	357,359
<b>Total current liabilities</b>	<b>3,891,183</b>	3,693,423
Long-term liabilities		
Long-term debt, less current maturities	1,326,745	1,484,068
<b>Total long-term liabilities</b>	<b>1,326,745</b>	1,484,068
<b>Total Liabilities</b>	<b>5,217,928</b>	5,177,491
Net Assets		
Without donor restrictions	17,516,741	8,737,614
With donor restrictions	215,000	215,000
<b>Total net assets</b>	<b>17,731,741</b>	8,952,614
<b>Total liabilities and net assets</b>	<b>\$ 22,949,669</b>	<b>\$ 14,130,105</b>

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

**Access Health Louisiana  
Statements of Activities**

<i>For the Years Ended February 28 and 29,</i>	<b>2021</b>	<b>2020</b>
<b>Without Donor Restrictions</b>		
<b>Revenue and Other Support</b>		
Patient service revenue	\$ 19,487,485	\$ 17,164,506
Community health centers grant revenue	9,584,541	5,221,499
Other grants and contract revenue	6,379,310	4,746,690
Cooperative endeavor agreement support	1,641,725	1,454,213
Pharmacy revenue	5,743,988	5,401,205
Insurance incentives	1,407,756	966,556
Other revenues	89,567	104,463
Paycheck Protection Program loan forgiveness	3,346,400	-
Donations	354,459	59,172
<b>Total revenues and other support</b>	<b>48,035,231</b>	<b>35,118,304</b>
<b>Without Donor Restrictions</b>		
<b>Expenses</b>		
Program services	33,404,133	28,974,088
Management and general	6,826,825	6,511,076
<b>Total expenses</b>	<b>40,230,958</b>	<b>35,485,164</b>
<b>Excess of (Deficiency in) Revenue Over Expenses</b>	<b>7,804,273</b>	<b>(366,860)</b>
Grants for the acquisition of property and equipment	974,854	506,984
<b>Change in Net Assets Without Donor Restrictions</b>	<b>8,779,127</b>	<b>140,124</b>
Net assets without donor restrictions - beginning of year	8,737,614	8,597,490
Net assets without donor restrictions - end of year	\$ 17,516,741	\$ 8,737,614
<b>Change in Net Assets With Donor Restrictions</b>	<b>\$ -</b>	<b>\$ -</b>
Net assets with donor restrictions - beginning of year	215,000	215,000
Net assets with donor restrictions - end of year	\$ 215,000	\$ 215,000

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

**Access Health Louisiana**  
**Statement of Functional Expenses**

*For the Year Ended February 28,*

**2021**

	Program Services	Management and General	Total
Salaries and wages	\$ 15,441,868	\$ 3,155,303	\$ 18,597,171
Benefits and payroll taxes	4,914,986	1,378,330	6,293,316
Contractual services	3,593,612	1,372,209	4,965,821
Pharmaceuticals	4,130,462	-	4,130,462
Rent	1,353,542	-	1,353,542
Depreciation and amortization	680,749	122,555	803,304
Patient supplies	659,877	668	660,545
Supplies	439,337	130,429	569,766
Other	429,652	110,481	540,133
Communications	234,412	255,093	489,505
Maintenance	413,065	64,728	477,793
Insurance	276,702	99,281	375,983
Laboratory	271,791	859	272,650
Printing and shipping	169,464	15,283	184,747
Utilities	120,514	22,110	142,624
Advertising	141,232	638	141,870
Interest	44,625	47,113	91,738
Dues and memberships	48,333	34,579	82,912
Travel	39,910	17,166	57,076
<b>Total Expenses</b>	<b>\$ 33,404,133</b>	<b>\$ 6,826,825</b>	<b>\$ 40,230,958</b>

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

**Access Health Louisiana**  
**Statement of Functional Expenses**

*For the Year Ended February 29,*

**2020**

	Program Services	Management and General	Total
Salaries and wages	\$ 12,725,604	\$ 2,706,307	\$ 15,431,911
Benefits and payroll taxes	4,192,632	1,238,538	5,431,170
Contractual services	3,268,464	1,550,523	4,818,987
Pharmaceuticals	4,177,892	-	4,177,892
Rent	1,098,637	-	1,098,637
Depreciation and amortization	604,748	121,652	726,400
Other	364,348	142,620	506,968
Maintenance	436,180	63,098	499,278
Patient supplies	425,659	-	425,659
Supplies	318,414	100,723	419,137
Laboratory	416,490	730	417,220
Communications	203,635	167,176	370,811
Insurance	185,839	106,334	292,173
Travel	98,313	137,732	236,045
Printing and shipping	132,138	13,410	145,548
Utilities	111,169	32,598	143,767
Interest	38,615	88,449	127,064
Advertising	121,613	417	122,030
Dues and memberships	53,698	40,769	94,467
<b>Total Expenses</b>	<b>\$ 28,974,088</b>	<b>\$ 6,511,076</b>	<b>\$ 35,485,164</b>

