

Innis Community Health Center, Inc.
Batchelor, Louisiana
October 31, 2022

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Independent Auditor's Report

Board of Directors
Innis Community Health Center, Inc.
Batchelor, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Innis Community Health Center, Inc. (a non-profit organization), which comprise the statements of financial position as of October 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Innis Community Health Center, Inc. as of October 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Innis Community Health Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2023, on our consideration of Innis Community Health Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Innis Community Health Center, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Innis Community Health Center, Inc.'s internal control over financial reporting and compliance.

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

February 23, 2023

Innis Community Health Center, Inc.
Statements of Financial Position
October 31, 2022 and 2021

Assets	2022	2021
Current Assets		
Cash and cash equivalents	\$ 4,325,578	\$ 4,018,207
Certificates of deposit	375,387	373,785
Patient accounts receivable, net	466,854	527,492
Grant funds receivable	518,581	219,491
Other receivables	195,589	182,591
Inventory	17,386	-
Prepaid expenses	<u>86,873</u>	<u>64,191</u>
Total current assets	<u>5,986,248</u>	<u>5,385,757</u>
Property and Equipment, net	<u>3,578,859</u>	<u>2,943,299</u>
Other Assets		
Utility deposit	1,050	1,050
Investment in LPCA-ACO	31,263	2,024
Intangible asset, net	<u>10,797</u>	<u>-</u>
Total other assets	<u>43,110</u>	<u>3,074</u>
Total assets	<u><u>\$ 9,608,217</u></u>	<u><u>\$ 8,332,130</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 279,205	\$ 95,837
Accrued liabilities	<u>574,787</u>	<u>525,477</u>
Total current liabilities	853,992	621,314
Net Assets Without Donor Restrictions	<u>8,754,225</u>	<u>7,710,816</u>
Total liabilities and net assets	<u><u>\$ 9,608,217</u></u>	<u><u>\$ 8,332,130</u></u>

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

Innis Community Health Center, Inc.
Statements of Activities
Years Ended October 31, 2022 and 2021

	Without Donor Restrictions	
	2022	2021
Revenue and Other Support		
Patient service revenue, net	\$ 5,016,153	\$ 4,780,661
Provision for bad debts	(248,947)	(253,523)
Net patient service revenue, less provision for bad debts	4,767,206	4,527,138
Federal grants	4,263,084	4,265,387
State and other grants	126,843	144,520
Pharmacy revenue	827,001	749,088
Gain on forgiveness of debt	-	786,815
Other revenue	308,279	329,627
Total revenue and other support	10,292,413	10,802,575
Expenses		
Program		
Medical	5,252,895	4,901,189
Dental	1,515,098	1,291,282
Total program	6,767,993	6,192,471
Management and general	2,481,011	2,191,970
Total expenses	9,249,004	8,384,441
Change in Net Assets	1,043,409	2,418,134
Net Assets, beginning of year	7,710,816	5,292,682
Net Assets, end of year	\$ 8,754,225	\$ 7,710,816

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

Innis Community Health Center, Inc.
Statement of Functional Expenses
Year Ended October 31, 2022

	<u>Medical</u>	<u>Dental</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries and wages	\$3,150,083	\$ 798,866	\$3,948,949	\$1,350,952	\$5,299,901
Employee benefits	251,616	63,970	315,586	110,881	426,467
Payroll taxes	219,601	55,831	275,432	96,773	372,205
Advertising	79,249	45,063	124,312	31,078	155,390
Billing and information systems	175,765	87,883	263,648	87,882	351,530
Depreciation and amortization	158,717	79,358	238,075	79,358	317,433
Dues and subscriptions	11,850	7,110	18,960	28,438	47,398
Insurance	26,646	26,646	53,292	53,291	106,583
Interest	-	-	-	92	92
Licenses and fees	-	-	-	61,368	61,368
Medical supplies	546,143	182,048	728,191	-	728,191
Meetings and conferences	-	-	-	27,435	27,435
Occupancy and other rents	143,790	76,124	219,914	202,998	422,912
Office	-	-	-	128,555	128,555
Professional fees	-	-	-	104,660	104,660
Purchased services	460,993	92,199	553,192	61,465	614,657
Travel	28,442	-	28,442	28,442	56,884
Miscellaneous	-	-	-	27,343	27,343
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 5,252,895</u>	<u>\$ 1,515,098</u>	<u>\$ 6,767,993</u>	<u>\$ 2,481,011</u>	<u>\$ 9,249,004</u>

