

**RAPIDES PRIMARY HEALTH
CARE CENTER, INC.**

AUDITED FINANCIAL STATEMENTS

**FEBRUARY 28, 2018
(WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2017)**

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
February 28, 2018
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BROWN, EWING & CO.
P. A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rapides Primary Health Care Center, Inc.
Alexandria, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Rapides Primary Health Care Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of February 28, 2018, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rapides Primary Health Care Center, Inc. as of February 28, 2018, 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.

Report on Summarized Comparative Information

We have previously audited Rapides Primary Health Care Center, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 18, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended February 28, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other-Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. 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, Costs Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2018, on our consideration of Rapides Primary Health Care Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rapides Primary Health Care Center, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rapides Primary Health Care Center, Inc.'s internal control over financial reporting and compliance.

Brown, Egan & Co.

Ridgeland, Mississippi
August 24, 2018

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Statement of Financial Position
February 28, 2018
(With Summarized Financial Information for 2017)

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash	\$ 2,358,312	\$ 785,397
Patient care receivables, less allowance of \$978,846 for doubtful accounts	1,210,427	1,259,045
Grants receivable	96,454	96,454
Employee advances	9,165	9,935
Investment in LPCA	<u>3,000</u>	<u>3,000</u>
Total Current Assets	<u>3,677,358</u>	<u>2,153,831</u>
Fixed Assets:		
Land	68,027	68,027
Building and improvements	3,530,106	3,530,106
Furniture and equipment	1,242,241	1,242,241
Vehicles	92,924	92,924
Construction in Progress	<u>40,457</u>	<u>40,457</u>
Total Fixed Assets	4,973,755	4,973,755
Less: Accumulated depreciation	<u>(1,770,169)</u>	<u>(1,728,416)</u>
Net Fixed Assets	<u>3,203,586</u>	<u>3,245,339</u>
Other Assets:		
Deposits	<u>1,500</u>	<u>1,500</u>
TOTAL ASSETS	<u>\$ 6,882,444</u>	<u>\$ 5,400,670</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 103,846	\$ 85,667
Payroll taxes payable	40,999	9,415
Other payroll deductions payable	24,110	4,868
Salaries payable	42,872	37,326
Accrued annual leave	21,896	29,035
Bank line of credit	<u>8,300</u>	<u>-</u>
Total Current Liabilities	<u>242,023</u>	<u>166,311</u>
Total Liabilities	<u>242,023</u>	<u>166,311</u>
Net Assets:		
Unrestricted		
Undesignated (Operating)	2,426,946	1,700,338
Fixed assets	3,203,586	2,806,607
Temporarily restricted	<u>1,009,889</u>	<u>727,414</u>
Total Net Assets	<u>6,640,421</u>	<u>5,234,359</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,882,444</u>	<u>\$ 5,400,670</u>

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

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Statement of Activities
For the Year Ended February 28, 2018
(With Summarized Financial Information for 2017)

	<u>Current Unrestricted</u>	
	<u>2018</u>	<u>2017</u>
SUPPORT AND REVENUES (Note 2)		
Support:		
Federal grants and contracts	\$ 2,154,827	\$ 1,899,780
Other local support	<u>-</u>	<u>-</u>
Total Support	<u>2,154,827</u>	<u>1,899,780</u>
Revenue:		
Health care services, net of charity, bad debts and contractual adjustments of \$(1,064,104)	2,961,429	1,932,732
Interest income	7,857	2,026
Other income	7,443	4,979
In-kind revenues	<u>234,567</u>	<u>588,261</u>
Total Revenue	<u>3,211,296</u>	<u>2,527,998</u>
TOTAL SUPPORT AND REVENUES	<u>5,366,123</u>	<u>4,427,778</u>
EXPENSES		
Program Services		
Medical services	2,274,099	2,309,017
Dental services	734,880	771,429
State Dept. of Health & Hospital Dental	<u>87,870</u>	<u>-</u>
Total Program Services	<u>3,096,849</u>	<u>3,080,446</u>
Supporting Services		
Management and general	<u>863,212</u>	<u>881,765</u>
Total Supporting Services	<u>863,212</u>	<u>881,765</u>
TOTAL EXPENSES	<u>3,960,061</u>	<u>3,962,211</u>
Change in net Assets	1,406,062	465,567
Net Assets, Beginning of Year	<u>5,234,359</u>	<u>4,768,792</u>
NET ASSETS, END OF YEAR	<u>\$ 6,640,421</u>	<u>\$ 5,234,359</u>

