

**Teche Action Board, Inc.  
d/b/a Teche Action Clinic  
Franklin, Louisiana  
May 31, 2023**

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

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

## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Teche Action Board, Inc. d/b/a Teche Action Clinic (a non-profit organization), which comprise the statement of financial position as of May 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Teche Action Board, Inc. d/b/a Teche Action Clinic as of May 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Teche Action Board, Inc. d/b/a Teche Action Clinic and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Teche Action Board, Inc. d/b/a Teche Action Clinic's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Teche Action Board, Inc d.b.a Teche Action Clinic's internal control Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Teche Action Board, Inc d.b.a Teche Action Clinic's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of compensation, benefits, and other payments to agency head or chief executive officer, as required by the Louisiana Legislative Auditor, are presented for purposes of additional analysis and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, on our consideration of Teche Action Board, Inc. d/b/a Teche Action Clinic's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Teche Action Board, Inc. d/b/a Teche Action Clinic's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Teche Action Board, Inc. d/b/a Teche Action Clinic's internal control over financial reporting and compliance.

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

November 28, 2023

**Teche Action Board, Inc. d/b/a Teche Action Clinic**  
**Statement of Financial Position**  
**May 31, 2023**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 2,640,489
Investments	5,016,534
Patient accounts receivable, net	1,937,469
Grants receivable	164,290
Inventory	347,015
Prepaid expenses	<u>318,301</u>

Total current assets 10,424,098

**Property and Equipment, net**

15,060,177

**Other Assets**

Note receivable	375,000
Operating lease right-of-use asset	42,797
Other asset	<u>3,000</u>

Total other assets 420,797

Total assets \$ 25,905,072

**Liabilities and Net Assets**

**Current Liabilities**

Lines of credit	\$ 2,727,149
Current portion of operating lease liability	26,437
Accounts payable	349,042
Accrued liabilities	1,092,252
Deferred revenue	<u>750,000</u>

Total current liabilities 4,944,880

**Long-Term Portion of Operating Lease Liability**

16,360

Total liabilities 4,961,240

**Net Assets Without Donor Restrictions**

20,943,832

Total liabilities and net assets \$ 25,905,072

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

**Teche Action Board, Inc. d/b/a Teche Action Clinic**  
**Statement of Activities**  
**Year Ended May 31, 2023**

	<u>Without Donor Restrictions</u>
<b>Revenue and Public Support</b>	
Revenue:	
Patient service revenue, net	\$ 15,052,123
Provision for bad debts	<u>(923,180)</u>
Net patient service revenue	14,128,943
Other revenue	569,387
Interest	122,967
Investment loss	(241,604)
Loss on sale of asset	(351,685)
Public Support:	
Federal grants revenue	9,148,382
Other grants and contract revenue	<u>1,388,720</u>
Total revenue and public support	<u>24,765,110</u>
<b>Expenses</b>	
Program services	18,332,196
Management and general	<u>7,838,890</u>
Total expenses	<u>26,171,086</u>
<b>Change in Net Assets</b>	(1,405,976)
<b>Net Assets, beginning of year</b>	<u>22,349,808</u>
<b>Net Assets, end of year</b>	<u><u>\$ 20,943,832</u></u>

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

**Teche Action Board, Inc. d/b/a Teche Action Clinic**  
**Statement of Functional Expenses**  
**Year Ended May 31, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries	\$ 11,950,615	\$ 3,381,408	\$ 15,332,023
Payroll taxes and fringe benefits	1,688,757	552,283	2,241,040
Medical contracts	149,957	1,688	151,645
Non-medical contracts	41,252	1,544,829	1,586,081
Supplies	2,460,666	438,414	2,899,080
Travel	190,006	84,696	274,702
Repairs and maintenance	919,903	215,354	1,135,257
Utilities	310,349	87,930	398,279
Telephone and postage	299,351	99,784	399,135
Dues and subscriptions	25,461	29,458	54,919
Insurance	6,483	317,682	324,165
Organizational meetings	3,956	38,337	42,293
Advertising	3,630	137,139	140,769
Other expenses	46,570	215,829	262,399
Depreciation	177,392	504,884	682,276
Lease expense	27,101	39,053	66,154
Interest	30,747	150,122	180,869
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenses	<u>\$ 18,332,196</u>	<u>\$ 7,838,890</u>	<u>\$ 26,171,086</u>