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

Innis Community Health Center, Inc.
Statement of Functional Expenses
Year Ended October 31, 2021

	<u>Medical</u>	<u>Dental</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries and wages	\$3,073,715	\$ 630,767	\$3,704,482	\$1,182,275	\$4,886,757
Employee benefits	270,068	38,581	308,649	120,031	428,680
Payroll taxes	212,370	30,339	242,709	94,386	337,095
Advertising	66,402	37,758	104,160	26,040	130,200
Billing and information systems	173,531	86,765	260,296	86,765	347,061
Depreciation and amortization	124,817	62,409	187,226	62,408	249,634
Dues and subscriptions	9,062	5,437	14,499	21,748	36,247
Insurance	27,652	27,652	55,304	55,302	110,606
Licenses and fees	-	-	-	14,688	14,688
Medical supplies	610,692	203,564	814,256	-	814,256
Meetings and conferences	-	-	-	14,955	14,955
Occupancy and other rents	136,621	72,329	208,950	192,875	401,825
Office	-	-	-	121,969	121,969
Professional fees	-	-	-	94,041	94,041
Purchased services	168,266	95,681	263,947	65,987	329,934
Travel	27,993	-	27,993	27,993	55,986
Miscellaneous	-	-	-	10,507	10,507
	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,507</u>	<u>10,507</u>
 Total expenses	 <u>\$ 4,901,189</u>	 <u>\$ 1,291,282</u>	 <u>\$ 6,192,471</u>	 <u>\$ 2,191,970</u>	 <u>\$ 8,384,441</u>

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

Innis Community Health Center, Inc.
Statements of Cash Flows
Years Ended October 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,043,409	\$ 2,418,134
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	317,433	249,634
Bad debt expense	248,947	253,523
Income from Investment in LPCA-ACO	(29,239)	1,759
Gain on forgiveness of debt	-	(786,815)
(Gain) Loss on disposal of equipment	2,643	(1,733)
(Increase) Decrease in assets:		
Patient accounts receivable	(188,309)	(323,248)
Prepaid expenses	(22,682)	12,894
Other receivables	(12,998)	(8,438)
Grant funds receivable	(299,090)	97,859
Inventory	(17,386)	-
Increase (Decrease) in liabilities:		
Accounts payable	183,368	7,362
Accrued liabilities	49,310	90,449
Deferred grant revenue	-	(480,809)
	<u>1,275,406</u>	<u>1,530,571</u>
Net cash provided by operating activities		
Cash Flows from Investing Activities		
Purchase of property and equipment	(954,933)	(564,306)
Purchase of intangible asset	(11,500)	-
Proceeds from sale of equipment	-	1,900
Increase in certificates of deposit	(1,602)	(3,206)
	<u>(968,035)</u>	<u>(565,612)</u>
Net cash used in investing activities		
Net Change in Cash and Cash Equivalents	307,371	964,959
Cash and Cash Equivalents, beginning of year	<u>4,018,207</u>	<u>3,053,248</u>
Cash and Cash Equivalents, end of year	<u>\$ 4,325,578</u>	<u>\$ 4,018,207</u>
Supplemental Cash Flow Disclosures		
Cash paid during the year for interest	<u>\$ 92</u>	<u>\$ -</u>

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

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2022

Note 1-Nature of Operations

Innis Community Health Center, Inc. (the “Center”) is incorporated as a Louisiana nonprofit corporation located in the northern part of Pointe Coupee Parish in the Village of Innis, Louisiana with satellite clinics in Livonia, New Roads, and Maringouin.

The Center is a Federally Qualified Health Center that provides primary healthcare services to area communities in need of preventative, coordinated, and affordable healthcare in a prudent and efficient manner. The vision of the Center is, through community collaboration and partnership, to develop and promote supportive healthcare services to all people who are medically underserved, in order that they may experience all the rights, privileges, and responsibilities as members of the community.