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

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Statement of Cash Flows
For the Year Ended February 28, 2018
(With Summarized Financial Information for 2017)

CASH FLOWS USED FOR OPERATING ACTIVITIES:

	<u>2018</u>	<u>2017</u>
Changes in Net Assets	\$ 1,406,062	\$ 465,567
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	41,753	150,116
Bad debt expense	9,855	(135,764)
Decrease (increase) in:		
Patient care receivables	38,763	39,130
Employee advances	770	(5,379)
Investments	-	(3,000)
Increase (decrease) in:		
Accounts payable	18,179	22,363
Payroll taxes payable	31,584	(1,509)
Other payroll deductions payable	19,242	(31,609)
Salaries payable	5,546	(12,709)
Accrued annual leave	(7,139)	5,872
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,564,615</u>	<u>493,078</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	-	(91,845)
Proceeds from bank line of credit	8,300	-
Other fixed asset adjustment	-	13,322
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>8,300</u>	<u>(78,523)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payment on bank line of credit	-	(23,102)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>-</u>	<u>(23,102)</u>
NET INCREASE (DECREASE) IN CASH	1,572,915	391,453
CASH, BEGINNING OF YEAR	<u>785,397</u>	<u>393,944</u>
CASH, END OF YEAR	<u>\$ 2,358,312</u>	<u>\$ 785,397</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid for the period	<u>\$ 77</u>	<u>\$ 1,742</u>

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

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
 Schedule of Functional Expenses
 For the Year Ended February 28, 2018
 (With Summarized Financial Information for 2017)

	PROGRAM SERVICES			SUPPORTING SERVICES		2018 Total Expenses	2017 Total Expenses
	Medical Services	Dental Services	Outreach Services	Total Program Services	Management and General		
Personnel	\$ 716,856	178,577	-	895,433	481,490	\$ 1,376,923	\$ 1,356,066
Fringe benefits	233,079	58,234	-	291,313	142,312	433,625	350,436
Travel	29,408	8,421	-	37,829	13,869	51,698	91,225
Supplies	155,815	99,231	20	255,066	55,239	310,305	326,097
Equipment rental	7,945	3,973	-	11,918	3,973	15,891	14,428
Contractual	717,780	267,500	87,250	1,072,530	73,689	1,146,219	753,599
Accounting and audit	10,922	5,461	-	16,383	5,461	21,844	21,696
Legal	8,063	4,031	-	12,094	4,031	16,125	15,000
Dues and subscriptions	5,424	2,687	-	8,111	2,687	10,798	8,930
Utilities	30,705	14,954	-	45,659	14,644	60,303	55,264
Equipment repairs & maint.	286	143	-	429	143	572	-
Building repairs & maint.	19,215	9,631	-	28,846	9,584	38,430	18,471
Insurance	5,762	2,881	-	8,643	2,881	11,524	34,088
Staff recruitment	-	-	-	-	375	375	619
Advertisement & marketing	12,652	35,980	600	49,232	5,994	55,226	46,497
Security	7,100	3,550	-	10,650	3,550	14,200	1,900
Training and development	11,642	5,821	-	17,463	5,821	23,284	31,468
Telephone	25,270	9,857	-	35,127	10,478	45,605	56,123
Postage	1,604	802	-	2,406	802	3,208	2,328
Printing	1,155	559	-	1,714	1,678	3,392	3,423
Space cost	2,980	1,427	-	4,407	2,119	6,526	7,986
Interest	-	-	-	-	77	77	1,742
Bank charges	452	226	-	678	367	1,045	2,484
Waste removal	3,846	3,846	-	7,692	939	8,631	5,666
Board expenses	6,510	3,255	-	9,765	4,055	13,820	7,041
Janitorial services	3,139	1,569	-	4,708	1,569	6,277	6,260
Property and other taxes	920	460	-	1,380	319	1,699	875
Acquisition of fixed assets	-	-	-	-	-	-	91,845
Transferred to fixed assets	-	-	-	-	-	-	(91,845)
Other	125	1,366	-	1,491	4,628	6,119	4,122
In-kind expenses	<u>234,567</u>	<u>-</u>	<u>-</u>	<u>234,567</u>	<u>-</u>	<u>234,567</u>	<u>588,261</u>
Total expenses before depreciation	2,253,222	724,442	87,870	3,065,534	852,774	3,918,308	3,812,095
Depreciation	<u>20,877</u>	<u>10,438</u>	<u>-</u>	<u>31,315</u>	<u>10,438</u>	<u>41,753</u>	<u>150,116</u>
Total Expenses	\$ <u>2,274,099</u>	<u>734,880</u>	<u>87,870</u>	<u>3,096,849</u>	<u>863,212</u>	\$ <u>3,960,061</u>	\$ <u>3,962,211</u>