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

## Access Health Louisiana Statements of Cash Flows

<i>For the Years Ended February 28 and 29,</i>	<b>2021</b>	<b>2020</b>
<b>Cash Flow from Operating Activities</b>		
Change in net assets	\$ 8,779,127	\$ 140,124
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	803,304	726,400
Donation of property and equipment	(275,000)	-
Bad debt - other receivables	2,466	3,239
Loss on disposal of asset	-	21,037
(Increase) decrease in operating assets:		
Patient accounts receivable	(200,004)	90,312
Pharmacy receivables	(56,668)	(196,332)
340B Drug Pricing Program receivable	(898)	(131,432)
Grants receivable	(2,819,261)	(195,352)
Other receivables	(41,165)	161,191
Inventory	63,866	(20,813)
Prepaid expenses	(10,004)	10,774
Increase (decrease) in operating liabilities:		
Accounts payable	(172,448)	(64,466)
Accrued expenses	237,288	466,233
<b>Net cash provided by operating activities</b>	<b>6,310,603</b>	<b>1,010,915</b>
<b>Cash Flow from Investing Activities</b>		
Purchases of property and equipment	(1,042,382)	(1,269,579)
Purchase of intangible asset	-	(46,944)
<b>Net cash used in investing activities</b>	<b>(1,042,382)</b>	<b>(1,316,523)</b>
<b>Cash Flow from Financing Activities</b>		
Net payments on line of credit	(175,000)	(175,000)
Proceeds from long-term debt	-	592,458
Payments on long-term debt and capital lease obligation	(449,403)	(840,458)
<b>Net cash used in financing activities</b>	<b>(624,403)</b>	<b>(423,000)</b>
<b>Net change in cash and cash equivalents</b>	<b>4,643,818</b>	<b>(728,608)</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>973,850</b>	<b>1,702,458</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 5,617,668</b>	<b>\$ 973,850</b>
<b>SUPPLEMENTAL CASH FLOWS INFORMATION:</b>		
Cash paid for interest during the year	\$ 91,738	\$ 127,064
<b>NON-CASH FINANCING ACTIVITY:</b>		
Assumption of note payable for donated property and equipment	\$ 600,000	\$ -

*The accompanying footnotes are an integral part of these financial statements.*

**Note 1: DESCRIPTION OF THE ORGANIZATION**

Access Health Louisiana (AHL) is a Federally Qualified Health Center incorporated in the State of Louisiana as a non-profit organization that works to improve, promote and maintain the physical and emotional health of patients in the communities served, regardless of their ability to pay. AHL currently has 32 individual clinic locations, which operate under registered trade names reflective of the communities they serve. AHL recognizes patient service revenue for the provision of medical, behavioral, and dental health services through community health centers, school-based wellness centers, retail delivery pharmacy, and specialty service clinics located in southeastern Louisiana across twelve parishes throughout Louisiana. AHL's administrative offices are located in Kenner, Louisiana.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

***Use of Estimates***

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to recognition of amounts expected to be received for patient services as patient service revenue, allocation of functional expenses, and depreciable lives of property, plant, and equipment.

***Risk Management***

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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Cash and Cash Equivalents***

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

***Patient Accounts Receivable and Patient Service Revenue***

Patient service revenue and receivables are reported at the amount that reflects the consideration AHL expects to be entitled for providing patient care. These amounts are due from patients, third-party payors (including managed care payors and government programs), and others, and include variable consideration for retroactive revenue adjustments due to settlement of reviews and audits. Generally, AHL bills the patients and third-party payors after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by AHL. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. AHL believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. AHL measures the performance obligation from the beginning of treatment to the point when it is no longer required to provide services to that patient. These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided. Management believes this method provides a faithful depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations.

Because its performance obligations relate to contracts with a duration of less than one year, AHL has elected to apply the optional exemption provided in FASB ASC 606-10-60-14(a) and, therefore, 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. The performance obligations for these contracts are generally completed when the patients no longer require services, which generally occurs within days or weeks of the end of the reporting period.

As provided for under the guidance, AHL does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Patient Accounts Receivable and Patient Service Revenue (Continued)***

AHL is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to patient service revenue. AHL accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. The portfolios consist of major payor classes for services performed. Based on historical collection trends and other analyses, AHL has concluded that revenue for a given portfolio would not be materially different from accounting for revenue on a contract-by-contract basis.

AHL has agreements with third-party payers that provide for payments to AHL at amounts different from charged rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, case rates, and per diem payments. Patient service revenue is reported at the estimated net realizable amounts from patients, third party payers and others for services rendered.