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

**Teche Action Board, Inc. d/b/a Teche Action Clinic**  
**Statement of Cash Flows**  
**Year Ended May 31, 2023**

<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ (1,405,976)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	682,276
Realized loss on investments	239,619
Amortization of fixed income securities	37,032
Amortization of operating lease right-of-use asset	28,572
Net depreciation in fair value of investments	1,985
Loss on sale of asset	351,685
Provision for bad debts	923,180
(Increase) Decrease in assets:	
Patient accounts receivable	(381,840)
Grants receivable	474,025
Inventory	(87,585)
Prepaid expenses	(102,953)
Operating lease right-of-use asset	(4,039)
Increase (Decrease) in liabilities:	
Operating lease liability	(24,533)
Accounts payable	122,080
Accrued liabilities	106,855
Net cash provided by operating activities	<u>960,383</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of property and equipment	(1,268,531)
Proceeds from sale of asset	15,000
Net increase in investments	<u>(258,989)</u>
Net cash used in investing activities	<u>(1,512,520)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(552,137)
<b>Cash and Cash Equivalents, beginning of year</b>	<u>3,192,626</u>
<b>Cash and Cash Equivalents, end of year</b>	<u>\$ 2,640,489</u>
<b>Supplemental Cash Flow Disclosures</b>	
Cash paid during the year for interest	<u>\$ 180,869</u>
<b>Supplemental Disclosure of Non-Cash Information</b>	
Non-cash financing for sale of asset	<u>\$ 375,000</u>

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

**Teche Action Board, Inc. d/b/a Teche Action Clinic**  
**Notes to Financial Statements**  
**May 31, 2023**

**Note 1-Nature of Activities and Significant Accounting Policies**

A. Nature of Activities

Teche Action Board, Inc. (the "Organization") operates as Teche Action Clinic. The Organization was incorporated in May 1974 to provide comprehensive health care to area residents, with particular emphasis on the socio-economically disadvantaged. The Organization is a federally qualified health center (FQHC). The Organization primarily earns revenue by providing medical services to its patients and through various federal grants and state contracts.

B. Basis of Accounting and Presentation

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

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

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

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

C. Use of Estimates

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

D. Cash and Cash Equivalents

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

E. Investments

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

**Teche Action Board, Inc. d/b/a Teche Action Clinic**  
**Notes to Financial Statements**  
**May 31, 2023**

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

**E. Investments (Continued)**

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

**F. Patient Accounts Receivable**

The Organization records patient receivables at the time of service according to fees developed from cost data of this and similar organizations. These amounts are often reduced because of the patients' inability to pay or because of disallowances and reductions from third party payors.

**G. Allowance for Doubtful Accounts and Bad Debts**

Patient receivables are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. For receivables associated with services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. The allowance for doubtful accounts and bad debts was \$2,528,674 as of May 31, 2023.

**H. Inventory**

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

**I. Property and Equipment**

Property and equipment are stated at cost. It is the Organization's policy to capitalize expenditures for property and equipment in excess of \$5,000. Depreciation of property and equipment is computed principally by the straight-line method over the following estimated useful lives: building and improvements (5-35 years); furniture and equipment (3-20 years); leasehold and land improvements (10-29 years), and vehicles (10 years).

**Teche Action Board, Inc. d/b/a Teche Action Clinic**  
**Notes to Financial Statements**  
**May 31, 2023**

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

J. Leases

The Organization accounts for leases in accordance with Accounting Standards Codification (“ASC”) 842, *Leases*. As such, the Organization determines whether an arrangement is a lease at inception and then performs an analysis to classify the lease as either an operating lease or a finance lease. The Organization measures right-of-use assets and lease liabilities at the lease commencement date based on the present value of the remaining lease payments. The implicit rate in the lease is used as the discount rate when readily determinable; if the implicit rate is not available, the Organization’s incremental borrowing rate is used as the discount rate. The Organization recognizes lease components and non-lease components together and not as separate parts of a lease for all leases. Leases with a term of twelve months or less at inception are not recorded on the statement of financial position and are expensed over the lease term in the statement of activities.

K. Patient Service Revenue

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, and discounted charges. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party-payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Organization has a sliding fee plan for patients whose income levels fall within the sliding fee guidelines and who do not have coverage with a third-party payor.

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

L. Grants and Contributions

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

M. Income Taxes

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

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

**Teche Action Board, Inc. d/b/a Teche Action Clinic**  
**Notes to Financial Statements**  
**May 31, 2023**

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

N. Advertising

The Organization expenses the cost of advertising as the expense is incurred. For the year ended May 31, 2023, advertising expense totaled \$140,769.

