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**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**  
**Napoleonville, Louisiana**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

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**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**  
**Napoleonville, Louisiana**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Louisiana Rural Health Association  
Napoleonville, Louisiana

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

#### *Opinion*

We have audited the accompanying financial statements of Louisiana Rural Health Association (a nonprofit organization) which comprise the statements of financial position as of December 31, 2021, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Louisiana Rural Health Association as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

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

Management is responsible for the preparation and fair presentation of 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 Louisiana Rural Health Association's ability to continue as a going concern within one year after the date 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Rural Health Association'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 Louisiana Rural Health Association's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to the agency head on page 14 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 basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, on our consideration of Louisiana Rural Health Association'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 to 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 Louisiana Rural Health Association'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 Louisiana Rural Health Association's internal control over financial reporting and compliance.

*Diez, Dupuy & Ruiz*

Gonzales, Louisiana  
June 30, 2022

**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**

**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 103,331
Certificate of deposit	7,314
Grants receivable	96,589
Prepaid expenses	2,051
Total Current Assets	<u>209,285</u>
Property and equipment, net	<u>100,798</u>
TOTAL ASSETS	<u><u>\$ 310,083</u></u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 86,841
Accrued expenses	<u>9,832</u>
TOTAL LIABILITIES	<u>96,673</u>

**NET ASSETS**

Without donor restrictions	135,302
With donor restrictions	<u>78,108</u>
TOTAL NET ASSETS	<u>213,410</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 310,083</u></u>

The accompanying notes are an integral part of these statements.

**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**

**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**

<b><u>OPERATING ACTIVITIES</u></b>	<b><u>WITHOUT DONOR RESTRICTIONS</u></b>	<b><u>WITH DONOR RESTRICTIONS</u></b>	<b><u>TOTAL</u></b>
<b><u>REVENUES AND OTHER SUPPORT</u></b>			
Grants	\$ -	\$ 588,958	\$ 588,958
Contracts	-	109,276	109,276
Membership dues	18,790	-	18,790
Sponsorship dues	17,400	-	17,400
Conferences	16,100	-	16,100
Miscellaneous income	4,213	-	4,213
Net assets released from restrictions			
Satisfaction of contractual and grant award restrictions	679,087	(679,087)	-
	<u>735,590</u>	<u>19,147</u>	<u>754,737</u>
Total revenues and other support			
	735,590	19,147	754,737
<b><u>EXPENSES</u></b>			
Program services:			
Member services	-	-	-
Conferences and educational services	622	-	622
Grants and contracts	678,188	-	678,188
Supporting Services:			
General and administrative	68,402	-	68,402
Total expenses	<u>747,212</u>	<u>-</u>	<u>747,212</u>
Change in net assets from operations	(11,622)	19,147	7,525
<b><u>NONOPERATING ACTIVITIES</u></b>			
Investment income	196	-	196
Total nonoperating activities	<u>196</u>	<u>-</u>	<u>196</u>
Change in net assets	(11,426)	19,147	7,721
<b><u>NET ASSETS AT BEGINNING OF YEAR</u></b>	<u>146,728</u>	<u>58,961</u>	<u>205,689</u>
<b><u>NET ASSETS AT END OF YEAR</u></b>	<u>\$ 135,302</u>	<u>\$ 78,108</u>	<u>\$ 213,410</u>

The accompanying notes are an integral part of these statements.



**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>PROGRAM SERVICES</u>				<u>SUPPORT SERVICES</u>	
	Member Services	Conferences and Educational Services	Grants and Contracts	Total	General and Administrative	Total Expenses
Salaries and wages	\$ -	\$ -	\$ 109,449	\$ 109,449	\$ 13,854	\$ 123,303
Bank charges	-	-	-	-	314	314
Committees and memberships	-	-	-	-	400	400
Contract services	-	-	536,242	536,242	-	536,242
Depreciation expense	-	-	363	363	3,683	4,046
Director's meetings	-	-	-	-	250	250
Insurance	-	-	5,979	5,979	6,343	12,322
Miscellaneous expenses	-	-	7,050	7,050	12,220	19,270
Payroll taxes	-	-	5,846	5,846	772	6,618
Professional and legal	-	-	-	-	12,130	12,130
Rentals	-	-	-	-	4,305	4,305
Supplies	-	622	11,734	12,356	10,584	22,940
Telephone	-	-	1,300	1,300	108	1,408
Travel and lodging	-	-	225	225	291	516
Utilities	-	-	-	-	3,148	3,148
Total expenses	<u>\$ -</u>	<u>\$ 622</u>	<u>\$ 678,188</u>	<u>\$ 678,810</u>	<u>\$ 68,402</u>	<u>\$ 747,212</u>

The accompanying notes are an integral part of these statements.

