

**EISNER&AMPER**

**PRIORITY HEALTH CARE, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2024**



**PRIORITY HEALTH CARE, INC.**

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Priority Health Care, Inc.

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

#### ***Opinion***

We have audited the financial statements of Priority Health Care, Inc. ("the Organization"), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Priority Health Care, Inc. as of December 31, 2024, 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("Government Auditing Standards"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 opinion.

#### ***Responsibilities of Management 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, 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' 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 auditors' 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 GAAS 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 GAAS 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 the Organization'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 the Organization'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.

## ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head; and the 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*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head; and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2025, on our consideration of Priority Health Care, 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 Priority Health Care, 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 Priority Health Care, Inc.'s internal control over financial reporting and compliance.

EISNERAMPER LLP  
Metairie, Louisiana  
June 26, 2025

EISNERAMPER  
LLP



**PRIORITY HEALTH CARE, INC.**  
**MARRERO, LOUISIANA**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2024**

**ASSETS**

**Assets:**

Cash	\$ 8,539,958
Grants receivable	437,786
Patient receivables	796,779
Other receivables	96,061
Pharmacy inventory	253,731
Other assets	74,669
Total current assets	<u>10,198,984</u>
Property and equipment, net	<u>4,825,420</u>
<b>Total assets</b>	<b><u>\$ 15,024,404</u></b>

**LIABILITIES AND ASSETS**

**Liabilities:**

Accounts payable and accrued expenses	\$ 475,870
Accrued salaries and related liabilities	219,380
Notes payable - current portion	<u>182,570</u>
Total current liabilities	877,820
Notes payable - long term portion	<u>1,902,033</u>
Total long-term liabilities	<u>1,902,033</u>
Total liabilities	<u>2,779,853</u>

**Net assets:**

Without donor restriction	<u>12,244,551</u>
Total net assets	<u>12,244,551</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 15,024,404</u></b>

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

**PRIORITY HEALTH CARE, INC.**  
**MARRERO, LOUISIANA**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2024**

**Changes in Net Assets Without Donor Restrictions**

Operating revenues:	
Patient revenue	\$ 11,330,753
Grants and contracts	2,218,070
340B pharmacy revenue	604,692
Rent income	258,804
Interest	168,350
Other income	<u>246,240</u>
Total operating revenues	<u>14,826,909</u>
Operating expenses:	
Program services	10,112,859
Support services	<u>4,050,153</u>
Total operating expenses	<u>14,163,012</u>
Change in net assets	663,897
Net assets, beginning of year	<u>11,580,654</u>
Net assets, end of year	<u><u>\$ 12,244,551</u></u>

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

**PRIORITY HEALTH CARE, INC.**  
**MARRERO, LOUISIANA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2024**

	Program Services	Support Services	Total
Client services	\$ 366,543	\$ 43,082	\$ 409,625
Contract services	186,898	506,805	693,703
Depreciation	-	271,035	271,035
Facilities & equipment	4,503	108,341	112,844
Insurance	251,675	410,542	662,217
Interest	8,111	94,311	102,422
Lab fees & vaccine	2,670	28,624	31,294
Marketing	25,915	109,108	135,023
Memberships, dues & subscriptions	1,695	84,505	86,200
Occupancy	9,291	50,709	60,000
Postage & printing	5,481	51,451	56,932
Prescriptions & medication	6,874,350	-	6,874,350
Professional fees	7,500	30,750	38,250
Salaries & wages	2,295,566	2,069,535	4,365,101
Supplies	14,366	16,914	31,280
Utilities	43,589	109,188	152,777
Travel & training	12,763	93,381	106,144
Miscellaneous	1,943	(28,128)	(26,185)
<b>TOTAL EXPENSES</b>	<b>\$ 10,112,859</b>	<b>\$ 4,050,153</b>	<b>\$ 14,163,012</b>

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



**PRIORITY HEALTH CARE, INC.**  
**MARRERO, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 663,897
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	271,035
(Increase) decrease in operating assets:	
Grant receivable	(257,986)
Patient receivables	(204,649)
Other receivables	(17,510)
Pharmacy inventory	(44,484)
Other assets	4,270
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(4,648)
Accrued salaries and related liabilities	40,160
Net cash provided by operating activities	<u>450,085</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property and equipment	<u>(119,520)</u>
Net cash used in investing activities	<u>(119,520)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payments on note payable	<u>(173,885)</u>
Net cash used in financing activities	<u>(173,885)</u>

Net change in cash	156,680
Cash, beginning of year	<u>8,383,278</u>
Cash, end of year	<u>\$ 8,539,958</u>

**Supplemental Disclosure**

Cash paid for interest during the year	<u>\$ 102,422</u>
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The accompanying notes are an integral part of this financial statement.