O. Functional Expenses

Expenses were allocated in the accompanying financial statements to program services and management and general functional expense groups. The methods of allocation were based on several factors such as utilization of office space as well as the Organization's estimates of the relative proportion of various staff members' time and effort between program and administrative functions

P. Risk Management

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses, natural disasters; medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters

Q. Liquidity Management

As of May 31, 2023, the following financial assets could be made readily available within one year of the date of the statement of financial position to meet general expenditures.

Cash and cash equivalents	\$ 2,640,489
Investments	5,016,534
Patent accounts receivable, net	1,937,469
Grants receivable	<u>164,290</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 9,758,782</u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. In addition to the above amounts, the Organization has revolving lines of credit with a financial institution, which are further discussed in Note 3.

R. Recently Adopted Accounting Standards

Effective June 1, 2022, the Organization adopted ASC 842, *Leases*, using a modified retrospective transition approach, which requires the new standard to be applied to all leases existing at the date of initial application. Under ASC 842, lessees are required to recognize a lease liability and right-of-use asset ("ROU asset") for all leases with a term greater than twelve months and to disclose key information about leasing arrangements. Additionally, leases are classified as either financing or operating; the classification determines the pattern of expense recognition and classification within the statement of activities. The Organization used the standard's effective date as the date of initial application.

**Teche Action Board, Inc. d/b/a Teche Action Clinic**  
**Notes to Financial Statements**  
**May 31, 2023**

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

R Recently Adopted Accounting Standards (Continued)

Consequently, the financial information was not presented and the disclosures required under the new standard are not provided for dates and periods prior to June 1, 2022. The new standard provides several optional practical expedients that can be adopted at transition. The Organization elected the “package of practical expedients,” which allows the entity to not reassess the prior conclusions regarding lease identification, lease classification, and initial direct costs. The most significant effects related to the adoption relate to (1) the recognition of new ROU asset and lease liability on the statement of financial position; and (2) significant new disclosures about its leasing activities. Upon adoption, the Organization recognized \$67,330 in operating lease liability and ROU asset.

Additional information and disclosures required by ASC 842 are presented in Note 4.

**Note 2-Property and Equipment**

The following is a summary of property and equipment as of May 31, 2023:

Building and improvements	\$	15,727,976
Furniture and equipment		2,709,184
Vehicles		1,186,423
Leasehold improvements		36,930
Land improvements		<u>306,661</u>
		19,967,174
Less: accumulated depreciation and amortization		<u>7,044,884</u>
		12,922,290
Land		1,974,188
Construction in progress		<u>163,699</u>
Property and equipment, net	\$	<u>15,060,177</u>

**Note 3-Note Receivable**

The Organization has a note receivable with the Terrebonne Parish Consolidated Government (TPCG) related to the sale of land. Per the terms of the sale, TPCG will use the land to construct and operate a Parish Health Unit and lease the first floor to the Organization at a rent-free rate up to the point where the note receivable is fully relieved, at which time TPCG will charge the Organization monthly rent of \$4,775. As of May 31, 2023, construction had not begun, and therefore the note receivable is deemed to be non-current.

**Teche Action Board, Inc. d/b/a Teche Action Clinic**  
**Notes to Financial Statements**  
**May 31, 2023**

**Note 4-Operating Lease**

The Organization leases office space under a non-cancellable operating lease expiring through the fiscal year ending May 31, 2025. The lease does not include an option to renew or terminate at the Organization's discretion, and, therefore, does not extend beyond the stated term. The lease agreement does not contain any material residual value guarantees or restrictive covenants. The Organization also leases various pieces of equipment under month-to-month or with lease terms less than 12 months. These leases are expensed on a straight-line basis over the term of the lease and included in lease expense.

Supplemental statement of financial position information related to the operating lease as of May 31, 2023 is as follows:

Operating lease right-of-use asset	\$	<u>42,797</u>
Current portion of operating lease liability	\$	26,437
Long-term portion of operating lease liability		<u>16,360</u>
Operating lease liability	\$	<u>42,797</u>

Future minimum lease payments under the non-cancelable operating lease of May 31, 2023 are as follows:

2024	\$	28,572
2025		16,667
Less: imputed interest		<u>(2,442)</u>
Operating lease liability	\$	<u>42,797</u>

As of May 31, 2023, the weighted-average remaining lease term was 1.59 years, and the weighted-average discount rate was 7.50%.