**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2021**

**CASH FLOW FROM OPERATING ACTIVITIES**

Cash received from members, events and grants	\$ 659,868
Cash paid to suppliers for goods and services	(524,981)
Cash paid to employees	(127,073)
Net cash provided by operating activities	<u>7,814</u>

**CASH FLOW FROM INVESTING ACTIVITIES**

Purchases of property and equipment	(1,262)
Changes in Certificate of Deposit	(196)
Net cash used in investing activities	<u>(1,458)</u>

Net increase in cash and cash equivalents 6,356

Cash and cash equivalents at beginning of year 96,975

Cash and cash equivalents at end of year \$ 103,331

**RECONCILEMENT OF CHANGE IN NET ASSETS TO**  
**NET CASH PROVIDED BY OPERATING ACTIVITIES**

Change in net assets	\$ 7,721
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,046
Decrease in accounts receivable	1,524
Increase in grants receivable	(96,589)
Increase in prepaid expenses	(2,051)
Increase in accounts payable	86,441
Increase in accrued expenses	6,722
Net cash provided by operating activities	<u><u>\$ 7,814</u></u>

The accompanying notes are an integral part of these statements.

**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A NONPROFIT ASSOCIATION)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1- Summary of Significant Accounting Policies**

**Association and Purpose**

The Louisiana Rural Health Association is a not-for-profit Association formed to provide leadership on rural health issues in Louisiana through advocacy, communication and education. Its current programs include:

Education: Members and the general public are invited to participate in a series of education lectures and conferences located throughout Louisiana and the gulf coast. These educational conferences are a forum to update and educate members and the general public on a variety of rural health topics and concerns. The primary support for this program is through member and public registration fees, sponsorship fees, contracts, membership dues and donated services.

Health Initiative: Through coordination and partnership with other agencies, the LRHA is involved in several health initiatives designed to develop comprehensive adaptable strategic plans that develop rural health networks, coordinate training activities and emergency response issues, develop rural health awareness and general health advocacy. The primary support for this program is through federal grants and contracts.

**Basis of Presentation**

The financial statements of Louisiana Rural Health Association have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Association to report information regarding its financial position and activities according to the following net 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 Association. These net assets may be used at the discretion of Louisiana Rural Health Association's management and the 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 Louisiana Rural Health Association or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**Revenue Recognition**

Louisiana Rural Health Association 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 met. There were not any conditional promises to give as of December 31, 2021.

**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A NONPROFIT ASSOCIATION)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1- Summary of Significant Accounting Policies (continued)**

**Revenue Recognition** (continued)

A portion of Louisiana Rural Health Association's revenue is derived from cost-reimbursable federal, state and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Louisiana Rural Health Association has incurred expenditures in compliance with specific contract or grant provisions.

Louisiana Rural Health Association has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of Louisiana Rural Health Association's financial reporting.

Louisiana Rural Health Association records special events revenue equal to the fair value of direct benefit to donors, and contribution income for the excess received when the event takes place.

Louisiana Rural Health Association has adopted Accounting Standards Update (ASU) No. 2014-09- Revenue from Contracts with Customers (Topic 606), as amended as management believes the standard improves the usefulness and understandability of Louisiana Rural Health Association's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way Louisiana Rural Health Association recognizes revenue, and therefore no changes to the previously issued financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

**Measure of Operations**

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Louisiana Rural Health Association's ongoing program services. Nonoperating activities are limited to resources from activities considered to be of a more unusual or nonrecurring nature.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, the Association's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

**Certificates of Deposit**

Certificates of Deposit (CD's) represent CD's with initial maturities of greater than three months. They are recorded at the face value plus accrued interest, which approximates fair value.

**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A NONPROFIT ASSOCIATION)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1- Summary of Significant Accounting Policies (continued)**

**Concentration of Credit Risk**

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash and cash equivalents and a certificate of deposit. The Association maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Association's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Association has not experienced, nor does it anticipate, any losses with respect to such accounts.

**Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. At December 31, 2021, there are no contributions receivable.

**Grants Receivable**

Uncollectible accounts receivable is charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles. Management believes all grants receivable is collectible at year end.

**Property and Equipment, net**

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from 5 to 39 years. The Association's policy is to capitalize renewals and betterments acquired for greater than \$1,000 and expense normal repairs and maintenance as incurred. The Association's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

**Donated Services**

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

There were no donated services for the Year ended December 31, 2021.

**Membership Dues**

Annual memberships are offered throughout the year. Membership terms commence when payment is made with application. Membership dues collected are considered revenue in the period received.

**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A NONPROFIT ASSOCIATION)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1- Summary of Significant Accounting Policies (continued)**

**Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

**Functional Expenses**

The cost of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and management and general services. Such allocations are determined by management on an equitable basis. All expenses were allocated based on time and effort.

**Income Tax Status**

The Association is exempt from income tax under Section 501(c) (3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Association has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Association has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A NONPROFIT ASSOCIATION)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1- Summary of Significant Accounting Policies (continued)**

**Commitments and contingencies**

The Association participates in a federal grant programs, which are governed by various rules and regulations of the grantor agency. Costs charged to the grant program are subject to audit and adjustment by the grantor agency; therefore, to the extent that the Association has not complied with rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable may be impaired. Management does not believe there are any significant contingent liabilities relating to compliance with rules and regulations governing the grant.

**NOTE 2 – Availability and Liquidity**

The following table represents the Association’s financial assets as of December 31, 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

Financial assets at year-end:	
Cash and cash equivalents	\$ 103,331
Receivables	96,589
Investments in certificates of deposit	7,314
Prepaid expenses	<u>2,051</u>
Total financial assets	<u>\$ 209,285</u>
Less those unavailable for general expenditures within one year, due to:	
Contractual and grant award restrictions	<u>\$ 78,108</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 131,177</u>

As part of the Association’s liquidity plan, excess cash is invested in short-term investments, including money market accounts, certificates of deposit, and other investments.

**NOTE 3 – Cash and Cash Equivalents**

Louisiana Rural Health Association maintains money in local financial institutions, which may at times exceed the FDIC limits. Management believes the risk is limited. At December 31, 2021, there was not any uninsured cash balance.

At December 31, 2021, the cash (book balance) was \$103,331.

**NOTE 4 – Operating Lease**

As of May 1, 2011, LRHA entered into a one-year operating lease with Assumption Community Hospital for the rental of land. The lease is currently year-to-year. On May 1, 2015, an amendment to the lease was signed changing the lease payment to \$3,000 per year. Total rental payments made during the year ended December 31, 2021 totaled \$3,000.

**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A NONPROFIT ASSOCIATION)**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – Investment in Certificate of Deposit**

Certificate of deposit totaled \$7,314 for 2021. Initial maturity at purchase of the certificate is 60 months. At December 31, 2021, interest rate was 2.72%, with interest paid monthly.

**NOTE 6 – Property and Equipment, net**

Property and equipment, net consisted of the following at December 31, 2021:

Property and equipment	\$ 147,580
Less: accumulated depreciation	<u>(46,782)</u>
Property and equipment, net	<u>\$ 100,798</u>

**NOTE 7 – Net Assets**

Net assets with donor restrictions were as follows for the year ended December 31, 2021:

**Specific Purpose**

Grant and Contracted services	<u>\$ 78,108</u>
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Net assets without donor restrictions for the year ended December 31, 2021 are as follows:

Undesignated	<u>\$ 135,302</u>
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Net assets released from net assets with donor restrictions are as follows for the year ended December 31, 2021:

**Satisfaction of Purpose Restrictions**

Grant and Contracted services	<u>\$ 679,087</u>
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**NOTE 8 – Related Party Transactions**

On September 30, 2020 the Association was awarded a grant from the Delta Regional Authority to train rural health clinics, schools, and long-term care facilities in Louisiana how to profitably implement telemedicine services, keeping clinics, open and saving jobs. On October 13, 2020 the Association contracted with Louisiana Virtual Medicine Alliance (LVMA) to provide consulting services in meeting the specified grant guidelines. LVMA then subcontracted consulting positions within the scope of the contract to Southern EVALS. Louisiana Rural Health Association's Board President at the time the contract was signed and current board member, is the founder and chief executive officer of Southern EVALS. Southern EVALS was paid \$173,501 for services related to the Delta Regional Authority grant as of December 31, 2021.