**PRIORITY HEALTH CARE, INC.**  
**MARRERO, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

Organization

Priority Health Care, Inc. ("the Organization") is a non-profit, federally qualified health center which provides primary medical, behavioral health, pharmacy, and social support services to residents within the New Orleans metro area. The Organization is classified by the IRS as a 501(c)(3) tax exempt organization, and serves the parishes of Jefferson, Orleans, St. Bernard, St. Tammany, St. Charles, St. John the Baptist, St. James and Plaquemines, with its clinic and administrative offices located in Marrero, Louisiana and a clinical site in Gretna, Louisiana.

The mission of the Organization is to provide holistic health care to underserved communities that empower people to live healthy lives. The purpose is to offer services on a sliding fee scale to ensure everyone has access to needed care, which they can afford, in order to adopt lifestyle choices that have a positive effect on their health.

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Organization report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization had no net assets with donor restrictions as of or during the year ended December 31, 2024.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts 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.

Cash

Cash includes amounts on deposit at local financial institutions.

Patient Receivables

Patients are expected to pay for services rendered at the time of the clinic visits. If a patient is unable to pay at the time of service, a receivable is recorded. Patients are sent a billing statement following the date of visit. Receivables are recorded at estimated net realizable value based on management's assessment of collectability, current economic conditions, and prior experience.

**PRIORITY HEALTH CARE, INC.**  
**MARRERO, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

Patient receivables can be impacted by the effectiveness of the Organization's collection efforts. Additionally, significant changes in payor mix, economic conditions, or trends in federal and state governmental healthcare coverage could affect the net realizable value of accounts receivable. The Organization continually reviews the net realizable value of accounts receivable by monitoring historical cash collections and current economic conditions with consideration of reasonable and supportable forecast, as well as by analyzing current period revenue and aged accounts receivable by payor. The Organization determines its estimate of implicit price concessions based on its historical collection experience, current economic conditions, and reasonable and supportable forecast with each financial class of patients using a portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. The financial statement effects of using this practical expedient are not materially different from an individual contract approach. In the absence of current economic conditions and/or forecasts that may affect future credit losses, the Organization has determined that recent historical experience provides the best basis for estimating credit losses. At each reporting date, the estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. Because the Organization's estimates of patient receivables, adjusted for explicit and implicit price concessions, are expected to be fully collectible, the financial statements do not include an allowance for credit losses.

The Organization determines if patient receivables are past-due based on the date of service; however, the Organization does not charge interest on past-due accounts. The Organization charges off patient accounts receivable if management considers the collection of the outstanding balances to be doubtful. Accounts are written off when all reasonable collection efforts have been performed.

The Organization has elected the practical expedient allowed under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-32-18 and does not adjust the promised amount of consideration from patients and third party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a patient and the time that the patient or a third party payor pays for that service will be one year or less.

**Grants Receivable**

Management of the Organization determined that year-end balances related to grants receivable were collectible. Accordingly, a valuation allowance was determined to be unnecessary.

**Pharmacy Inventory**

Pharmacy inventory consists primarily of drugs and medical supplies and are stated at the lower of cost (using the first-in, first-out method) or net realizable value.

**Property and Equipment**

Property and equipment is recorded at historical cost, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life or increase the value of an asset (greater than one year) and with a unit cost of greater than \$5,000 are capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of the related assets which range from 3 to 30 years. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts, and any resulting gains and losses are recognized in the Organization's annual operations. Maintenance and repair expenditures are expensed as incurred. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