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

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2018

NOTE 1 - ABOUT THE ORGANIZATION

Rapides Primary Health Care Center, Inc., (the "Center"), a non-profit corporation was incorporated in the State of Louisiana on May 19, 1992. The Center was organized to provide efficient and effective health care through the operation of a health delivery system designed to meet the medical needs of the community i.e., early detection diagnosis, and treatment of illness and injuries; to facilitate an understanding of the desirability of initiating a program of preventive medicine; and to generally improve and promote the improvement of the community, civilly, and socially. The Center provides comprehensive primary health care to area residents, with particular care for the social-economically disadvantaged. The area served is Central Louisiana. The services are provided through an outpatient Center with a referral program, health education, and limited medical services for hospitalization.

The fiscal year of the Center is March 1 through February 28.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. *Basis of Accounting*** - The financial statements of Rapides Primary Health Care Center, Inc., are presented on the accrual basis of accounting.
- B. *Basis of Presentation*** - The organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.
- C. *Cash and Cash Equivalents*** - For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less that are not restricted for specific purposes.
- D. *Donated Property and Equipment*** - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.
- E. *Donated Services*** - Donated services are recognized as contributions in accordance with FASB Accounting Standards Codification (ASC) 958, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center.
- F. *Functional Expense Allocation*** - The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2018

G. Fund Accounting - The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.

H. Property and Equipment - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method. The following estimated useful lives are generally used:

Buildings	40 years
Furniture and fixtures	5 - 20 years
Equipment	5 - 15 years
Software	3 - 5 years

Expenses for additions, major renewals, and betterments are capitalized and expenses for maintenance and repairs are charged to operations as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposal are credited as charged to operations currently.

Asset acquired with a unit cost of \$5,000 is capitalized and depreciated over their estimated useful lives.

The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition, as well as any disposition proceeds is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding source.

I. Restricted and Unrestricted Revenue and Support - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

J. Employees' Annual Leave - The Center charges annual leave earned by employees which has not been used by them at the end of a period to the period that the leave is earned. At February 28, 2018, employees had \$21,896 in accrued vacation benefits, which are reflected in the financial statements.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2018

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

L. Net Patient Service Revenues and Provision for Bad Debt - Net patient service revenue is reported at the estimated net realized amounts from patients, third-party payors, and others for services rendered, including estimated retroactive and prospective adjustments under reimbursements agreements with third-party payors. Third-party payors retain the right to review and propose adjustments to amounts reported by the Clinic. Such 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 Clinic grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. Additions to the allowance for doubtful accounts are made by means of the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance. The amount of the provision for bad debt is based upon management's assessment of historical expected net collections, business and economic conditions, trends in Federal and state governmental health care coverage, and other collection indicators. Services rendered to individuals when payment is expected and ultimately not received are written off to the allowance for doubtful accounts.