Note 2-Summary of Significant Accounting Policies

A. Basis of Accounting and Presentation

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

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

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

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

B. Use of Estimates

The preparation of 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. The most significant item on the statements of financial position that involves a greater degree of accounting estimates subject to changes in the near future is the assessment of the allowance for doubtful accounts. As additional information becomes available (or actual amounts are determinable), the recorded estimates are revised and reflected in operating results of the period they are determined.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2022

Note 2-Summary of Significant Accounting Policies (Continued)

D. Patient Accounts Receivable

Patient accounts receivable are generally carried at the original billed amount less contractual adjustments and the allowance for doubtful accounts. The allowance is based on management's estimates, historical experience, and a review of all outstanding amounts on an ongoing basis. As of October 31, 2022 and 2021, management established an allowance of \$502,846 and \$556,802, respectively.

For receivables associated with uninsured patients (also known as "self-pay"), which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Center records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many uninsured patients are often either unable or unwilling to pay the full portion of their bill for which they are financially responsible. The difference between standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

E. Inventory

Inventory is valued at the lower of cost or net realizable value, determined by using the first-in, first-out method. Inventory is comprised of pharmaceutical prescription drugs and supplies.

F. Property and Equipment

Property and equipment are carried at cost. Donated property and equipment are carried at approximate fair value at the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years for equipment, furniture and fixtures, 5 years for vehicles, and 15 to 30 years for buildings and leasehold improvements.

All acquisitions of property and equipment in excess of \$1,000 and all expenditures that materially increase values, change capabilities, or extend useful lives of assets are capitalized. Routine maintenance, repairs, and minor equipment replacement costs are charged against operations.

G. Compensated Absences

The Center provides paid time off (PTO) for employees who meet hours worked per pay period criteria. Generally, PTO is earned on a per pay period (bi-weekly) basis ranging from 5.0 to 8.75 hours per pay period, depending on job classification and length of service. Unless otherwise approved by the Board, a maximum of 300 unused PTO hours may be carried forward at the end of the fiscal year.

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2022

Note 2-Summary of Significant Accounting Policies (Continued)

H. Funding Source

The Center receives funds from the United States Department of Health and Human Services (DHHS) through the Health Resources and Services Administration. In accordance with DHHS policies, all funds disbursed should be in compliance with the specific terms of the grant agreements. DHHS may, at its discretion, request reimbursement for expenses or return of the unexpended funds, or both, as a result of non-compliance by the Center with the terms of the grants. In addition, if the Center terminates the activities of the grants, all unexpended federal funds are to be returned to DHHS. The grant agreement requires the Center to provide primary healthcare to all requesting individuals; however, the amount an individual actually pays is based on the individual's personal income.

I. Net Patient Service Revenue

Patient service revenue and receivables are reported at the amount that reflects the consideration the Center expects to be entitled for providing patient care. These amounts are due from patients, third-party payors (including managed care payors and government programs), and others, and include variable consideration for retroactive revenue adjustments due to settlement of reviews and audits. Generally, the Center bills the patients and third-party payors after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Center. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The Center measures the performance obligation from the beginning of treatment to the point when it is no longer required to provide services to that patient. These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided. The Center believes that these methods provide a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Because its performance obligations relate to contracts with a duration of less than one year, the Center has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-60-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients no longer require service, which generally occurs within days or weeks of the end of the reporting period.

The Center is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to patient service revenue. The Center accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio. The portfolios consist of major payor classes for services performed. Based on historical collection trends and other analysis, the Center has concluded that revenue for a given portfolio would not be materially different from accounting for revenue on a contract-by-contract basis.

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from charged rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, case rates, and per diem payments. Patient service revenue is reported at the estimated net realizable amounts from patients, third party payors and others for services rendered.

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2022

Note 2-Summary of Significant Accounting Policies (Continued)

I. Net Patient Service Revenue (Continued)

The Center participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Center is reimbursed for cost-reimbursable items at tentative rates with final settlement determined after submissions of annual cost reports by the Center and audits thereof by the Medicare/Medicaid fiscal intermediaries. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near future.

The Center has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Center under these agreements includes prospectively determined rates per discharge, reimbursed costs, discounts from billed charges, case rates, and daily rates.

J. Functional Allocation

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

K. Income Tax Status

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

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

L. Other Revenue

Other revenue is derived from services other than providing healthcare services to patients. These services include incentive payments related to Electronic Health Records implementation, fees for providing medical records, and Medicaid and Medicare adjustments.