**PRIORITY HEALTH CARE, INC.**  
**MARRERO, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

Revenue Recognition

*Patient Revenue*

Patient revenue represents the estimated net realizable amounts from patients, third party payors, and others for patient care services rendered or prescriptions dispensed. Revenues are recorded during the period the health care services are provided or prescriptions dispensed, based upon the estimated amounts due from payors. Estimates of contractual allowances (explicit price concessions) are based upon the specified payment terms.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Performance obligations satisfied over time relate to patients receiving services in the Organization's outpatient clinics. The Organization measures the performance obligation from the commencement of an outpatient service to the point when it is no longer required to provide services to that patient, which is generally at the time of completion of the outpatient services and over a period of less than one day. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to patients in the Organization's pharmacy and the Organization is not required to provide additional goods or services related to that sale. Of the Organization's patient revenue, approximately 12% is revenue whose performance obligations are met over time, and 88% is revenue whose performance obligations are satisfied at a point in time. The Organization does not have any performance obligations that are unsatisfied or partially unsatisfied at December 31, 2024. Thus, the Organization has no contract assets at December 31, 2024 or 2023. At December 31, 2023, patient receivables were \$592,130, and other receivables related to pharmacy were \$78,551.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, and discounts provided to uninsured patients in accordance with the Organization's policy (i.e., explicit and implicit price concessions). The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience. The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The estimated reimbursement amounts are made on a payer-specific basis and are recorded based on the best information available regarding management's interpretation of the applicable laws, regulations and contract terms. Management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms resulting from contract renegotiations and renewals. Due to the complexities involved in the classification and documentation of health care services authorized and provided, the estimation of revenues earned and the related reimbursement are often subject to interpretations that could result in payments that are different from the Organization's estimates.

The Organization provides discounts from gross charges to uninsured patients who do not qualify for Medicaid. These discounts are similar to those provided to many local managed care plans. After the discounts are applied, if the Organization expects to be unable to collect a significant portion of uninsured patients' accounts, it records implicit price concessions related to uninsured patients in the period the services are provided based upon historical collection experience.

**PRIORITY HEALTH CARE, INC.**  
**MARRERO, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

Revenue Recognition (continued)

*Grants and Contributions*

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Organization receives support in the form of grants from federal, state, and local governmental agencies, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the Statement of Financial Position. No amounts were received in advance under the Organization's grants in 2024 or remaining from prior years.

As of December 31, 2024, the Organization has been awarded grants of approximately \$3,300,000 which were conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. As of December 31, 2024, approximately \$2,100,000 has not been recognized as revenue as the Organization has not yet incurred the qualifying expenditures to seek reimbursement.

Grants and contributions are recorded depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets are reclassified to net assets without donor restriction and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as revenue without donor restriction.

*340B Program Revenue*

The Organization participates in the 340B Drug Pricing Program (340B Program) administered by the Office of Pharmacy Affairs of the Health Resources and Services Administration (HRSA). The Organization contracts with local retail pharmacies under the program, which results in additional revenues and discounts on outpatient prescriptions for the Organization's patients. Revenue and expenditures related to this program are recorded once the prescription drugs are provided to the patient. Laws and regulations surrounding the 340B drug program are complex and are subject to interpretation and change.

Functional Allocation of Expenses

Expenses presented in the financial statements are allocated between program services and support services based on the function benefited. Allocations are determined by management. Salaries, benefits, and related expenses are allocated based on estimated time and effort. Other expenses are allocated based on actual expenses and level of effort.

Advertising

Advertising costs are expensed as incurred and are reported in the statement of functional expenses as marketing expenses.

**PRIORITY HEALTH CARE, INC.**  
**MARRERO, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from State income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. Accordingly, no provision for income taxes has been included in the financial statements.

The FASB ASC Topic 740 provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statement. As of December 31, 2024, the Organization has determined that it does not have any uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax returns generally remain subject to examination by the taxing authorities for three years.

Contributions of Nonfinancial Assets (In-Kind Contributions)

In-kind contributions are recorded as contributions based on their fair value as of the date of the contribution. There were no in-kind contributions reported in the statement of activities for the year ended December 31, 2024.

**2. Liquidity and Availability of Resources**

The following table reflects the Organization's financial assets as of December 31, 2024. These amounts are available to meet general expenditures within one year of the statement of financial position date. There were no net assets with donor restrictions at December 31, 2024. While the Organization does not have a formal liquidity policy, management monitors cash flow monthly and maintains its financial assets to be available as its general expenses, liabilities, and other obligations come due. The following table reflects the Organization's financial assets as of December 31, 2024 which are available to meet cash needs for general expenditures within one year.

