

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

FINANCIAL REPORT

March 31, 2020

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying statements of Louisiana Primary Care Association, Inc., (a non-profit organization), which comprise the statement of financial position as of March 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Primary Care Association, Inc. as of March 31, 2020, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Compensation, Benefits and Other Payments to Agency Head, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated December 28, 2020, on my consideration of Louisiana Primary Care Association, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Primary Care Association, Inc.'s internal control over financial reporting and compliance.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
December 28, 2020

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

March 31, 2020

ASSETS**CURRENT ASSETS**

Cash and cash equivalents	\$ 1,793,471
Receivables:	
Grants	669,955
Trade and other	176,113
Prepaid expenses and other	<u>1,672</u>
Total current assets	<u>2,641,211</u>
OTHER INVESTMENT	2,198
PROPERTY AND EQUIPMENT, net	929,441
RESTRICTED CASH	<u>2,132,441</u>
Total assets	<u><u>\$ 5,705,291</u></u>

LIABILITIES AND NET ASSETS**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	\$ 215,596
Accrued vacation and sick leave	46,765
Current portion of long term debt	<u>38,388</u>
Total current liabilities	300,749
NOTES PAYABLE	<u>394,083</u>
Total liabilities	<u>694,832</u>
NET ASSETS	
Without donor restriction	2,754,733
With donor restriction	<u>2,255,726</u>
Total net assets	<u>5,010,459</u>
Total liabilities and net assets	<u><u>\$ 5,705,291</u></u>

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

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended March 31, 2020

	Without donor restrictions	With donor restrictions	Total
REVENUES AND SUPPORT			
Grants	\$ 2,997,340	\$ 138,194	\$ 3,135,534
Conferences	423,539	-	423,539
Contract fees	741,914	-	741,914
Member dues	161,675	-	161,675
Interest	37,398	-	37,398
Donations and sponsorships	16,500	-	16,500
Changes in net asset restrictions:			
Released from restrictions	183,426	(183,426)	-
Total revenues and support	4,561,792	(45,232)	4,516,560
EXPENSES			
Supporting services	3,334,708	-	3,334,708
Management and general	662,760	-	662,760
Total expenses	3,997,468	-	3,997,468
Income (loss) from operations	564,324	(45,232)	519,092
NONOPERATING			
Unrealized gain on investments	833	-	833
Change in net assets	565,157	(45,232)	519,925
NET ASSETS			
Beginning of year	2,189,576	2,300,958	4,490,534
End of year	\$ 2,754,733	\$ 2,255,726	\$ 5,010,459

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

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended March 31, 2020

	<u>Supporting Services</u>		
	<u>LPCA Programs</u>	<u>Management & General</u>	<u>Total</u>
Salaries	1,275,450	198,765	1,474,215
Fringe benefits	176,179	30,267	206,446
Payroll taxes	88,667	14,766	103,433
Consulting and other contracted services	1,342,729	186,779	1,529,508
Conferences and staff development	184,305	18,560	202,865
Travel	90,047	15,466	105,513
Accounting services	81,064	15,666	96,730
Depreciation	-	42,922	42,922
Office	9,223	33,160	42,383
Meals and entertainment	1,878	24,838	26,716
Interest	11,037	9,546	20,583
Training and membership meetings	23,305	4,613	27,918
Insurance	2,706	14,257	16,963
Printing and duplicating	8,783	7,009	15,792
Legal	-	14,734	14,734
Dues and subscriptions	3,077	11,240	14,317
Telephone and online	9,097	4,335	13,432
Property tax	7,895	3,307	11,202
Program supplies	6,457	-	6,457
Utilities	5,050	3,537	8,587
Repairs and maintenance	2,680	5,720	8,400
Advertising	1,000	2,400	3,400
Facility lease	2,048	-	2,048
Bank charges	1,657	317	1,974
Postage	297	556	853
Miscellaneous	77	-	77
Total expenses	<u>\$ 3,334,708</u>	<u>\$ 662,760</u>	<u>\$ 3,997,468</u>

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

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended March 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 519,925
Adjustments for non-cash items:	
Depreciation	42,922
Change in operating assets and liabilities:	
Receivables, prepaid expenses, and other assets	(209,835)
Unrealized loss on investments	(833)
Accounts payable	(21,174)
Deferred revenue	(711)
Accrued liabilities	<u>(3,366)</u>
Net cash provided by operating activities	<u>326,928</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on notes payable	<u>(36,705)</u>
Net increase in cash	290,223

CASH AND RESTRICTED CASH

Beginning of year	<u>3,635,689</u>
End of year	<u>\$ 3,925,912</u>

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

Cash	\$ 1,793,471
Restricted cash	<u>2,132,441</u>
Total cash and restricted cash	<u>\$ 3,925,912</u>

Supplemental disclosure of cash flow information:

Interest paid during the year	<u>\$ 20,583</u>
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The accompanying notes to financial statements
are an integral part of this statement.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND OPERATIONS

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

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

Member Services

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

Conferences, Seminars, and Educational Programs

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

Management and General

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

BASIS OF ACCOUNTING

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The FASB issued this ASU to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. The Association adopted ASU 2018-08 effective April 1, 2019. The provisions of this standard resulted in no significant changes in the way the Association recognizes contributions.