The components of rent expense for the year ended May 31, 2023 are as follows:

Operating lease expense	\$	28,572
Short-term lease expense		<u>37,582</u>
Total lease expense	\$	<u>66,154</u>

Supplemental cash flow information and non-cash activity related to the operating lease for the year ended May 31, 2023 is as follows:

Cash paid for amounts included in the measurement of lease liability and ROU asset	\$	<u>28,572</u>
ROU asset obtained in exchange for lease obligation	\$	<u>67,330</u>

**Teche Action Board, Inc. d/b/a Teche Action Clinic**  
**Notes to Financial Statements**  
**May 31, 2023**

**Note 5-Lines of Credit**

The Organization has a revolving line of credit with Whitney Bank dated March 21, 2023 and maturing June 21, 2023 with a current limit of \$3,250,000. The line of credit is secured by all deposits and investments held for the Organization at Whitney Bank and bears interest at 8.25%. The outstanding balance was \$2,627,171 at May 31, 2023.

The Organization has an additional revolving line of credit with Whitney Bank dated October 24, 2018 and maturing October 24, 2023 with an available limit of \$100,000. The line of credit is secured by all deposits and investments held for the Organization at Whitney Bank and bears interest at 7.25%. The outstanding balance was \$99,978 at May 31, 2023.

**Note 6-Accrued Vacation**

The Organization allows employees to carry 40 hours of unused vacation into the following year. An employee may carry over additional vacation hours only with written permission from the executive director. The accrual is calculated based on the employee's pay rate at the end of the year. At May 31, 2023, accrued vacation totaled \$508,572 and is included in accrued liabilities on the statement of financial position.

**Note 7-Retirement Plan**

The Organization has a 401(k)-retirement plan for eligible employees. The plan provides for a mandatory 3% safe-harbor matching contribution. The Organization will also match 50% of an employee's contributions up to an additional 2% matching contribution. All participating employees are fully vested immediately. To be eligible, an employee must be employed with the Organization for at least one year and must be at least eighteen years of age. Retirement expense was \$234,609 for the year ended May 31, 2023 and is included in payroll taxes and fringe benefits on the statement of functional expenses.

**Note 8-Fair Value Measurements**

The Organization applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs (other than quoted market prices in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions regarding what market participants would use in pricing the same asset or liability (the unobservable inputs should be developed based on the best information available).

**Teche Action Board, Inc. d/b/a Teche Action Clinic**  
**Notes to Financial Statements**  
**May 31, 2023**

**Note 8-Fair Value Measurements (Continued)**

The amortized cost and fair values measured on a recurring basis of investment securities as of May 31, 2023 are as follows

<b>Level 2 Observable Inputs</b>	<b>Amortized Cost</b>	<b>Fair Value</b>
Fixed income securities	<u>\$ 5,818,909</u>	<u>\$ 5,016,534</u>

The Organization has a number of financial instruments, none of which are held for trading purposes. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

**Note 9-Contingencies**

The Organization receives funds from the Department of Health and Human Services (DHHS), under Section 330 of the Public Health Service Act (42 U.S.C. 254c). In accordance with DHHS policies, all funds disbursed should be in compliance with the specific terms of the grant agreements. DHHS may, at its discretion, request reimbursement for expenses or return of unexpended funds, or both, as a result of non-compliance by the Organization with the terms of the grants. In addition, if the Organization terminates its DHHS grant activities, all unexpended federal funds are to be returned to DHHS.

**Note 10-Concentrations**

The Organization maintains several bank accounts at various banks, where account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, the Organization maintains deposit balances that exceed federally insured limits. The Organization deposits its cash with high quality financial institutions, and management believes the Organization is not exposed to significant credit risk on amounts in excess of federally insured limits.

The Organization receives a substantial portion of its total revenue and support from the federal government. For the year ended May 31, 2023, the Organization recognized \$9,148,382 in grant support from DHHS. This represents 37% of total revenue and support for the year ended May 31, 2023.

The majority of the Organization's patients are located in South Louisiana. The Organization grants credit without collateral to its patients. The mix of receivables from patients and third-party payors as of May 31, 2023 was as follows

Medicare	36%
Medicaid	17%
Other	47%
	<u>100%</u>

**Teche Action Board, Inc. d/b/a Teche Action Clinic**  
**Notes to Financial Statements**  
**May 31, 2023**

**Note 11-Commitments**

As of May 31, 2023, the Organization has commitments for two contracts totaling \$1,489,224 for the construction and renovation of an annex building located in Franklin, LA, and for the manufacturing and installation of digital signs at the Morgan City, Pierre Part, Franklin, and Houma locations.