AHL participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. AHL is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submissions of annual cost reports by AHL and audits thereof by the Medicare/Medicaid fiscal intermediaries. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near future.

AHL also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to AHL under these agreements includes prospectively determined rates per discharge, reimbursed cost, discounts from billed charges, case rates, and daily rates.

AHL determines the transaction price based on standard charges for services provided, reduced by explicit price concessions provided to third-party payors, discounts provided to uninsured patients in accordance with policy, and implicit price concessions provided to uninsured patients. Explicit price concessions are based on contractual agreements, discount policies, and historical experience. Implicit price concessions represent differences between amounts billed and the estimated consideration AHL expects to receive from patients, which are determined based on historical collection experience, current market conditions, and other factors.

Generally, patients who are covered by third-party payors are responsible for patient responsibility balances, including deductible and coinsurance, which vary in amount. AHL estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any explicit price concessions, discounts, and implicit price concessions.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Patient Accounts Receivable and Patient Service Revenue (continued)***

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant in 2020.

Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and final settlements are determined.

***Pharmacy Revenue and Expenses***

During the 2018 fiscal year, AHL opened a retail delivery pharmacy managed by a third party. Pharmacy revenue is recognized at the time pharmaceuticals or medical supplies are delivered to patients. Pharmacy revenue is reported at the net realizable amounts due from customers or third-party payors.

The costs of pharmaceuticals are recognized in the same period as pharmacy revenue when pharmaceuticals or medical supplies are delivered to patients.

***Incentive Revenue***

AHL participates in a shared savings agreement with a third party insurer whereby if AHL meets certain quality risk metrics as defined in the agreement, the third party will share with AHL a percentage of calculated savings. AHL recognizes incentive payments as revenue when it is reasonably assured that the quality risk metrics have been achieved. At February 28, 2021 and February 29, 2020, AHL recorded incentive revenue of \$1,407,756 and \$966,556 as other revenue on the statements of activities.

***Cooperative Endeavor Agreement Support***

Pursuant to a CEA with St. Charles Parish, AHL provides accessible healthcare services for residents of St. Charles Parish in exchange for the use of a Parish-owned building and direct financial support from the proceeds of ad valorem taxes via lump sum payments, less deductions for certain costs associated with the Parish-owned facilities provided. The agreement was set to terminate in December 2020, but the residents of St. Charles Parish extended the public health millage through December 2029.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Cooperative Endeavor Agreement Support (continued)***

Pursuant to a CEA with St. Bernard Parish, AHL provides accessible healthcare services for residents of St. Bernard Parish in exchange for the use of office space in the medical office building adjacent to the new hospital. This agreement also provides for discretionary direct financial support from the proceeds of ad valorem taxes via lump sum payments, less deductions for certain costs associated with the Parish-owned facilities provided. This agreement stipulates that AHL shall make requests for such support in writing on or about January 31 of each year. This has been recognized in these financial statements as CEA support. The agreement is effective through December 31, 2021.

***340B Drug Pricing Program***

AHL participates in the 340B Drug Pricing Program, which is a US federal government program that requires drug manufacturers to provide outpatient drugs to eligible health care organizations and covered entities at significantly reduced prices.

***Charity Care***

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

AHL maintains records to identify and monitor the level of charity care it provides. Charity care is measured based on AHL's estimated direct and indirect costs of providing charity care services. That estimate is made by multiplying the amount of charges forgone by the estimated cost to charge ratio. The cost of charity care provided during the years ended February 28, 2021 and February 29, 2020 was estimated as \$2,711,099 and \$3,905,610, respectively.

***Other Receivables***

Other receivables principally include program service grants and fees which are uncollateralized funding source obligations and are stated at the invoice amount. These are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to other receivables. Management has determined that no valuation allowance was required at February 28, 2021 and February 29, 2020.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Inventory***

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs. As of February 28, 2021 and February 29, 2020 the amount in inventory was \$136,984 and \$200,850, respectively.

***Prepaid Expenses***

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

***Property and Equipment***

AHL capitalizes fixed assets with costs of \$1,000 or greater and useful lives of three years or more. Property and equipment are stated at cost. Donations of property and equipment are capitalized at the estimated fair value of the donation. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statements of activities. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method.

The classes of depreciable assets and their respective estimated useful lives are as follows:

Buildings and improvements	15-40 years
Leasehold improvements	5-10 years
Office and medical equipment	3-7 years
Vehicles	3-7 years

***Intangible Assets***

FASB ASC (Topic 350) *Intangibles - Goodwill and Other* addresses the initial recognition and measurement of intangible assets acquired outside a business combination and the recognition and measurement of goodwill and other intangible assets subsequent to their acquisition. In accordance with this Topic, intangible assets that have a finite useful life are amortized over the asset's estimated useful life.