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2022

Note 2-Summary of Significant Accounting Policies (Continued)

M. Liquidity Management

As of October 31, 2022, the following financial assets could be made readily available within one year of the date of the statement of financial position to meet general expenditures:

Cash and cash equivalents	\$ 4,325,578
Certificates of deposit	375,387
Patient accounts receivable, net	466,854
Grant funds receivable	518,581
Other receivables	<u>195,589</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,881,989</u>
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As part of its liquidity management, the Center has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

N. Accounting Pronouncements Pending Adoption

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous U.S. GAAP and this ASU is the recognition of lease assets and lease liabilities for lessees for those leases classified as operating leases under previous U.S. GAAP. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021. The Center has not yet implemented this ASU and is in the process of assessing the effect on its financial statements.

O. Recently Adopted Accounting Standards

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. The Center adopted Topic 606 effective November 1, 2021, the first day of the Center's fiscal year, using the modified retrospective approach. No cumulative-effect adjustment in net assets was recorded as the adoption of Topic 606 did not significantly impact the entity's reported historical revenue. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Note 3-Certificates of Deposit

At October 31, 2022 and 2021, the Center had certificates of deposit totaling \$375,387 and \$373,785, respectively. The certificates of deposit had interest rates ranging from .15% to 1.00% at October 31, 2022, and terms ranging from 6 months to 12 months, with penalties for early withdrawal. The Center's investment in certificates of deposit is carried at cost, which approximates fair market value.

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2022

Note 4-Property and Equipment

Property and equipment activity for the year ended October 31, 2022 is summarized as follows:

	<u>2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>2022</u>
Construction in progress	\$ 84,506	\$ 252,000	\$ (84,506)	\$ 252,000
Land	75,935	435,455	-	511,390
Office equipment	662,798	260,403	(9,627)	913,574
Furniture and fixtures	21,476	17,446	-	38,922
Medical and dental equipment	690,334	43,588	-	733,922
Vehicles	811,794	-	-	811,794
Building and helipad	2,225,788	-	-	2,225,788
Electronic medical records equipment	36,631	-	-	36,631
Leasehold improvements	<u>307,936</u>	<u>30,547</u>	<u>-</u>	<u>338,483</u>
 Total property and equipment	 4,917,198	 1,039,439	 (94,133)	 5,862,504
 Less: accumulated depreciation and amortization	 <u>(1,973,899)</u>	 <u>(316,730)</u>	 <u>6,984</u>	 <u>(2,283,645)</u>
 Total property and equipment, net	 <u>\$ 2,943,299</u>	 <u>\$ 722,709</u>	 <u>\$ (87,149)</u>	 <u>\$ 3,578,859</u>

Property and equipment activity for the year ended October 31, 2021 is summarized as follows:

	<u>2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>2021</u>
Construction in progress	\$ 116,175	\$ 84,506	\$ (116,175)	\$ 84,506
Land	75,935	-	-	75,935
Office equipment	613,494	49,304	-	662,798
Furniture and fixtures	15,830	5,646	-	21,476
Medical and dental equipment	641,068	49,266	-	690,334
Vehicles	406,042	294,577	111,175	811,794
Building and helipad	2,220,813	4,975	-	2,225,788
Electronic medical records equipment	36,631	-	-	36,631
Leasehold improvements	<u>231,904</u>	<u>76,032</u>	<u>-</u>	<u>307,936</u>
 Total property and equipment	 4,357,892	 564,306	 (5,000)	 4,917,198
 Less: accumulated depreciation and amortization	 <u>(1,729,098)</u>	 <u>(249,634)</u>	 <u>4,833</u>	 <u>(1,973,899)</u>
 Total property and equipment, net	 <u>\$ 2,628,794</u>	 <u>\$ 314,672</u>	 <u>\$ (167)</u>	 <u>\$ 2,943,299</u>

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2022

Note 5-Intangible Asset

Included in intangible assets are software licensing fees for the Center's pharmacy software. The intangible asset has been recorded at cost and is reported net of accumulated amortization, with a 15-year useful life.

The original cost of the software licensing fees was \$11,500, and the accumulated amortization amounted to \$703 as of October 31, 2022.

Note 6-Commitments

Commitments for the remaining balance on a Mobile Dental Van totaled \$344,000 as of October 31, 2022.