**Note 12-Related Party Transactions**

The Organization had \$377,050 in consulting expenses with related party companies separately owned by two officers, a board member, and the spouse of a board member. These expenses are included in "non-medical contracts" on the statement of functional expenses.

**Note 13-Subsequent Events**

Management of the Organization evaluated all subsequent events through November 28, 2023, which is the date the financial statements were available to be issued. As a result, the Organization noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

## **Supplementary Information**

**Teche Action Board, Inc. d/b/a Teche Action Clinic  
 Schedule of Compensation, Benefits, and Other Payments to  
 Agency Head or Chief Executive Officer  
 Year Ended May 31, 2023**

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

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

The above amount only represents compensation paid to the CEO from public funds received by the Organization. Dr. Wiltz did not receive any compensation from public funds for the year ended May 31, 2023



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

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

**Independent Auditor’s Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Teche Action Board, Inc. d/b/a Teche Action Clinic (a nonprofit organization), which comprise the statement of financial position as of May 31, 2023, 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 November 28, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Teche Action Board, Inc. d/b/a Teche Action Clinic’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Teche Action Board, Inc. d/b/a Teche Action Clinic’s internal control. Accordingly, we do not express an opinion on the effectiveness of Teche Action Board, Inc. d/b/a Teche Action Clinic’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a significant deficiency.

## **Report on Compliance and Other Matters**

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

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Teche Action Board, Inc. d/b/a Teche Action Clinic's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Teche Action Board, Inc. d/b/a Teche Action Clinic's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

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

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

November 28, 2023



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

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

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

***Opinion on Each Major Federal Program***

We have audited Teche Action Board, Inc. d/b/a Teche Action Clinic's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Teche Action Board, Inc. d/b/a Teche Action Clinic's major federal programs for the year ended May 31, 2023. Teche Action Board, Inc. d/b/a Teche Action Clinic's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Teche Action Board, Inc. d/b/a Teche Action Clinic complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Teche Action Board, Inc. d/b/a Teche Action Clinic and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Teche Action Board, Inc. d/b/a Teche Action Clinic's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Teche Action Board, Inc. d/b/a Teche Action Clinic's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Teche Action Board, Inc. d/b/a Teche Action Clinic's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Teche Action Board, Inc. d/b/a Teche Action Clinic's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Teche Action Board, Inc. d/b/a Teche Action Clinic's internal control over compliance. Accordingly, no such opinion is expressed.

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on Teche Action Board, Inc. d/b/a Teche Action Clinic's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. Teche Action Board, Inc. d/b/a Teche Action Clinic's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Teche Action Board, Inc. d/b/a Teche Action Clinic's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Teche Action Board, Inc. d/b/a Teche Action Clinic's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

November 28, 2023

**Teche Action Board, Inc. d/b/a Teche Action Clinic**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended May 31, 2023**

<b>Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Federal Expenditures</b>
<b>U.S Department of Health and Human Services</b>		
Health Center Program Cluster*		
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	\$ 125,250
American Rescue Plan Act Funding for Health Centers	93.224	2,380,199
Expanding COVID-19 Vaccination	93.527	65,844
Grants for New and Expanded Services Under the Health Center Program	93.527	<u>6,310,325</u>
Total Health Center Program Cluster		8,881,618
Grants for Capital Development in Health Centers	93.526	<u>71,800</u>
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	<u>194,964</u>
Total expenditures of federal awards		<u><u>\$ 9,148,382</u></u>

\*Denotes major program

The accompanying notes are an integral part of this schedule

**Teche Action Board, Inc. d/b/a Teche Action Clinic**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended May 31, 2023**

**Note 1-Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal award activity of Teche Action Board, Inc. d/b/a Teche Action Clinic under programs of the federal government for the year ended May 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**Note 2-Summary of Significant Accounting Policies**

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

**Note 3-Indirect Cost Rate**

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

**Note 4-Loans and Loan Guarantee Program**

The Organization had no loans or loan guarantee programs outstanding as of May 31, 2023 for those loans described in 2 CFR 200.502(b).

**Note 5-Subrecipients**

The Organization did not pass-through any of its federal awards to subrecipients during the year ended May 31, 2023.

**Note 6-Non-Cash Assistance**

For the year ended May 31, 2023, the Organization did not expend any federal awards in the form of non-cash assistance.