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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Impairment of Long-Lived Assets***

AHL evaluates, on an ongoing basis, the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounted estimated future cash flows using an appropriate interest rate. The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved. Based on management's evaluations, no long-lived assets impairments were recognized during the years ended February 28, 2021 or February 29, 2020.

***Compensated Absences***

AHL allows regular full-time employees, upon initial eligibility of 90 days, to receive compensated absences based on length of service: 1-4 years, 120 hours; 5-9 years, 160 hours; 10-19 years, 200 hours, and 20+ years, 240 hours. Employees are eligible to carry-over to the following year up to 80 hours of accrued time based on the calendar year. Any hours above 80 at the end of each calendar year will be forfeited. During the fiscal year ended February 28, 2021, the forfeiture date was changed to the first pay period following the fiscal year end. Upon termination, all accrued hours are paid to an employee at full value based on base hourly rates as of termination date. Accrued compensated absences included as a component of accrued expenses on AHL's statement of financial position were \$669,670 and \$426,917, as of February 28, 2021 and February 28, 2020, respectively.

***Net Assets***

AHL reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of AHL, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Net Assets (continued)***

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

***Grants and Contributions***

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

AHL receives grants from other governmental entities as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted either for specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as operating revenues. Amounts restricted to capital acquisition are reported after nonoperating revenue and expenses.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act***

On March 27, 2020, CARES Act was signed into law by the President of the United States. Included in the CARES Act was a healthcare provider relief fund (“PRF”), administered by the Department of Health and Human Services (“HHS”), and to be distributed to healthcare providers. The purpose of the PRF is to help providers offset certain costs incurred as a result of COVID-19 including the impact to the provider’s revenues if applicable. Providers were allocated a portion of the PRF based on prior revenue information reported to CMS in their annual Medicare cost reports. During the year ended February 28, 2021, AHL received \$1,342,231 in PRF payments, which is included on the Statements of Activities in other grants and contracts revenue.

In addition, the CARES Act allowed AHL to receive a Paycheck Protection Program (“PPP”) loan from the Small Business Administration (“SBA”). The PPP Loan may be fully forgiven if (i) proceeds are used to pay eligible payroll costs or other eligible costs and (ii) full-time employee headcount and salaries are either maintained during the 24-week period following disbursement or restored by December 31, 2020. If not maintained or restored, any forgiveness of the PPP Loan would be reduced in accordance with the regulations that were issued by the SBA.

AHL is recognizing revenue from the PPP loan following the guidance under FASB ASC 958-605, government grant model. PPP funds are considered a conditional contribution and recorded as a refundable advance on the statement of financial position until the barriers to entitlement are met. AHL considers the barriers to entitlement to include the incurrence of qualifying expenses and maintaining specified levels of payroll and employment. Revenue is recognized once conditions have been substantially met or explicitly waived.

***Non-Direct Response Advertising***

AHL expenses advertising costs as incurred. Advertising expenses amounted to \$141,870 and \$122,030 for the years ended February 29, 2021 and February 29, 2020, respectively.

***Functional allocations of expenses***

Any costs related to program administration or costs related to activities that constitute direct conduct or direct supervision of program service are functionally classified as program service expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function of AHL.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Functional allocations of expenses (continued)***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program services and management and general based on actual or percentage of use. The expenses that are allocated include depreciation and amortization, maintenance, laboratory, insurance, and utilities which are allocated on a square footage basis. Salaries and wages, benefits and payroll taxes, contractual services, communications, travel, supplies, dues and memberships, advertising, other, and printing and shipping are allocated on basis of estimates of time and effort.

***Current Healthcare Environment***

AHL monitors economic conditions closely, both with respect to potential impacts on the healthcare industry and from a more general business perspective. Management recognizes that economic conditions may continue to impact AHL in a number of ways, including, but not limited to, uncertainties associated with the United States and state political landscape and rising uninsured patient volumes and corresponding increases in uncompensated care.

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the ongoing impacts of the federal healthcare reform legislation. Potential impacts of ongoing healthcare industry transformation include, but are not limited to:

- Significant capital investment in healthcare information technology
- Continuing volatility in state and federal government reimbursement programs
- Effective management of multiple major regulatory mandates, including the previously mentioned audit activity
- Significant potential business model changes throughout the healthcare system, including within the healthcare commercial payer industry

The business of healthcare in the current economic, legislative, and regulatory environment is volatile. Any of the above factors, along with others both currently in existence and which may or may not arise in the future, could have a material adverse impact on AHL's financial position and operating results.