**NOTE 9 – Subsequent Events**

Management has evaluated subsequent events through June 30, 2022, which is the date that the financial statements were available to be issued. Louisiana Rural Health Association is not aware of any material subsequent events.

No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



**SUPPLEMENTARY INFORMATION**

**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**

**SCHEDULE OF COMPENSATION, BENEFITS AND**  
**OTHER PAYMENTS TO AGENCY HEAD**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Agency Head: Stacy Fontenot, Executive Director

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 78,551
Benefits- insurance	-
Benefits- retirement	-
Cell phone	844
Dues	-
Reimbursements	458
Travel	582
Registration fees	-
Housing	-
Meals	-
Total	<u><u>\$ 80,435</u></u>



**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  
Louisiana Rural Health Association  
Napoleonville, 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 Louisiana Rural Health Association (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit, we considered Louisiana Rural Health Association 's internal control over financial reporting (internal control) as a basis for designing 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 the Louisiana Rural Health Association 's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Rural Health Association 's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and thereto, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

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

As part of obtaining reasonable assurance about whether Louisiana Rural Health Association's financial statements are free of 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 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*.

## **Louisiana Rural Health Association's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Louisiana Rural Health Association's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Louisiana Rural Health Association's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

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



Gonzales, Louisiana  
June 30, 2022

**LOUISIANA RURAL HEALTH ASSOCIATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2021**

**SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses an unmodified opinion on whether the financial statements of Louisiana Rural Health Association were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported on the 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*. Two material weaknesses were reported.
3. No instances of noncompliance material to the financial statements of Louisiana Rural Health Association which would be required to be reported in accordance with Government Auditing Standards, was disclosed during the audit.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

**Material Weaknesses:**

**2021-001 Segregation of Duties**

*Criteria:* AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

"Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations."

*Condition:* The Association does not have adequate segregation of duties within the accounting system.

*Cause:* The Association does not have a sufficient number of employees to adequately separate the key accounting processes. Executive director is capable of initiating and executing checking, payroll, and credit card transactions without any other review or approval.

*Effect:* Failure to adequately segregate duties within the accounting system increases the risk that error and/or irregularities including fraud may occur and not be prevented and/or detected in a timely manner.

*Recommendation:* It is noted that the Association's size may make it unfeasible to adequately staff an accounting department with sufficient segregation of duties over all functions. Management should consider the use of board members to reassign incompatible duties to enhance internal controls.

**LOUISIANA RURAL HEALTH ASSOCIATION**  
**SUMMARY OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2021**

**FINDINGS – FINANCIAL STATEMENT AUDIT (continued)**

**Material Weaknesses (continued):**

**2021-001 Segregation of Duties (continued)**

*Management's Corrective Action Plan:* The Association has determined that is not cost effective with the resources available to achieve complete segregation of duties within the accounting system. The Association intends to assess the most critical areas of susceptible to risk as a result of segregation of duties and give the Board Treasurer responsibilities to enhance controls in those areas.

**2021-002 Lack of Financial Oversight**

*Criteria:* Internal Controls should be in place to provide for the timely review of monthly financial statements, bank reconciliations, payroll transactions and other accounting services provided by a CPA firm hired to assist the Association in financial reporting.

*Condition:* The Association's management or Board of Directors did not review financial statements or other financial information on a timely basis during the current year.

*Cause:* Policies and procedures adopted or implemented by the Board to provide for such oversight were not adopted until the end of the fiscal year.

*Effect:* Financial statements were not accurate and material adjusting entries had to be made during the audit to balance accounts to the general ledger.

*Recommendation:* The Association should adhere to the policies and procedures adopted at the end of the fiscal year to ensure that there is adequate oversight over the financial statements and other financial information.

*Management's Corrective Action Plan:* Management concurs with the audit finding and intends to have the Board Treasurer review monthly financial statements and other financial information, as deemed appropriate, to ensure there is adequate financial oversight going forward.

**FINDINGS – COMPLIANCE**

**NONE NOTED**

**LOUISIANA RURAL HEALTH ASSOCIATION**  
**SUMMARY OF PRIOR YEAR FINDINGS/COMMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**FINDINGS – FINANCIAL STATEMENTS**

**2020-001 *Segregation of Duties***

*Condition* – Adequate segregation of duties requires the critical functions of key accounting processes be assigned to and performed by more than one individual. The Association does not have a sufficient number of employees to adequately separate the key accounting processes. Executive director is capable of initiating and executing checking and credit card transactions.