Cash	\$ 8,539,958
Grants receivable	437,786
Patient receivables	796,779
Other receivables	<u>96,061</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,870,584</u>

**PRIORITY HEALTH CARE, INC.**  
**MARRERO, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**3. Grants Receivable**

As of December 31, 2024, grants receivable consisted of the following:

<u>Description</u>	<u>Amount</u>
City of New Orleans (Ryan White)	\$ 85,152
Unity of Greater New Orleans	126,085
Louisiana Office of Public Health	42,380
Health Resources and Service Administration	88,388
Center for Disease and Control Prevention	70,498
Other	25,283
Total	<u>\$ 437,786</u>

**4. Patient Receivables and Revenue**

The Organization's patient receivables include those resulting from medical, social, and pharmacy services provided. The Organization grants credit without collateral to its patients, most of whom are local residents that may or may not be insured by a third-party payer. The Organization's accounting policy for these revenues and related receivables are included in Note 1. Receivables at December 31, 2024 related to patient services are as follows:

	<u>Receivables</u>
Commercial and other	17%
Medicaid	27%
Medicare	7%
Ryan White and self-pay	49%

The Organization receives payments for patient services on behalf of the patients from the federal government under the Medicare program, state governments under their respective Medicaid or similar programs, managed care plans, private insurers, and directly from patients.

Patient revenue for the year ended December 31, 2024 is summarized as follows:

Medicare	\$ 1,816,860
Medicaid	5,245,054
Commercial and other	3,621,742
Ryan White and self-pay	647,097
Patient revenue, net	<u>\$ 11,330,753</u>

For the year ended December 31, 2024, the Organization recorded approximately \$3,089,883 of explicit price concessions (contractual adjustments) as a direct reduction of patient revenues.

**PRIORITY HEALTH CARE, INC.**  
**MARRERO, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**5. Property and Equipment**

Property and equipment at December 31, 2024 consisted of the following:

Buildings	\$	4,980,059
Building improvements		563,249
Equipment, furniture, and fixtures		406,068
Mobile equipment		194,315
Land		54,220
		<u>6,197,911</u>
Less: accumulated depreciation		<u>(1,372,491)</u>
Property and equipment, net	\$	<u>4,825,420</u>

**6. Notes Payable**

Notes payable consists of the following at December 31, 2024:

Note payable to a financial institution, dated October 15, 2018 payable in monthly installments of principal and interest of \$19,551 with a rate of interest of 4.85%. The note matures with a final balloon payment in January 2029, and is secured by property owned by the Organization and certain deposits.

\$ 1,836,050

Note payable to a financial institution, dated July 19, 2021 payable in monthly installments of principal and interest of \$3,475 with a rate of interest of 2.99%. The note matures in July 2031, and is secured by property owned by the Organization and certain deposits.

248,553

Total notes payable

2,084,603

Less: current maturities

(182,570)

Long-term portion

\$ 1,902,033

Maturities of the Organization's notes payable are as follows for the years ending December 31:

<u>Year Ending</u>	<u>Amount</u>
2025	\$ 182,570
2026	191,077
2027	199,991
2028	209,135
2029	1,236,925
Thereafter	<u>64,905</u>
	<u>\$ 2,084,603</u>

As part of the notes payable agreements with the financial institution, the Organization has agreed to comply with certain covenants. These consist of reporting requirements, financial benchmarks, and maintenance of certain insurance policies.



**PRIORITY HEALTH CARE, INC.**  
**MARRERO, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**7. Commitments and Contingencies**

The Organization participated in a number of state and federally-assisted programs in 2024. The programs are subject to compliance audits. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. The Organization believes that the amount of disallowances, if any, which may arise from future audits, will not be material to the financial statements.

The provision of healthcare services entails an inherent risk of liability. Participants in the healthcare industry are subject to lawsuits alleging malpractice, violations of false claims acts, product liability, or related legal theories, many of which involve large claims and significant defense costs. Like many other entities engaged in the healthcare industry in the United States, the Organization has the potential for liability claims, disputes and legal actions for professional liability and other related issues. It is expected that the Organization will continue to be subject to such suits as a result of the nature of its business. Further, as with all healthcare providers, the Organization is periodically subject to regulatory actions seeking fines and penalties for alleged violations of healthcare laws and is potentially subject to the increased scrutiny of regulators for issues related to compliance with healthcare fraud and abuse laws and with respect to the quality of care provided to its patients. Like other healthcare providers, in the ordinary course of business, the Organization is also subject to claims made by employees and other disputes and litigation arising from the conduct of its business.