***Income Taxes***

Under section 501(c)(3) of the Internal Revenue Code, AHL is exempt from taxes on income other than unrelated business income. Unrelated business income results from rent, administration of self-insurance activities, and commissions.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Income Taxes (continued)***

AHL utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of February 28, 2021 and February 29, 2020, AHL has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

***Recently Issued Accounting Standards***

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. AHL is currently evaluating the impact of the guidance on its financial statements.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 26, 2021. See Note 19 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**Note 3: FINANCIAL ASSET AVAILABILITY**

AHL has \$11,029,039 of financial assets available within one year of the statement of financial position dated February 28, 2021 consisting of cash and cash equivalents of \$5,617,668, patient receivable of \$1,372,596, pharmacy receivable of \$447,453, and other receivables of \$3,591,322. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for the general expenditure within one year of the statement of financial position date. AHL has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet one month of normal operating expenses, which are, on average, approximately \$3,352,580. Management believes it has appropriate available financial resources.

**Access Health Louisiana**  
**Notes to Financial Statements**

**Note 4: PATIENT ACCOUNTS RECEIVABLE AND PATIENT SERVICE REVENUE**

***Patient Accounts Receivable***

AHL grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at February 28, 2021 and February 29, 2020 was as follows:

	<b>2021</b>	<b>2020</b>
Commercial	\$ <b>186,083</b>	\$ 146,628
Private Pay	<b>140,896</b>	88,347
Medicaid	<b>795,022</b>	694,447
Medicare	<b>165,643</b>	167,127
Dental	<b>84,952</b>	76,043
<b>Patient accounts receivable</b>	<b>\$ 1,372,596</b>	<b>\$ 1,172,592</b>

The mix of receivables from patients and third-party payers at February 28, 2021 and February 29, 2020 was as follows:

	<b>2021</b>	<b>2020</b>
Commercial	<b>13.6%</b>	12.5%
Private Pay	<b>10.2%</b>	7.5%
Medicaid	<b>57.9%</b>	59.2%
Medicare	<b>12.1%</b>	14.3%
Dental	<b>6.2%</b>	6.5%
<b>Total</b>	<b>100%</b>	<b>100%</b>

***Patient Service Revenue***

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

For uninsured patients that do not qualify for the sliding fee program, AHL recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of AHL's uninsured patients who do not qualify for the sliding fee program will be unable or unwilling to pay for the services provided. Thus, in accordance with ASC 606, AHL records only what it expects to collect from these patients in the period the services are provided which is significantly less than what would be collected from an insured patient.

**Note 4: PATIENT ACCOUNT RECEIVABLES AND PATIENT SERVICE REVENUE (Continued)**

***Patient Service Revenue (Continued)***

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

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

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

Patient service revenue recognized for the years ended February 28, 2021 and February 29, 2020, respectively, as follows:

	<b>2021</b>	<b>2020</b>
Medicaid	\$ <b>14,401,753</b>	\$ 12,320,488
Medicare	<b>1,665,680</b>	2,199,916
Commercial and other	<b>3,420,052</b>	2,644,102
<b>Total</b>	<b>\$ 19,487,485</b>	<b>\$ 17,164,506</b>

**Note 5: PHARMACY RECEIVABLES AND REVENUE**

Pharmacy revenue was \$5,743,988 and \$5,401,205 for the years ended February 28, 2021 and February 29, 2020, respectively. AHL records accounts receivable for amounts billed to third-parties for prescriptions dispensed, but not paid as of the end of the year. Accounts receivable for pharmacy revenue was \$447,453 and \$390,785 as of February 28, 2021 and February 29, 2020, respectively and is included on the statements of financial position.

The costs of pharmaceuticals were \$3,157,540 and \$2,968,433 for the years ended February 28, 2021 and February 29, 2020, respectively and recognized at the same period as pharmacy revenue when pharmaceuticals or medical supplies are delivered to patients. The cost of pharmaceuticals is included in pharmaceutical expense on the statement of functional expenses.

**Access Health Louisiana**  
**Notes to Financial Statements**

**Note 6: PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of February 28, 2021 and February 29, 2020:

	2021	2020
Property and equipment		
Land	\$ 409,620	\$ 410,620
Buildings and improvements	10,684,505	9,032,748
Office equipment	2,108,651	1,784,215
Medical equipment	1,254,343	1,111,810
Vehicles	421,941	421,941
Leasehold improvements	2,609,086	2,519,913
Total property and equipment	17,488,146	15,281,247
Less: accumulated depreciation	(5,985,440)	(5,197,784)
	11,502,706	10,083,463
Construction in progress	22,500	312,017
	11,525,206	10,395,480
Total property and equipment, net	\$ 11,525,206	\$ 10,395,480

Total depreciation expense for the years ended February 28, 2021 and February 29, 2020 was \$787,656 and \$724,071, respectively.

AHL recognized grant proceeds of \$974,854 and \$506,984 for the years ended February 29, 2021 and February 29, 2020, respectively, for the acquisition of property and equipment.

**Note 7: ASSET ACQUISITION AGREEMENTS**

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

AHL began amortization of the intangible costs at the time of acquisition of the assets for a period of three years. Amortization expense for the year ended February 29, 2020 was \$1,025, at which point the asset was fully amortized.