Current status – similar finding reported in current year.

**MANAGEMENT LETTER COMMENTS**

**2020-002 *Ethics Code***

*Condition* – The Louisiana Rural Health Association (LRHA) contracted with Louisiana Virtual Medicine Alliance (LVMA) to provide consulting services in meeting the specified grant guidelines under the Delta Regional Authority grant. LVMA then subcontracted consulting positions within the scope of the contract to Southern EVALS. LRHA’s Board President at the time the contract was signed and current board member, is the founder and chief executive officer of Southern EVALS. The subcontract entered into by LVMA and Southern EVALS to perform consulting services related to the grant awarded to LRHA could be prohibited by the Louisiana Ethics Code (R.S. 42:1101 et seq).

*Recommendation* – Management should consult with legal counsel to determine if LRHA is in compliance with Louisiana Law as well as Delta Regional Authority to determine if they are in compliance with guidelines set under the grant agreement.

Current status – similar comment not reported in current year.

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**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A NONPROFIT ORGANIZATION)**  
**Napoleonville, Louisiana**

**STATEWIDE AGREED-UPON PROCEDURES REPORT**  
**YEAR ENDED DECEMBER 31, 2021**

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**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Louisiana Rural Health Association's management is responsible for those C/C areas identified in the SAUPs.

Louisiana Rural Health Association has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. 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 entity's operations:

*Per discussion with management, formal policies and procedures were not adopted and/or implemented until December 21, 2021.*

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

*Written policies and procedures were obtained and address the functions noted above.*

- 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.

*Written policies and procedures address how purchases are initiated and preparation and preparation and approval process of purchase; but do not address how vendors are added to the vendor list, controls to ensure compliance with the Public Bid Law, and documentation required to be maintained for all bids and price quotes.*

- c) **Disbursements**, including processing, reviewing, and approving.

*Written policies and procedures were obtained and address the functions noted above.*

- d) **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).

*Written policies and procedures were obtained and address the functions noted above; except for managements actions to determine the completeness of all collections for each type of revenue.*

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

*Written policies and procedures were obtained and address the functions noted above.*

- 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.

*Written policies and procedures do not address contracting.*

- 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 of the statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

*Written policies and procedures were obtained and address allowable business uses, documentation requirements, required approvers of statements and monitoring card usage; but do not address how cards are to be controlled.*

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

*Written policies and procedures were obtained and address allowable expenses; but do not address dollar thresholds by category of expense, documentation requirements, and require approvers.*

- i) **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) requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

*Not applicable.*

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

*Not applicable.*

- k) **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.

*Written policies and procedures do not address Information Technology Disaster Recovery/Business Continuity.*

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

*Not applicable.*

*Management's Response: Management intends to review the policies in place and amend to address the functions noted for each of the applicable categories above.*

#### **Board (or Finance Committee, if applicable)**

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2. 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:

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

*The Board met on a quarterly basis with a quorum as required.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.

*The minutes documented the Board's review of financial activity of the entity.*

- c) 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.

*Not applicable.*

### ***Bank Reconciliations***

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- 3. 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:

*Obtained listing of client bank accounts for the fiscal period from management and management's representation that listing is complete.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*No exceptions noted.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

*Obtained bank reconciliations for the month selected noting bank reconciliations did not include evidence that a member of management/board member has reviewed each reconciliation.*

*Management's responses: Beginning in 2022, the Board Treasurer, who does not handle cash, post ledgers, or issue checks will review each of the monthly bank reconciliations.*

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

*Obtained bank reconciliations for the month selected noting one account did not have documentation that it has researched reconciling items that have been outstanding for more than 12 months. Two accounts did not have any reconciling items that have been outstanding for more than 12 months.*

*Management's responses: The Association will research all reconciling items that have been outstanding for more than 12 months.*

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

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4. 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).

*Obtained a listing of deposit sites and management's representation that listing is complete.*

5. 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:

*Obtained a listing of collection locations and management's representation that listing is complete.*

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

*No exceptions noted.*

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

*Employee responsible for collecting cash is also responsible for preparing bank deposits with no reconciliation of collection documentation to the deposit by another employee.*

*Management's responses: Due to the limited number of resources available, the Association is unable to adequately segregate these duties.*

- c) Each employee responsible for collecting cash is not 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.