**8. Business and Credit Concentrations**

The Organization maintains its cash with several financial institutions operating primarily in southern Louisiana. The balances, at times, may exceed federally insured limits. Management believes the credit risk associated with these deposits is minimal.

**9. Occupancy**

The Organization owns its facility in Marrero, Louisiana and leases space to other entities under leases expiring at various dates through December 2029. Rent income associated with these leases totaled \$258,804 for the year ended December 31, 2024. The cost of the leased facility and improvements is approximately \$4,134,535, and the carrying value at December 31, 2024 is approximately \$3,277,214. Approximately two thirds of the facility is held for leasing to others. The following is a schedule by year of future rent income under the non-cancelable lease agreements:

<u>Year ending December 31st</u>	<u>Amount</u>
2025	\$ 260,575
2026	182,000
2027	83,145
2028	22,800
2029	22,800
	<u>\$ 571,320</u>

**10. Retirement Plan**

The Organization has a 401(k) retirement plan for its employees. The plan is open to employees who are over the age of twenty-one and who have met the eligibility requirements. Contributions by the Organization include matching contributions of 4% of the employees' compensation. Total employer contributions to the plan were \$107,161 for the year ended December 31, 2024.

**PRIORITY HEALTH CARE, INC.**  
**MARRERO, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**

**11. Subsequent Events**

On January 27, 2025, the Office of Management and Budget (OMB) of the United States Federal Government instituted a pause (freeze) on the disbursement of federal grant and loan funds, which became effective on January 28, 2025. The extent to which the funding freeze impacts the Organization's operations, financial results, and cash flows, both current and future, will depend on future developments, which are highly uncertain and cannot be predicted with any measure of certainty or probability. As a result, the Organization is unable to estimate what impact, if any, the funding freeze has on the December 31, 2024 financial statements or the Organization's future operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2025, and determined that there were no other events that occurred that require additional disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

## **SUPPLEMENTARY INFORMATION**

**PRIORITY HEALTH CARE, INC.**  
**MARRERO, LOUISIANA**  
**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD**  
**YEAR ENDED DECEMBER 31, 2024**

**Agency Head: Tamara Boutte, Chief Executive Officer**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 248,564
Benefits - insurance	41,984
Benefits - retirement	8,630
Benefits - other	14,239
	<u>\$ 313,417</u>

See accompanying independent auditors' report.

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

To the Board of Directors  
Priority Health Care, Inc.

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 ("*Government Auditing Standards*"), the financial statements of Priority Health Care, Inc. ("the Organization"), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 organization'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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Priority Health Care, 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 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*.

## **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.

EISNERAMPER LLP  
Metairie, Louisiana  
June 26, 2025

EISNERAMPER  
LLP



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

To the Board of Directors  
Priority Health Care, Inc.

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

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

We have audited Priority Health Care, Inc.'s (the "Organization") 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 the Organization's major federal program for the year ended December 31, 2024. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 the major federal program. Our audit does not provide a legal determination of the Organization'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 the Organization's federal programs.

## ***Auditors' 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 the Organization'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 GAAS, *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, they would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program.

In performing an audit in accordance with GAAS, *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 the Organization'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 the Organization'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 the Organization'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.

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

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





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

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

### **Purpose of the Report**

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.