ACCOUNTING PRONOUNCEMENTS ISSUED BY NOT YET ADOPTED

ASU 2014-09, *Revenue from Contracts with Customers*, was issued to update the revenue recognition standard in order to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as to help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This standard will be effective for periods beginning after December 15, 2019.

The Association is currently assessing the impact of these pronouncements on its financial statements.

CASH AND CASH EQUIVALENTS

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

ACCOUNTS AND GRANTS RECEIVABLE

The Association uses the allowance method for doubtful accounts. Management believes all accounts to be collectable and therefore no allowance has been recorded for uncollectible receivables as of March 31, 2020.

OTHER INVESTMENT

The Association is a limited partner in Louisiana Primary Care Accountable Care Organization, LLC (LPCACO) with an interest of 3.6% and has no ability to influence the operating or financial policies of the partnership, the cost method is used to account for its investment. Under that method, the Organization records income only to the extent of distributions received. No distributions were received in 2020. See Note 10 for additional information regarding transactions involving LPCACO.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

VACATION LEAVE

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

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

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

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

NET ASSETS

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

Net assets without donor restriction

Net assets for general use with no donor restrictions.

Net assets with donor restriction

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUES

The Association receives the majority of its revenues from Federal and State agencies. The Association recognizes contract revenue on a pro-rata basis over the contract life or to the extent of expenses. Revenue recognition depends on the contract. Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Association with the terms of the grant or contract.

FUNCTIONAL EXPENSES

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

USE OF ESTIMATES

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

INCOME TAXES

The Association is exempt from federal income taxed under Section 501(c)(3) of the Internal Revenue Code. The Association is subject to income tax on unrelated business income which included the rental of space. The Association did not incur income tax expenses during the fiscal year ended March 31, 2020.

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

SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through December 28, 2020, the date the financial statements were available to be issued.

NOTE 2 - FAIR VALUE MEASURES

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

NOTE 3 - PROPERTY AND EQUIPMENT

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

A summary of property and equipment is as follows:

	Estimated Service Lives	Amount
Land	-	\$ 150,000
Building and improvements	7-39 years	992,554
Equipment	5-7 years	142,972
Furniture and fixtures	5-7 years	20,069
Total		1,305,595
Less accumulated depreciation		(376,154)
Total		\$ 929,441

Depreciation expense was \$42,922 for 2020.

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

NOTE 4 - LONG TERM DEBT

The Association obtained a \$620,000 loan from Capital One, National Association in 2014. Proceeds from the loan were used to purchase a building and the respective land and make necessary improvements. Payments are due in 180 monthly installments of principal and interest of \$4,774 based on an annual interest rate of 4.5%. The loan matures on June 16, 2029. Interest expense was \$20,583 for 2020. This loan is collateralized by real estate.

Maturities of long-term debt are as follows:

Year	Amount
2021	38,388
2022	40,177
2023	42,048
2024	43,974
2025	46,056
Thereafter	221,828
	\$ 432,471

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist primarily of a grant from the Louisiana Department of Administration (DOA). In January 2008, the Association entered into a Cooperative Endeavor Agreement with the DOA to act as the program financial manager for a state appropriation of \$41,500,000. The funds were allocated by the DOA for statewide planning, acquisition and construction of community primary health care clinics. The expanded capacity represents buildings and equipment which will allow for a broader population of patients to be served. The program expenditures were made over multiple years. The funding has been placed in a checking account (\$26 for March 31, 2020) and a savings account (\$2,132,415 as of March 31, 2020).

When a donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as “net assets released from restrictions.” The Association does not imply a time restriction on gifts of long-lived assets. If a restriction expires in the same fiscal year as the contribution was received, the contribution is reported as without donor restriction. The Association released \$183,426 in net assets with donor restriction during 2020.

	Beginning of Year	Increases	Decreases	End of Year
Facility Expansion Initiative	\$ 2,149,320	\$ -	\$ -	\$ 2,149,320
BCBS Collective Impact Grant	-	130,000	(45,590)	84,410
Minority Health Acces	55,763	-	(55,763)	-
Breast & Cervical Health Grant	50,147	8,194	(50,147)	8,194
Colorectal Screening Grant	31,926	-	(31,926)	-
Heinz Grant	12,742	-	-	12,742
Direct Relief Grant	1,060	-	-	1,060
Total	<u>\$ 2,300,958</u>	<u>\$ 138,194</u>	<u>\$ (183,426)</u>	<u>\$ 2,255,726</u>

NOTE 6 - CONCENTRATIONS

Financial instruments, which potentially subject the Association to concentrations of credit risk, consist principally of cash accounts. Cash accounts are insured by the Federal Deposit Insurance Corporation to \$250,000. Amounts in excess of insured limits at March 31, 2020 were \$3,348,295. The Association does not believe that it is exposed to any significant credit risk on uninsured amounts.