**Note 7-Donated Personal Protective Equipment**

The Organization did not receive any donated federally funded personal protective equipment for the year ended May 31, 2023.

**Teche Action Board, Inc. d/b/a Teche Action Clinic**  
**Schedule of Findings and Questioned Costs**  
**Year Ended May 31, 2023**

**Section I – Summary of Auditor’s Results**

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?        Yes          X   No

Federal Awards

Internal control over major programs

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

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?      X   Yes            No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93 224 93.527	Health Center Program Cluster

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

Audtee qualified as low-risk auditee?              X   Yes            No

A separate management letter was not issued

**Teche Action Board, Inc. d/b/a Teche Action Clinic**  
**Schedule of Findings and Questioned Costs**  
**Year Ended May 31, 2023**

**Section II – Financial Statement Findings**

**Significant Deficiency**

*2023-001: Sliding Fee Discounts*

Federal Program Information:

Assistance Listing Number: 93.224/93.527: Health Center Program Cluster

Criteria:

Health Centers must prepare and apply a sliding fee discount schedule so that amounts owed for health center services by eligible patients are adjusted or discounted based on the patient's ability to pay.

Condition:

Some patients did not receive the proper sliding fee discount.

Cause:

Unknown

Questioned Costs

Known or likely questioned costs are less than \$25,000.

Context:

Of the 60 patients sampled, 12 patients did not receive the proper adjustment or discount.

Effect

Improper adjustments or discounts could lead to inaccurate financial statements as well as improper patient billings.

Auditor's Recommendation:

Management should have procedures in place ensuring that each eligible patient receives the proper discount or adjustment based on their ability to pay

Management's Response:

We previously identified this as an area of concern and implemented additional controls designed to ensure that the proper sliding fee discount categories are applied by the Patient Service Representatives and that the correct sliding fee discount is applied by the Billing Department. Since the implementation of additional controls, the errors were reduced by 16%. Teche will continue to aggressively audit the existing controls, by increasing internal audits from monthly to weekly. We will also implement additional controls and will perform focused and ongoing education and training to all Patient Service Representatives and Billing Department staff to ensure that the proper sliding fee discount categories are applied by the Patient Service Representatives and that the correct sliding fee discount is applied by the Billing Department. These errors were due in large part to the significant staff turnover in both the Patient Service Representative and Billing Departments; as well as identified errors with the implementation, training and set up, of Teche Action Clinic's new electronic health record system, which was initially implemented virtually due to COVID. In an effort to address the system implementation errors, we have retained subject matter experts to evaluate and correct the system implementation protocols within the EHR system with regards to the application of the sliding fee discount categories.

**Teche Action Board, Inc. d/b/a Teche Action Clinic  
Schedule of Findings and Questioned Costs  
Year Ended May 31, 2023**

**Section III – Federal Award Findings and Questioned Costs**

*2023-001: Sliding Fee Discounts*

Federal program Identification:

Assistance Listing Number: 93 224 93 527: Health Center Program Cluster

Finding Summary:

See section II for details of finding

**Teche Action Board, Inc. d/b/a Teche Action Clinic  
Summary Schedule of Prior Year Findings and Questioned Costs  
Year Ended May 31, 2023**

**Section II – Financial Statement Findings**

**Significant Deficiency**

*2022-001: Sliding Fee Discounts*

Summary of Prior Year Finding:

Some patients tested did not receive the proper slide scale discount

Status:

This finding repeated as 2023-001.

**Section III – Federal Award Findings and Questioned Costs**

*2022-001: Sliding Fee Discounts*

Federal program Identification:

Assistance Listing Number: 93.224 93.527: Health Center Program Cluster

Finding Summary:

See section II for details of finding

**Teche Action Board, Inc.**

**Statewide Agreed-Upon Procedures Report**

**May 31, 2023**



**Independent Accountant's Report  
on Applying Statewide Agreed-upon Procedures**

To the Board of Directors of Teche Action Board, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period June 01, 2022 through May 31, 2023. Teche Action Board, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Teche Action Board, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period June 01, 2022 through May 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows. The procedures are stated first, followed by the results of the procedures presented in italics.

**1) *Written Policies and Procedures***

---

A. Obtained and inspected the entity's written policies and procedures and observed whether they address each of the following categories and subcategories, if applicable to public funds and the entity's operations:

- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

*No exceptions were found as a result of this procedure.*

- ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

*No exceptions were found as a result of this procedure.*

- iii. ***Disbursements***, including processing, reviewing, and approving.