M. Reclassifications - Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

NOTE 3 - FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Center in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: the carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

The estimated fair values of the Center's financial instruments, none of which are held for trading purposes, are as follows:

	Carrying Amount	Fair Value
Financial assets:		
Cash and cash equivalents	<u>\$2,358,312</u>	<u>\$2,358,312</u>
Financial liabilities:		
	\$ 8,300	\$ 8,300

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2018

NOTE 4 - CONCENTRATIONS OF CREDIT RISK ARISING FROM DEPOSITS IN EXCESS OF INSURED LIMITS

The Center maintains its cash balances in one (1) financial institution located in Alexandria, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At February 28, 2018, the Center had no concentration credit risk cash exposure.

NOTE 5 - PATIENT ACCOUNTS RECEIVABLE AND RELATED ALLOWANCE FOR DOUBTFUL ACCOUNTS

Patient accounts receivable, prior to adjustment for the allowance for doubtful accounts, is summarized as follows at February 28, 2018:

<u>Accounts receivable</u>	<u>Amount</u>
Patients	\$ 749,917
Government	<u>1,439,356</u>
	<u>\$ 2,189,273</u>

Allowance for doubtful accounts is summarized as follows at February 28, 2018:

<u>Allowance for doubtful accounts</u>	<u>Amount</u>
Patients	\$ <u>978,846</u>

NOTE 6 - PATIENT SERVICE REVENUE

A summary of patient service revenue, net of contractual adjustments and discounts, is as follows at February 28, 2018.

	<u>Amount</u>
Patient Service Revenue	\$ 4,025,533
Less: contractual adjustments under third-party reimbursement program and discounts	(1,054,249)
Provision for bad debts	<u>(9,855)</u>
Total Contractual adjustment and bad debt	<u>(1,064,104)</u>
Net Patient Service Revenue	<u>\$ 2,961,429</u>

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2018

NOTE 7 - FIXED ASSETS

The following is a summary schedule of fixed assets and related accumulated depreciation carried in the general property fund.

<u>Assets</u>	<u>Balance at 03/01/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance at 2/28/18</u>
Land	\$ 68,027	-	-	-	\$ 68,027
Buildings and Improvements	3,530,106	-	-	-	3,530,106
Furniture and Equipment	1,021,994	-	-	-	1,021,994
Computer software	220,247	-	-	-	220,247
Motor vehicle	92,924	-	-	-	92,924
Construction in progress	40,457	-	-	-	40,457
Total	4,973,755	-	-	-	4,973,755
Less: Accumulated Depreciation	<u>(1,728,416)</u>	<u>(41,753)</u>	-	-	<u>(1,770,169)</u>
Net Fixed Assets	<u>\$ 3,245,339</u>	<u>(41,753)</u>	-	-	<u>\$ 3,203,586</u>

Depreciation expense for the year ended February 28, 2018 totaled \$41,753.

NOTE 8 - CORPORATE INCOME TAXES

The Organization is exempt from corporate Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes. Therefore, no provision has been made for Federal or state corporate income taxes in the accompanying financial statements.

The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service. It believes that its tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations, or cash flows. The Organization's federal and state income tax returns for 2017, 2016, and 2015 are subject to examination by the federal, state, and local taxing authorities, generally for three years after they are filed.

NOTE 9 - RETIREMENT PLAN

The Center has a Simple IRA plan that was established on August 28, 2002. The Plan is a tax-deferred retirement plan where each employee establishes an IRA account. Both the employee and employer contributions are deposited in the account. The Center makes matching contributions up to three (3) percent of an employee's compensation. For the year ended February 28, 2018, the Center incurred \$36,966 in pension expense, which is recorded in employees benefits.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2018

NOTE 10 - SUMMARY OF FUNDING AND SUPPORT

Rapides Primary Health Care Center's operations are funded through restricted grants from the U.S. Department of Health and Human Services. Other grants and contracts are received from state and local government agencies. The grants and contracts for the current period are shown below.