EISNERAMPER LLP  
Metairie, Louisiana  
June 26, 2025

EISNERAMPER  
LLP



**PRIORITY HEALTH CARE, INC.**  
**MARRERO, LOUISIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2024**

<b><u>Federal Grantor/Pass-Through Grantor/Program Title/Grant Name</u></b>	<b><u>Assistance Listing Number</u></b>	<b><u>Pass-Through Identifying Number</u></b>	<b><u>Federal Expenditures</u></b>
<b><u>U.S. Department of Health &amp; Human Services</u></b>			
<u>Direct:</u>			
<u>Health Resources and Service Administration</u>			
<u>Health Center Program Cluster</u>			
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	N/A	\$ 1,047,811
Total Health Center Program Cluster			1,047,811
<u>Centers for Disease Control and Prevention</u>			
<u>National Center For HIV, Viral Hepatitis, STDs And TB Prevention</u>			
HIV Prevention Activities Non-Governmental Organization Based	93.939	N/A	325,376
<u>Pass-through program from:</u>			
<u>City of New Orleans</u>			
HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)	93.914	None	184,280
<u>Louisiana Department of Health and Hospitals</u>			
HIV Prevention Activities Health Department Based	93.940	None	335,549
<b><u>U.S. Department of Housing &amp; Urban Development</u></b>			
<u>Pass-through program from:</u>			
<u>Unity of Greater New Orleans</u>			
Continuum of Care Program	14.267	LA0411L6H032300 LA-H220051;	10,966
Emergency Solutions Grant Program	14.231	LA0388D6H032301	314,088
<b>Total Expenditures of Federal Awards</b>			<b>\$ 2,218,070</b>

Priority Health Care, Inc. did not pass through any amounts to sub-recipients.

See accompanying notes to the schedule of expenditures of federal awards.

**PRIORITY HEALTH CARE, INC.**  
**MARRERO, LOUISIANA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("the Schedule") includes the federal grant activity of Priority Health Care, Inc. ("the Organization") under programs of the federal government for the year ended December 31, 2024. 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. The Organization is defined in Note 1 to the financial statements for the year ended December 31, 2024. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other government agencies, as applicable.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the Organization's financial statements for the year ended December 31, 2024. Such expenditures are recognized following the cost principles contained in accordance with the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Financial Statements

Federal revenues of \$2,218,070 are included in the Statement of Activities and Changes in Net Assets in the category "Grants and Contracts."

4. Relationship to Federal Financial Reports

Amounts reported in the Schedule agree with the amounts reported in the related federal financial reports, except for the amounts in reports submitted as of a date subsequent to December 31, 2024.

5. De Minimis Cost Rate

During the year ended December 31, 2024, the Organization did not elect to use the de minimis cost rate as covered in §200.414 of the Uniform Guidance.

**PRIORITY HEALTH CARE, INC.**  
**MARRERO, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**(1) Summary of Independent Auditors' Results**

*Financial Statements*

The type of report issued on the financial statements: Unmodified opinion

Internal control over financial reporting:

- a. Material weakness(es) identified? No
- b. Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported

Noncompliance material to the financial statements noted? No

*Federal Awards*

Internal controls over major program:

- c. Material weakness(es) identified? No
- d. Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported

Type of auditors' report issued on compliance for major program: Unmodified opinion

Any audit findings which are required to be reported under the Uniform Guidance? No

Identification of major program:

United States Department of Health and Human Services:  
Health Center Program Cluster 93.224

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

Auditee qualified as a low-risk auditee under Section 530 of The Uniform Guidance: Yes

**(2) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards:**

None.

**(3) Findings and Questioned Costs relating to Federal Awards:**

None.



**PRIORITY HEALTH CARE, INC.**  
**REPORT ON STATEWIDE AGREED-UPON**  
**PROCEDURES ON COMPLIANCE**  
**AND CONTROL AREAS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**



**PRIORITY HEALTH CARE, INC.**

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## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

To: Board of Directors of Priority Health Care, Inc and the Louisiana Legislative Auditor

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) of Priority Health Care, Inc (the Entity) for the fiscal period January 1, 2024 through December 31, 2024. Priority Health Care, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Priority Health Care, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of performing specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2024 through December 31, 2024. 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 we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by Priority Health Care, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 of Priority Health Care, Inc. for the fiscal period January 1, 2024 through December 31, 2024. 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 Priority Health Care, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of 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.



**EISNERAMPER LLP**

Metairie, Louisiana

June 26, 2025

PRIORITY HEALTH CARE, INC.  
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
DECEMBER 31, 2024

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *"no exception noted"* or for step 13 *"we performed the procedure and discussed the results with management."* If not, then a description of the exception ensues.

**1) Written Policies and Procedures**

---

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

*No exception noted.*

- 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 exception noted.*

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

*No exception noted.*

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*The Entity had no deposits of public funds via cash, checks, or money orders during the fiscal period. Thus, this procedure is not applicable.*

- 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 rates of pay or approval and maintenance of pay rate schedules.