*No exceptions were found as a result of this procedure.*

- iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine completeness of all collections for each type of revenue or agency fund additions.

*No exceptions were found as a result of this procedure.*

- v. **Payroll/Personnel.** including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

*No exceptions were found as a result of this procedure.*

- vi. **Contracting,** including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*No exceptions were found as a result of this procedure.*

- vii. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable),** including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.

*No exceptions were found as a result of this procedure.*

- viii. **Travel and Expense Reimbursement,** including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

*No exceptions were found as a result of this procedure.*

- ix. **Ethics,** including (1) the prohibitions as defined in Louisiana Revised Statute (R S ) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

*LA R.S. 42.1111-1121 does not apply to this entity.*

- x. **Debt Service,** including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements

*Debt service policies and procedures do not apply to this entity*

- xi. **Information Technology Disaster Recovery/Business Continuity,** including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event

*No exceptions were found as a result of this procedure.*

- xii. **Sexual Harassment,** including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting

*LA R.S. 42:342-344 does not apply to this entity*

## 2) Board or Finance Committee

---

A. Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- i. Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*No exceptions were found as a result of this procedure.*

- ii. For those entities reporting on the nonprofit accounting model, observed whether the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

*No exceptions were found as a result of this procedure.*

- iii. For governmental entities, obtained the prior year audit report and observed the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

*This procedure is not applicable to this entity.*

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

*This procedure is not applicable to this entity.*

## 3) Bank Reconciliations

---

A. Obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected four additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:

- i. Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date.

*No exceptions were found as a result of this procedure.*

- ii. Bank reconciliations included evidence that a member of management/board member who did not handle cash, post ledgers, or issue checks had reviewed each bank reconciliation; and

*No exceptions were found as a result of this procedure.*

- iii. Management had documentation reflecting it had researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable

*No exceptions were found as a result of this procedure.*

#### 4) Collections (excluding electronic funds transfers)

---

- A. Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) were prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).

*No exceptions were found as a result of this procedure.*

- B. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site, obtained and inspected written policies and procedures relating to employee job duties at each collection location, and observed that job duties were properly segregated at each collection location such that:

- i. Employees responsible for cash collections did not share cash drawers/registers.

*No exceptions were found as a result of this procedure.*

- ii. Each employee responsible for collecting cash was not responsible for preparing/making bank deposits, unless another employee/official was responsible for reconciling collection documentation to the deposit.

*No exceptions were found as a result of this procedure.*

- iii. Each employee responsible for collecting cash was not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official was responsible for reconciling ledger postings to each other and to the deposit.

*No exceptions were found as a result of this procedure.*

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, were not responsible for collecting cash, unless another employee/official verified the reconciliation.

*No exceptions were found as a result of this procedure.*

- C. Obtained from management a copy of the bond or insurance policy for theft covering all employees who had access to cash. Observed the bond or insurance policy for theft was enforced during the fiscal period.

*No exceptions were found as a result of this procedure.*

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- i. Observed that receipts were sequentially pre-numbered.

*No exceptions were found as a result of this procedure.*

- ii. Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip

*No exceptions were found as a result of this procedure.*

- iii. Traced the deposit slip total to the actual deposit per the bank statement.

*No exceptions were found as a result of this procedure.*

- iv. Observed the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer)

*No exceptions were found as a result of this procedure.*

- v. Traced the actual deposit per the bank statement to the general ledger.

*No exceptions were found as a result of this procedure.*

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

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- A. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).

*No exceptions were found as a result of this procedure.*

- B. For each location selected under #5A above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties and observed that job duties were properly segregated such that:

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order making the purchase.

*No exceptions were found as a result of this procedure.*

- ii. At least two employees are involved in processing and approving payments to vendors.

*No exceptions were found as a result of this procedure.*

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files

*No exceptions were found as a result of this procedure.*

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who was not responsible for processing payments.

*No exceptions were found as a result of this procedure.*

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or come other electronic means.

*No exceptions were found as a result of this procedure.*

C. For each location selected under #5A above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population was complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction, and:

- i. Observed whether the disbursement matched the related original itemized invoice and supporting documentation indicated deliverables included on the invoice were received by the entity.

*No exceptions were found as a result of this procedure.*

- ii. Observed whether the disbursement documentation included evidence of segregation of duties tested under #5B, as applicable.

*No exceptions were found as a result of this procedure.*

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

*No exceptions were found as a result of this procedure*

#### **6) Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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A. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.

B. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card, obtained supporting documentation, and:

- i. Observed whether there was evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved, in writing (or electronically approved), by someone other than the authorized cardholder.

*No exceptions were found as a result of this procedure.*

- ii. Observed that finance charges and late fees were not assessed on the selected statements.

*No exceptions were found as a result of this procedure.*

C. Used the monthly statements or combined statements selected under #7B above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions. For each transaction, observed it is supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

*No exceptions were found as a result of this procedure*

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

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A. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger was complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms-prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- i. If reimbursed using a per diem, observed the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*No exceptions were found as a result of this procedure.*

- ii. If reimbursed using actual costs, observed the reimbursement is supported by an original itemized receipt that identified precisely what was purchased.

*No exceptions were found as a result of this procedure.*

- iii. Observed each reimbursement is supported by documentation of the business public purpose and other documentation required by Written Policies and Procedures procedure #1A(vii).

*No exceptions were found as a result of this procedure.*

- iv. Observed each reimbursement is reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions were found as a result of this procedure.*

**8) Contracts**

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A. Obtained from management a listing of all agreements contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- iii. Observed whether the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

*No exceptions were found as a result of this procedure.*

- iv. Observed whether the contract was approved by the governing body/board, if required by policy or law.

*No exceptions were found as a result of this procedure.*

- v. If the contract was amended, observed the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

*No exceptions were found as a result of this procedure.*

- vi. Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed the invoice and related payment agreed to the terms and conditions of the contract.

*No exceptions were found as a result of this procedure.*

## 9) Payroll and Personnel

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- A. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries pay rates in the personnel files.

*No exceptions were found as a result of this procedure.*

- B. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtained attendance records and leave documentation for the pay period, and:

- i. Observed all selected employees or officials documented their daily attendance and leave.

*No exceptions were found as a result of this procedure.*

- ii. Observed whether supervisors approved the attendance and leave of the selected employees or officials.

*No exceptions were found as a result of this procedure.*

- iii. Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*No exceptions were found as a result of this procedure.*

- iv. Observed the rate paid to the employees or officials agreed to the authorized salary pay rate found within the personnel file.

*No exceptions were found as a result of this procedure.*

- C. Obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the listing is complete. Randomly selected two employees or officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee or officials' cumulative leave records, agreed the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agreed the termination payment to entity policy.

*No exceptions were found as a result of this procedure.*

- D. Obtained management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

*No exceptions were found as a result of this procedure.*

## 10) Ethics

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*This section is not applicable to this entity.*

- A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above obtained ethics documentation from management, and:

- i. Observed whether the documentation demonstrated each employee/official completed one hour of ethics training during the fiscal period.

- ii. Observed whether the entity maintained documentation which demonstrated each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

B. Inquire and/or observe the agency has appointed an ethics designee as required by R.S. 42:1170.

### ***11) Debt Service***

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*This section is not applicable to this entity.*

- A. Obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed State Bond Commission approval was obtained for each debt instrument issued.
- B. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

### ***12) Fraud Notice***

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- A. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*No exceptions were found as a result of this procedure.*

- B. Observed the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*No exceptions were found as a result of this procedure.*

### ***13) Information Technology Disaster Recovery/Business Continuity***

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- A. Performed the following procedures, verbally discussed the results with management, and reported "We performed the procedure and discussed the results with management":

- i. Obtained and inspected the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquired of personnel responsible for backing up critical data) and observed that such backup occurred within the past week. If backups are stored on a physical medium, observed evidence that backups are encrypted before being transported.

*We performed the procedure and discussed the results with management.*

- ii. Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/verifying backup restoration) and observed evidence that the test verification was successfully performed within the past 3 months.

*We performed the procedure and discussed the results with management.*

- iii. Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor

*We performed the procedure and discussed the results with management.*

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network

*No exceptions were found as a result of this procedure.*

#### ***14) Prevention of Sexual Harassment***

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*This section is not applicable to this entity.*

- A. Using the 5 randomly selected employees-officials from procedure #9A under "Payroll and Personnel" above, obtained sexual harassment training documentation from management, and observed the documentation demonstrated each employee official completed at least one hour of sexual harassment training during the calendar year.
- B. Observed that the entity had posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed it included the applicable requirements of R.S. 42:344:
  - i. Number and percentage of public servants in the agency who have completed the training requirements.
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action, and
  - v. Amount of time it took to resolve each complaint.

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

We are required to be independent of Teche Action Board, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement related to our agreed-upon procedures engagement.

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

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

November 28, 2023