<u>Source</u>	<u>Grant Number</u>	<u>Period</u>	<u>Amount</u>
U. S. Dept. of HHS	H80CS00244 (Section 330)	3/1/16 - 2/28/17	\$ 417,189
U. S. Dept. of HHS	H80CS00244D0 (Affordable Health Care Act)	3/1/16 - 2/28/17	<u>1,737,638</u>
TOTAL			<u>\$ 2,154,827</u>

NOTE 11 - BANK LINE OF CREDIT

RPHCC has available an unsecured line-of-credit agreement dated June 10, 2012, which is renewable with Capital One Bank in which RPHCC may borrow up to \$150,000. Borrowing under the line bears an interest rate of 3.250%. As of February 28, 2018 the outstanding balance on the line-of-credit was \$8,300.

NOTE 12 - COMMITMENT AND CONTINGENCIES

Annual Leave

The cost of employee's unused annual leave at February 28, 2018 in the amount of \$21,896 is included in the financial statements. See Note 2.J. above.

Other Contingencies

Rapides Primary Health Care Center, Inc. maintains general liability, property, fidelity, managed care professional liability, directors and officers, and other insurance coverage in amounts the Center believes to be adequate. The Center requires contracting health care providers to maintain malpractice insurance coverage in amounts customary in the industry.

In the ordinary course of its business, Rapides Primary Health Care Center, Inc. is a party to claims and legal actions by enrollees, providers and others. After consulting with legal counsel, the Center is of the opinion that any liability that may ultimately be incurred as a result of these claims, legal actions, audits, or investigations will not have a material adverse effect on the financial position or results of operations of Rapides Primary Health Care Center, Inc.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2018

NOTE 13 - TEMPORARILY RESTRICTED NETS ASSETS

Temporarily Restricted Net Assets consist of the following at February 28, 2018.

<u>Grant Program</u>	<u>Balance at 03/01/17</u>	<u>Current Year Grant Award</u>	<u>Current Year Cost Incurred</u>	<u>Balance at 02/28/18</u>
HHS Section 330 grant	\$ -	417,189	(417,189)	\$ -
Affordable Care Act	630,960	1,737,638	(1,455,163)	913,435
State of Louisiana Division of Administration (Roof Repair Grant)	<u>96,454</u>	<u>-</u>	<u>-</u>	<u>96,454</u>
Total	<u>\$ 727,414</u>	<u>2,154,827</u>	<u>(1,872,352)</u>	<u>\$ 1,009,889</u>

NOTE 14 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 40.16% of the Center's funding is provided from grants from the U.S. Department of Health and Human Services.

NOTE 15 - SUMMARIZED 2017 FINANCIAL INFORMATION

The statement of activities includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended February 28, 2017 from which the summarized information was derived.

NOTE 16 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 24, 2018, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

SCHEDULE A

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
 Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Chief Executive Officer
 As of February 28, 2018

In accordance with Act 706 passed during the 2014 regular Louisiana Legislative Session, the compensation, benefits, reimbursements and other payments to the Chief Executive Officer are presented as follows for Mrs. Patricia L. Lewis:

<u>Category</u>	<u>Amount</u>	<u>Total</u>
Salary	\$ 136,498	
Incentive pay - (bonus)	<u>18,500</u>	
Total salary and incentive pay		\$ 154,998
Benefits:		
Health insurance	\$ 7,740	
Social security	7,347	
Medicare	1,979	
Retirement	<u>18,500</u>	
Total benefits		35,566
Travel:		
Conference	4,438	
Airfare and lodging	10,341	
Per diem and registration	3,529	
Travel allowance	7,200	
Other	<u>1,992</u>	
Total travel		27,500
Total Compensation, Benefits, Travel, and Other Expenses		<u>\$ 218,064</u>

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
 Schedule of Expenditures of Federal Awards
 For the Year Ended February 28, 2018

Federal Grant/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grant Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Health Resource & Service Administration Direct Program:			
<i>Health Center Cluster Programs:</i>			
Bureau of Primary Health Care			
Consolidated Health Centers	93.224	H80CS00244	\$ 417,189
Affordable Care Act (ACA) Grants for New Expanded Services	93.527	H80CS00244D0	<u>1,455,163</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,872,352</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,872,352</u>

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended February 28, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Rapides Primary Health Care Center, Inc. under programs of the federal government for the year ended February 28, 2018. 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, Costs Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Rapides Primary Health Care Center, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Rapides Primary Health Care Center, Inc.