**Note 7: ASSET ACQUISITION AGREEMENTS (Continued)**

During January of 2020, AHL entered into an asset acquisition agreement to acquire the assets of a practice of certain providers who became employees of AHL upon the purchase of the assets. Intangible assets acquired in this acquisition were associated with medical records. Total purchase price of the assets was \$241,639 with \$46,944 associated with the purchase of the medical records.

AHL began amortization of the intangible costs at the time of acquisition of the assets for a period of three years. Amortization expense for the years ended February 28, 2021 and February 29, 2020 was \$15,648 and \$1,304, respectively.

**Access Health Louisiana**  
**Notes to Financial Statements**

**Note 8: LONG-TERM DEBT**

Details of long-term debt are as follows:

	2021	2020
Note Payable – Gulf Coast Bank – Payable in annual installments of \$250,000, and monthly interest payments at 5.25%, matured March 23, 2020, secured by real property located in Jefferson Parish, LA.	\$ -	\$ 250,000
Note Payable – Gulf Coast Bank – Payable in monthly installments of \$7,551, including interest at 4.50% through October 2023 and at a variable rate equal to the Wall Street Journal Index plus 1.25% thereafter, maturing September 29, 2026. Secured by a building in Woodworth, LA.	445,873	512,211
Note Payable – Infiniti Credit – Payable in monthly installments of \$968.47, including interest at 2.49%, maturing September 9, 2024. This note was paid in full in January 2021.	-	49,423
Note Payable – USDA – Payable in monthly installments of \$2,090, including interest at 4.00%, maturing April 2050. Secured by a building in Luling, LA.	431,321	438,977
Note Payable- Gulf Coast Bank - Payable in monthly installments of \$4,759, including interest at 4.50% through October 2023 and at a variable rate equal to the Wall Street Journal Index plus 1.25% thereafter, maturing March 2034. Secured by real property in Kenner, LA.	561,862	590,816
Note Payable – New Orleans Redevelopment Authority – Initially payable as a loan, which will then convert to a grant on February 4, 2022. Interest at 1% and no payments are required until the initial principal payment date on February 4, 2022.	600,000	-
Total Notes Payable	2,039,056	1,841,427
Less: Current Maturities	(712,311)	(357,359)
Notes Payable less Current Maturities	\$ 1,326,745	\$ 1,484,068

**NOTE 8: NOTES PAYABLE (Continued)**

In June 2020, AHL acquired a building through a donation, assumption of a note, and cash payment. The building had a fair market value on the date of the donation of \$1,000,000. AHL recorded this asset at fair market value at the date of donation through a cash payment of \$125,000 and a donation of \$275,000. Coincident therewith, AHL assumed a note payable to New Orleans Redevelopment Authority associated with the property from the donor of \$600,000.

This loan is expected to convert to a grant on February 4, 2022 and is included as current maturities of long-term debt on the statement of financial position. Any unpaid interest will be required to be paid in full on the initial interest payment date (February 4, 2022), and monthly payments of principal and interest are to be paid from then until the maturity date, April 10, 2032. Notwithstanding the foregoing, the loan may be forgiven and converted to a grant if AHL continues to provide clinical services at this location.

Maturities by year for AHL's long and short-term debt instruments detailed above are as follows for the year ending February 28, 2021:

Year Ending February 28,		
2022	\$	712,311
2023		114,991
2024		121,697
2025		128,738
2026		135,959
Thereafter		825,360
Total	\$	2,039,056

AHL incurred \$91,738 and \$127,064, in interest expense on financed obligations, for the years ended February 28, 2021 and February 29, 2020, respectively.

**Note 9: LINE OF CREDIT**

AHL maintained a line of credit with a financial institution for \$500,000, which bore an interest rate of 6.0%. In May 2020, AHL increased the limit on this line of credit to \$2,000,000. The line of credit matured May 18, 2021, and was not renewed. At February 29, 2020, AHL's outstanding balance on this line of credit was \$175,000. The line of credit was secured by all assets of AHL.

**Note 10: CAPITAL LEASE OBLIGATION**

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

The net book value of assets recorded under capital leases as of February 29, 2021 consist of the following:

	<b>2021</b>	<b>2020</b>
Office and equipment	\$ <b>198,110</b>	\$ <b>198,110</b>
Less accumulated amortization	<b>(198,110)</b>	<b>(198,110)</b>
	\$ -	\$ -

Amortization of the asset held under the capital lease was \$- and \$39,622 for the years ended February 28, 2021 and February 29, 2020, respectively, which is included in Note 6 depreciation expense. Amortization of the asset held under capital lease is included in depreciation and amortization expense.