NOTE 7 - RETIREMENT PLAN

The Association sponsors a 401(k) profit sharing plan. Eligible employees are allowed to contribute a portion of their compensation, up to federally designated limits. The Association matches up to 100% of the amount of the employee's elective deferrals that are not in excess of 3% of the employee's compensation, plus 50% of the amount of the employee's elective deferrals that exceeds 3% of the employee's compensation but not in excess of 5% of the employee's compensation. All employees are 100% vested in the plan. The Association's contribution to the plan for the year ended March 31, 2020 was \$45,574.

NOTE 8 - ECONOMIC DEPENDENCY

The Association receives a substantial portion of its total support and revenues from the federal government. During the fiscal year ended March 31, 2020, the Association recorded \$2,808,389 in grant support from the Department of Health and Human Services. This represents 63% of total support and revenues for the fiscal year ended March 31, 2020. These funds are provided to subsidize charity support services provided by the Association.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Grants

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

NOTE 10 - RELATED PARTIES

The Association is a member organization of Louisiana Primary Care Accountable Care Organization, LLC (LPCACO), an entity of 24 members, each of which is a federally qualified health center in the State of Louisiana. The Association paid various costs on behalf of LPCAO. The Association has a receivable of \$8,501 related to the reimbursement of these costs as of March 31, 2020. In addition, the Association also provided management services to the LPCACO during the fiscal year ended March 31, 2020 which resulted in management fee revenue totaling \$97,383.

NOTE 11 - OPERATING LEASE

The Association is a lessor of an office building where the Association occupies approximately 50% of the premises. The lease commenced in February 2019 and expired in February 2020. On January 23, 2020, this lease was extended to February 28, 2021. The estimated rent expense for 2021 is \$38,000.

The cost of the building and related improvements under the lease agreement is \$463,234 for the year ending March 31, 2020. The accumulated depreciation is \$94,474 for the year ended March 31, 2020.

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	<u>Amount</u>
Financial assets, at year-end	
Cash	\$ 1,793,471
Restricted cash	2,132,441
Grant and trade receivables	846,068
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor imposed restrictions	<u>(2,255,726)</u>
Financial assets available for general expenditures within one year	<u>\$ 2,516,254</u>

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

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Primary Care Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 28, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Primary Care Association, Inc.'s financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
December 28, 2020

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

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

Report on Compliance for Each Major Federal Program

I have audited Louisiana Primary Care Association, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Louisiana Primary Care, Inc.'s major federal programs for the year ended March 31, 2020. Louisiana Primary Care Association, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Louisiana Primary Care Association, Inc.'s compliance.

Opinion on Each Major Federal Program

In my opinion, Louisiana Primary Care Association, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2020.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of 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

Lake Charles, Louisiana
December 28, 2020

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended March 31, 2020

Grantor/State Pass-through/ Program name/ Location of Project		CFDA Number	Award Number	Federal Expenditures
U.S. Department of Health and Human Services				
Technical and Non-Financial Assistance to Health Centers	*	93.129	U58CS068501101	\$ 824,649
Affordable Care Act (ACA) - New and Expanded Services	*	93.527	H2QCS25641	1,464,429
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke		93.757	2000276761	58,614
Well-Intergrated Screening and Evaluation for Women Across the Nation (Wisewoman)		93.436		184,421
Rural Health Care Services Outreach and Rural Health Network Development Program		93.912		83,648
Pass-through / Louisiana State University - Health Sciences Center Organized Approaches to Increase Colorectal Cancer Screening		93.800	PH-16-111-100	189,705
U.S. Department of Agriculture				
Distance Learning and Telemedicine Loans and Grants		10.855		<u>2,923</u>
Total Federal Assistance				<u>\$ 2,808,389</u>

* Major Program

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Louisiana Primary Care Association, Inc., and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements contained by Title 2 of U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards (Uniform Guidance). The Association has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the guidance.

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

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
Baton Rouge, Louisiana

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

For the year ended March 31, 2020

Agency Head: Gerrelda Davis

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 165,884
Benefits - health insurance (Employer Paid portion)	7,234
Benefits - dental insurance (Employer Paid portion)	362
Benefits - retirement (Employer Paid portion)	6,558
Benefits - vision (Employer Paid portion)	44
Car allowance	12,000
Per diem/ Sustenance	2,076
Travel	5,759
Registration fees	6,488
Conference travel	9,103
	<u>\$ 215,508</u>

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

Schedule of Findings and Questioned Costs
Year Ended March 31, 2020

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditor’s report issued				Unmodified
Internal control over financial reporting:				
Material weaknesses identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No	
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None reported	
Noncompliance material to financial statements noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No	

Federal Awards

Internal control over major programs:				
Material weaknesses identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No	
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> 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?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No	

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? Yes No

No Separate Management Letter Issued

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

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

SECTION II – FINDINGS

None

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

**Summary Schedule of Prior Year Findings and Questioned Cost
Year Ended March 31, 2019**

SECTION III – PRIOR YEAR FINDINGS

None