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 the 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

Rapides Primary Health Care Center, Inc. does not use a negotiated indirect cost rate and has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.



BROWN, EWING & CO.
P. A.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors of
Rapides Primary Health Care Center, Inc.
Alexandria, Louisiana

We have audited, 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, the financial statements of Rapides Primary Health Care Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of February 28, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 24, 2018.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Brown, Eyring & Co.

Ridgeland, Mississippi
August 24, 2018



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

To the Board of Directors of
Rapides Primary Health Care Center, Inc.
Alexandria, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Rapides Primary Health Care Center, 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 Rapides Primary Health Care Center, Inc.'s major federal programs for the year ended February 28, 2018. Rapides Primary Health Care Center, 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

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Rapides Primary Health Care Center, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Rapides Primary Health Care Center, 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 February 28, 2018.

Report on Internal Control Over Compliance

Management of Rapides Primary Health Care Center, 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 our audit of compliance, we considered Rapides Primary Health Care Center, 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, we do not express an opinion on the effectiveness of Rapides Primary Health Care Center, 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.

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

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

Brown, Eyr & Co.

Ridgeland, Mississippi
August 24, 2018

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Auditee's Summary Schedule of Prior Audit Findings
Year Ended February 28, 2018

Rapides Primary Health Care Center, Inc. did not have any audit findings for the year ended February 28, 2017.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
 Schedule of Findings and Questioned Costs
 Year Ended February 28, 2018

Section 1 - Summary of Auditor's Results

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued on the financial statements. | Unmodified |
| 2. | Material noncompliance relating to the financial statements. | No |
| 3. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |

Federal Awards:

- | | | |
|----|---|---------------|
| 4. | Type of auditor's report issued on compliance for major federal programs | Unmodified |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 6. | Any audit findings reported as required by the Uniform Guidance? | No |
| 7. | Federal programs identified as major programs: | |
| | a. U. S. Department of Health and Human Services | |

Name of Program	CFDA Number
Health Center Cluster Program	
Consolidated Health Centers	93.224
Affordable Care Act (ACA)	93.527

- | | | |
|----|--|-----------|
| 8. | The dollar threshold used to distinguish between type A and Type B programs: | \$750,000 |
| 9. | Auditee did qualify as a low-risk auditee | |

Section 2 - Finding Financial Statements Audit

NONE

Section 3 - Findings and Questioned Costs - Major Federal Award Program Audit

NONE

RAPIDES PRIMARY HEALTH CARE CENTER, INC.

AGREED UPON PROCEDURES REPORT

FOR THE YEAR ENDED FEBRUARY 28, 2018



BROWN, EWING & CO.
P. A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Rapides Primary Health Care Center, Inc.
Alexandria, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Rapides Primary Health Care Center, Inc. and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period March 1, 2017 through February 28, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) Disbursements, including processing, reviewing, and approving.
 - d) Receipts, including receiving, recording, and preparing deposits.
 - e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
 - h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Rapides Primary Health Care Center, Inc. provided written policies and procedures addressing all applicable areas.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and;

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Board of Directors of Rapides Primary Health Care Center, Inc. met on a monthly basis in accordance with the agency's bylaws.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP basis).
- c) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The Board of Director's Minutes of Rapides Primary Health Care Center, Inc. did reference the presentation and approval of monthly financial reports and monthly budget to actual comparisons.

- d) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes of the Board of Directors of Rapides Primary Health Care Center did reference non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Management of Rapides Primary Health Care Center, Inc. provided the requested information, along with management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Bank reconciliations were prepared for each month by the CFO.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

The bank reconciliations contained evidence that a member of management reviewed and approved the bank reconciliations.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Management had researched outstanding items that were more than 6 months old.

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Each person responsible for collecting cash is bonded; not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account; and not required to share the same cash register or drawer with another employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Rapides Primary Health Care Center, Inc. has written procedures to reconcile cash collections to the general ledger by a person not responsible for collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Daily deposits were not made within one day of collections. Receipts that were reviewed during our testing noted deposit dates between 1 and 10 days after the day of collection.