**Note 11: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of donated land, recognized at the estimated fair value at the time of donation of \$215,000. The land is to be used in perpetuity for the purpose of housing a community health center in Norco, Louisiana.

**Note 12: 340B DRUG PRICING PROGRAM**

AHL participates in the 340B Drug Pricing Program, which is a US federal government program that requires drug manufacturers to provide outpatient drugs to eligible health care organizations and covered entities at significantly reduced prices. Revenues from the program were \$2,508,984 and \$2,045,365 for the years ended February 28, 2021 and February 29, 2020, respectively and are included in other grants and contracts revenue. Expenses related to the program were \$547,813 and \$434,008 for the years ended February 28, 2021 and February 29, 2020, respectively and are included in pharmaceutical expense as program services on the statements of functional expenses.

**Access Health Louisiana**  
**Notes to Financial Statements**

**Note 13: COOPERATIVE ENDEAVOR AGREEMENTS (CEA)**

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

During the fiscal years ended February 28, 2021 and February 29, 2020, AHL recognized the following support in its financial statements associated with the agreements:

	2021		2020
Estimated lump sum payments received or receivable from St. Charles Parish	\$ 895,000	\$	866,095
Estimated lump sum payments received or receivable from St. Bernard Parish	137,720		160,276
Use of operating space owned by various parish governments	609,005		427,842
Total cooperative endeavor support	\$ 1,641,725	\$	1,454,213

There were no receivables related to these cooperative endeavor agreements at February 28, 2021 and February 29, 2020.

**Note 14: PAYCHECK PROTECTION PROGRAM**

In April 2020, AHL received a forgivable loan in the amount of \$3,346,400 under the Paycheck Protection Program (PPP Loan). The loan accrued interest at a rate of 1% and had an original maturity date of two years. Payments were deferred during the deferral period, as defined in the agreement.

During the year ended February 28, 2021, AHL used all of the proceeds of the PPP Loan to pay eligible payroll costs and AHL maintained its headcount and otherwise complied with the terms of the PPP Loan. Accordingly, AHL recognized the full amount of the loan as revenue during the year ended February 28, 2021. See Note 19.

**Note 15: CONCENTRATION OF CREDIT RISK**

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

AHL periodically maintains cash in bank accounts in excess of federally insured limits. At February 28, 2021 and February 29, 2020, AHL had cash in excess of the federally insured limit of \$5,963,135 and \$1,325,916, respectively. AHL has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

**Note 16: RETIREMENT PLAN**

AHL maintains a defined contribution retirement plan under IRS Code Section 403(b). AHL matches 100% of an employee's salary deferral contributions up to 4%. Matching contributions totaling \$415,569 and \$373,436, for the years ended February 28, 2021 and February 29, 2020, respectively, were made by AHL.

**Note 17: COMMITMENTS AND CONTINGENCIES**

***Operating Leases***

AHL has entered into various long-term and month-to-month lease agreements for office space in a variety of Louisiana cities and towns, including Kenner, Slidell, Hammond, Belle Chase, Luling, New Orleans, and Bogalusa. The terms of the leases range from 1 to 120 months and expire through May 2026. AHL is currently committed to monthly payments totaling approximately \$47,040 under these leases.

AHL has entered into various lease agreements for office equipment. The term of the leases ranged from 36 to 60 months and expire through January 2024. Payments on these lease agreements are based on usage of the equipment, and therefore not included in the future minimum lease schedule below.

The following is a schedule of future minimum lease payments as of February 28, 2021:

Year Ending February 28,		
2022	\$	546,060
2023		380,360
2024		197,160
2025		132,577
2026		81,597
<b>Total</b>	<b>\$</b>	<b>1,337,754</b>

During the fiscal year ended February 28, 2021 and February 29, 2020 amounts paid under lease agreements were \$1,472,396 and \$1,221,809, respectively.

***Laws and Regulations***

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

**Note 17: COMMITMENTS AND CONTINGENCIES (Continued)**

***Laws and Regulations (Continued)***

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

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

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

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

**Note 18: UNCERTAINTIES**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of AHL. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

**Note 19: SUBSEQUENT EVENTS**

Management evaluated all events or transactions that occurred after February 28, 2021 through August 26, 2021, the date AHL's financial statements were available to be issued. The following item occurred.

On June 30, 2021, AHL received formal forgiveness of its PPP Loan from the Small Business Administration in the full amount of the loan of \$3,346,400. See Note 14.



## SUPPLEMENTARY INFORMATION



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

Mark Keiser, CEO

*For the year ended February 28,*

**2021**

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

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



# **UNIFORM GUIDANCE COMPLIANCE AND GOVERNANCE AUDITING STANDARDS REPORTS**



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

Board of Directors  
Access Health Louisiana  
Kenner, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Access Health Louisiana (AHL), which comprise the statement of financial position as of February 28, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 26, 2021.