*No exceptions noted.*

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

*No exceptions noted.*

6. 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 enforced during the fiscal period.

*No exceptions noted.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (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). *Alternately, 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:
- a) Observe that receipts are sequentially pre-numbered.  
*Sequentially pre-numbered receipts were not used.*
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.  
*No exceptions noted.*
  - c) Trace the deposit slip total to the actual deposit per the bank statement.  
*No exceptions noted.*
  - d) 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).  
*Of the deposits selected for testing, one check was deposited within once day of receipt. The other two checks selected did not include evidence of when the check was received to determine that deposit was made within one business day of receipt.*  
*Management’s response: The Association will document when deposits are received to ensure deposits are made within one day of collection.*
  - e) Trace the actual deposit per the bank statement to the general ledger.  
*No exceptions noted.*

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

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8. 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).  
*Obtained listing of locations that process payments and management’s representation that listing is complete.*
9. For each location selected under #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.  
*Two employees are not involved in initiating a purchase request, approving a purchase, and placing and order/making the purchase.*  
*Management’s responses: Due to the limited number of resources available, the Association is unable to adequately segregate these duties.*

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

*No exceptions noted.*

- c) 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.

*A third-party CPA firm is responsible for processing payments and for adding/modifying vendor files. There is no evidence that another employee/official is responsible for periodically reviewing changes to vendor files.*

*Management's response: A third party CPA firm records transactions from approved invoices/supporting documentation and then returns the processed check and invoices/supporting documentation to authorized signor. Management will consider implementing such procedures to review vendor files periodically with the limited resources available.*

- d) 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.

*No exceptions noted.*

10. For each location selected under #8 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:

- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

*No exception noted.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*The disbursement documentation included evidence of segregation of duties tested under #9 with the exception of 9a and 9c as noted above.*

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

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

*Obtained listing of the credit cards and management's representation that listing is complete.*

12. Using the listing prepared by management, randomly select 5 cards (or all 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:

- a) 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

*No exceptions noted.*

- b) Observe that finance charges and late fees were not assessed on the selected statements.

*No exceptions noted.*

13. Using the monthly statements or combined statements selected under #12 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 (i.e. each card should have 10 transactions subject to testing). 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 note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

*No exceptions noted.*

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

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14. 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, 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:

*Obtained listing of travel and related expense reimbursements and management’s representation that listing is complete.*

- a) 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)).

*No exceptions noted.*

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*No exceptions noted.*

- c) 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 policy (procedure #1h).

*No exceptions noted.*

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions noted.*

## ***Contracts***

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15. 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. *Alternately, 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:

*Obtained listing of contracts initiated or renewed during the fiscal period and management's representation that listing is complete.*

- a) 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.

*Not applicable for items selected for testing.*

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

*Not applicable for items selected for testing.*

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

*Contracts selected for testing were not amended.*

- d) 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.

*No exceptions noted.*

## ***Payroll and Personnel***

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16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*Obtained listing of employees and management's representation that listing was complete. Agreed paid salaries to authorized salaries/pay rates in the personnel file without exception.*

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*No exceptions noted.*

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

*No exceptions noted.*



- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*No exceptions noted.*

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

*No exceptions noted.*

18. 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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

*Management represented that no employees or officials received termination payments during the fiscal period.*

19. 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.

*No exceptions noted.*

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*Not applicable.*

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

*Not applicable.*

### ***Debt Service***

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

*Not applicable.*

22. 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).

*Not applicable.*

### ***Fraud Notice***

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23. 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.

*Management asserted that the entity did not have any misappropriations of public funds or assets.*

24. 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.

*The Association has not posted on its premises or website the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.*

*Management's Response: The Association will post 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.*

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

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25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

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

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

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

- c. 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.

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

### ***Sexual Harassment***

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26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, 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.

*Not applicable.*

27. 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).

*Not applicable.*

28. 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 it includes the applicable requirements of R.S. 42:344:

- a. Number and percentage of public servants in the agency who have completed the training requirements;

*Not applicable.*

- b. Number of sexual harassment complaints received by the agency;

*Not applicable.*

- c. Number of complaints which resulted in a finding that sexual harassment occurred;

*Not applicable.*

- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

*Not applicable.*

- e. Amount of time it took to resolve each complaint.

*Not applicable.*

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

We are required to be independent of Louisiana Rural Health Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

*Deery, Dupuy + Ruiz*

Gonzales, Louisiana  
June 30, 2022