*No exception noted.*

- 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 exception noted.*

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

*No exception noted.*



PRIORITY HEALTH CARE, INC.  
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
DECEMBER 31, 2024

Schedule A

- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

*No exception noted.*

- 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.

*This procedure is not applicable, as the Entity is a nonprofit organization.*

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

*This procedure is not applicable, as the Entity does not have public debt.*

- 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.

*Exception noted. The Entity's written policies and procedures related to Information Technology Disaster Recovery/Business Continuity do not address attribute (5) timely application of all available system and software patches/updates. The other attributes were addressed in the Entity's written policies and procedures.*

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

*This procedure is not applicable, as the Entity is a nonprofit organization.*

## 2) Board or Finance Committee

---

**Procedures were not performed in the current year (year 2) in accordance with LLA guidelines.**

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- Observe whether 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.
  - For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

**PRIORITY HEALTH CARE, INC.**  
**AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**DECEMBER 31, 2024**

**Schedule A**

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

**3) Bank Reconciliations**

---

**Procedures were not performed in the current year (year 2) in accordance with LLA guidelines.**

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
  - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

---

**Collections procedures are not applicable to the Entity as receipt of public funds during the period January 1, 2024 through December 31, 2024 was done via electronic funds transfer. There were no deposits of public funds via cash, checks, or money orders during the period January 1, 2024 through December 31, 2024.**

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit;

**PRIORITY HEALTH CARE, INC.**  
**AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**DECEMBER 31, 2024**

**Schedule A**

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- 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). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe that 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).
  - v. Trace the actual deposit per the bank statement to the general ledger.

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

---

**Procedures were not performed in the current year (year 2) in accordance with LLA guidelines.**

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;
  - 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;
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

**PRIORITY HEALTH CARE, INC.**  
**AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**DECEMBER 31, 2024**

**Schedule A**

- 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 some other electronic means.
- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and
  - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- 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.

**6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

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**Procedures were not performed in the current year (year 2) in accordance with LLA guidelines.**

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
  - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported; and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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**Procedures were not performed in the current year (year 2) in accordance with LLA guidelines.**

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i. If reimbursed using a per diem, observe that 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));
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by "Written Policies and Procedures", procedure #1A(vii); and
  - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**8) Contracts**

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**Procedures were not performed in the current year (year 2) in accordance with LLA guidelines.**

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

**9) Payroll and Personnel**

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**Procedures were not performed in the current year (year 2) in accordance with LLA guidelines.**

- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
  - i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**10) Ethics**

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**The Louisiana Code of Governmental Ethics does not apply to the Entity. Thus, these Ethics procedures are not applicable and were not performed.**

- A. Using the 5 randomly selected employees/officials from procedure "Payroll and Personnel" procedure #9A, above obtain ethics documentation from management, and
  - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that 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 whether the agency has appointed an ethics designee as required by R.S. 42:1170.

**11) Debt Service**

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**The Entity is a not-for-profit organization. Thus, these Debt Service procedures are not applicable and were not performed.**

- A. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**12) Fraud Notice**

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**Procedures were not performed in the current year (year 2) in accordance with LLA guidelines.**

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that 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.

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

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**Procedures were not performed in the current year (year 2) in accordance with LLA guidelines.**

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
  - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
  - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

**PRIORITY HEALTH CARE, INC.  
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
DECEMBER 31, 2024**

**Schedule A**

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidenced that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
  - Hired before June 9, 2020 - completed the training; and
  - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

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

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**The Entity is a not-for-profit organization and is not subject to R.S. 42:343-344. Thus, these Prevention of Sexual Harassment procedures are not applicable and were not performed.**

- A. Using the 5 randomly selected employees/officials from "Payroll and Personnel" procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes 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.



**PRIORITY HEALTH CARE, INC.  
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN  
DECEMBER 31, 2024**

**Schedule B**

Priority Health Care, Inc. (the Entity) provided a response and corrective action plan for the exceptions noted in Schedule A as set forth below:

Priority Health Care's management concurs with the exceptions noted in the Statewide Agreed Upon Procedures report. The Entity will evaluate each exception and implement policies and procedures where appropriate and necessary to strengthen internal controls over financial operations of the Entity.