**Internal Control Over Financial Reporting**

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

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

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

any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Caru, Riggs & Ingram, L.L.C.*

Metairie, Louisiana  
August 26, 2021

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

Board of Directors  
Access Health Louisiana  
Kenner, Louisiana

**Report on Compliance for the Major Federal Program**

We have audited Access Health Louisiana's (AHL) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on AHL's major federal program for the year ended February 28, 2021. AHL's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for AHL's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about AHL's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## **Opinion on the Major Federal Program**

In our opinion, AHL complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended February 28, 2021.

## **Report on Internal Control Over Compliance**

Management of AHL is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered AHL's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of AHL's internal control over compliance.

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

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

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

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

*Carly Riggs & Ingram, L.L.C.*

Metairie, Louisiana  
August 26, 2021

## Access Health Louisiana Schedule of Expenditures of Federal Awards

Grantor/Program Title	Federal CFDA Number	Pass-Through Entity No.	Federal Expenditures	Amount Passed through to Subrecipient	Total Federal Expenditures
<b><i>U.S. Department of Health and Human Services:</i></b>					
<i>Health Center Cluster</i>					
Community Health Centers Program	93.224	N/A	\$ 2,198,842	\$ -	\$ 2,198,842
COVID -19 -Community Health Centers Program	93.224	N/A	4,255,578	-	4,255,578
Affordable Care Act Grants for New and Expanded Services under the Health Center Program	93.527	N/A	3,183,494	-	3,183,494
Total Health Centers Cluster			9,637,914	-	9,637,914
Passed Through The Regents of the University of New Mexico for its Health Sciences Center HIV-Related Training and Technical Assistance	93.145	U10HA33225	133,911	-	133,911
Passed Through The Regents of the University of New Mexico for its Health Sciences Center AIDS Education and Training Centers Program COVID-19 Response	93.914	H11HA37343	68,839	-	68,839
Passed through State of LA Department of Health and Hospitals, Office of Public Health HIV Prevention Activities Health Department Based	93.940	NU62PS924522	79,409	-	79,409
Passed through State of LA Department of Health and Hospitals, Office of Public Health Family Planning Services	93.217	FPHPA006402	287,500	-	287,500
Total U.S. Department of Health and Human Services			10,207,573	-	10,207,573
<b><i>Federal Communication Commission</i></b>					
COVID-19 Telehealth Program	32.006	N/A	795,432	-	795,432
Total Federal Communication Commission			795,432	-	795,432
<b><i>U.S. Department of Agriculture:</i></b>					
Administrator of the Rural Utilities Service (RUS) Distance Learning and Telemedicine Loans	10.855	N/A	126,055	-	126,055
Passed-Through State of LA Department of Health and Hospitals, Office of Public Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	057847, 057848 & 057849	784,847	-	784,847
Total U.S. Department of Agriculture			910,902	-	910,902
<b>Total Federal Assistance</b>			<b>\$ 11,913,907</b>	<b>\$ -</b>	<b>\$ 11,913,907</b>

*See accompanying notes to the Schedule of Expenditures of Federal Awards.*

**Access Health Louisiana**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended February 28, 2021**

**Note 1: GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the revenues from federal awards of Access Health Louisiana (AHL) as defined in Note 1 to AHL's basic financial statements for the year ended February 28, 2021. All federal financial assistance that was received directly from federal agencies is included on the schedule, as well as federal assistance passed through other government agencies.

**Note 2: INDIRECT COST RATE**

AHL elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3: ACCOUNTING BASIS**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Access Health Louisiana and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Note 4: FEDERALLY FUNDED INSURANCE**

AHL has no federally funded insurance.

**Note 5: NONCASH ASSISTANCE**

AHL did not receive any federal noncash assistance for the fiscal year ended February 28, 2021.

**Note 6: LOAN**

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

**Access Health Louisiana  
Schedule of Findings and Questioned Costs**

**SECTION I: SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(es) identified?

\_\_\_ yes      X  no  
 \_\_\_ yes      X  none noted

Noncompliance material to financial statements noted?

\_\_\_ yes      X  no

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(es) identified?

\_\_\_ yes      X  no  
 \_\_\_ yes      X  none noted

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)?

\_\_\_ yes      X  none noted

Identification of major federal programs:

Federal CFDA Number	Federal Program or Cluster
93.224, 93.527 32.006	Health Center Program Cluster COVID-19 Telehealth Program

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs.

Auditee qualified as a low-risk auditee for federal purposes?

X  yes     \_\_\_ no

**Access Health Louisiana**  
**Schedule of Findings and Questioned Costs**

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

*No matters were reported.*

**C. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS**

*No matters were reported.*

**D. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM**

*No matters were reported.*

**Access Health Louisiana  
Summary Schedule of Prior Audit Findings**

**A. PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

*No matters were reported.*