Management's Response:

We will implement internal administrative control procedures to ensure that all banks deposits are made in a timely manner.

- e) Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exceptions noted

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Rapides Primary Health Care Center, Inc. has written procedures which define a process to determine completeness of collections, including electronic transfers, for each revenue source by a person not responsible for collections.

Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Management provided the requested information, along with management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Purchase requisitions were approved by a person who did not initiate the purchase.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Payments for thirteen (13) purchases were processed without an approved purchase requisition, a receiving report.

Management's Response:

Management will implement internal administrative control procedures to use a purchase requisition and a receiving report when required.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Rapides Primary Health Care Center, Inc.'s. policy is that new vendors can only be added by the person responsible for processing payments along with the Chief Operating Officer.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for Initiating or recording purchases.

Persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The supply of unused checks is maintained by the Accountant Clerk in a locked location, with access restricted to those persons that do not have signatory authority. However, we noted that the person with signatory authority have system access to print checks.

Management's Response:

Management will implement internal control procedures to preclude the persons with signatory authority from having access to unused checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Rapides Primary Health Care Center, Inc. does not use a signature stamp.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards). Including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

For each card selected for testing, we noted that the monthly statement or combined statement was reviewed and approved, in writing, by someone other than the authorized card holder.

b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no finance charges or late fees assessed on the cards selected for testing.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

- > An original Itemized receipt (i.e., identifies precisely what was purchased)
- > Documentation of the business/public purpose. For meal charges, there should also be documentation of the Individuals participating.
- > Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Each transaction tested was supported by an original itemized receipt that identified what was purchased.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

We compared each transaction tested and noted that no transactions applied to the Louisiana Public Bid Law.

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Rapides Primary Health Care Center, Inc.'s documentation met the requirements of Article 7, Section 14.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Management provided the requested information, along with management's representation that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Amounts in Rapides Primary Health Care Center, Inc.'s policies for per diem and mileage did not exceed rates established by the GSA.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose, the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

The reimbursements selected were supported with documentation in accordance with Rapides Primary Health Care, Inc.'s written policy.

- b) Report whether each expense is supported by:

- >An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- > Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- > Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Each travel reimbursement was supported by original itemized receipt.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Rapides Primary Health Care Center, Inc.'s documentation met the requirements of Article 7, Section 14.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

All large travel expense selected for testing was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Management provided the requested information, along with management's representation that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - > If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - > If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Per review of the contracts, we determined that the contracts were for professional/consulting services, which is not required to comply with the Louisiana Public Bid Law or Procurement Code. Therefore, the contract compliance does not apply.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Payment was made in accordance with the terms of the approved pay rates.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Changes to pay rates/ salaries were approved in writing in accordance with Rapides Primary Health Care Center, Inc.'s written policies.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

For the transactions selected for testing, the daily attendance and leave were documented.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Transactions selected for testing contained evidence that supervisors approved the attendance and leave of the selected employees.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

For the transactions selected for testing, Rapides Primary Health Care Center, Inc. maintained written leave records.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Management provided the requested information, along with management's representation that the listing is complete. For the two transactions selected for testing, the termination benefits were made in accordance with Rapides Primary Health Care Center, Inc.'s written policies.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Employee and employer portions of payroll taxes and retirement contributions, as well as required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Not applicable to nonprofit organizations.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethic violations, the corrective actions taken, and whether managements actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Not applicable to nonprofit organizations.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable to nonprofit organizations.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable to nonprofit organizations.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable to nonprofit organizations.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management is not aware of any misappropriation of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Rapides Primary Health Care Center, Inc. has not posted the notice as required by R.S. 24:523.1 on its premises and website.

Management's Response:

At present, we are in the process of updating our website and the notice will be included. We will also ensure that the notice is places at the various sites for public and staff viewing throughout all clinics.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations In the procedures above, report the nature of each exception.

We have not observed or identified any exceptions regarding management's representations in the above procedures.

We were not engaged to and did not conduct an examination or review, 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.

The purpose of this report is 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

Brown, Eyring & Co.

Ridgeland, Mississippi
August 28, 2018