Note 7-Related Party Transactions

The Center paid rent in the amount of \$47,700 for the years ended October 31, 2022 and 2021 to Pointe Coupee Health Service District #1, an entity related through a common board member.

Note 8-Operating Leases

The Center leases equipment and facilities under several operating leases. Total rental expense included in occupancy and other rents in 2022 and 2021 were \$48,320 and \$48,800, respectively.

The Center has a lease agreement with Pointe Coupee Health Service District #1 for the rental of facility space located in Innis, Louisiana, with payments of \$1,600 per month, terminating on June 30, 2024.

The Center has a month-to-month lease agreement with Pointe Coupee Health Service District #1 for the rental of facility space located in Livonia, Louisiana, with payments of \$600 per month for an indefinite lease term. Either party may terminate the lease in writing, voiding the lease within 120 days.

The Center has a lease agreement with Pointe Coupee Health Service District #1 for the rental of facility space located in New Roads, Louisiana, with payments of \$1,400 per month, terminating on January 1, 2023.

The Center has a month-to-month lease agreement with Pointe Coupee Health Service District #1 for the rental of facility space located in New Roads, Louisiana, with payments of \$375 per month for an indefinite lease term. Either party may terminate the lease in writing, voiding the lease within 120 days.

Future minimum lease payments on non-cancelable leases for the next fiscal years ending October 31 are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 22,000
2024	12,800

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2022

Note 9-Concentrations

The Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. Revenue mix from patients and third-party payors as of October 31, 2022 and 2021 were as follows:

	2022	2021
Medicaid	46%	45%
Medicare	9%	10%
Sliding fee/ private pay	4%	4%
Third-party payors	41%	41%
Total	100%	100%

Additionally, 41% and 40% of the Center’s total revenue and support was provided by the U.S. Department of Health and Human Services during the fiscal years ended October 31, 2022 and 2021, respectively.

At various times during the year, cash and cash equivalents on deposit with one banking institution exceeded the amount insured by the FDIC. Management monitors the financial condition of the institution on a regular basis, along with their balances in cash and cash equivalents, to minimize this potential risk.

Note 10-Retirement Plans

The Center participates in a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. Employees may participate in the employee contribution plan when hired. This is a plan whereby employees make their own pre-tax contributions to the plan and can either increase, decrease, or stop their contributions at any time. Employees may contribute to the plan up to the maximum amount allowed by the Internal Revenue Code. There is no match by the Center in the Section 403(b) tax deferred annuity plan. Employees may withdraw their contributions from the 403(b)-tax deferred annuity plan upon resignation or termination.

The Center also participates in an employer contribution plan (pension plan). Employees hired after July 1, 2003, are entitled to participate in the employer contribution plan upon completion of one year of service working for the Center. Employees are vested after 3 years of employment, and may withdraw the employer’s contributions to their account upon resignation or termination. The Center contributes on behalf of employees at a rate of 2% to 4% of gross salary. The Center’s contributions for 2022 and 2021 were \$126,151 and \$116,935, respectively.

Note 11-Laws and Regulations

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse.

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2022

Note 11-Laws and Regulations (Continued)

Violations of these laws and regulations could result in exclusion from government healthcare program participation, the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Center is subject to regulatory reviews, management believes the outcome of any such regulatory review will not have a material adverse effect on the Center's financial position.

Note 12-Board of Directors Compensation

The Board of Directors is a voluntary board; therefore, no compensation or per diem has been paid to any Director.

Note 13-Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation. The reclassifications had no effect on previously reported results of operations or total net assets.

Note 14-Subsequent Events

Innis Community Health Center, Inc. has evaluated all subsequent events through February 23, 2023, the date the financial statements were available to be issued. As a result, the Center noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Supplementary Information

**Innis Community Health Center, Inc.
Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer
Year Ended October 31, 2022**

Agency Head Name: Cindy Peavy, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 198,260
Benefits - insurance	8,992
Benefits - retirement	8,165
Benefits - cell phone	-
Car allowance	-
Vehicle provided by agency	-
Per diem	-
Reimbursements	-
Travel	1,154
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-



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

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

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

Board of Directors
Innis Community Health Center, Inc.
Batchelor, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Innis Community Health Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of October 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 23, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Innis Community Health Center, Inc.'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 Innis Community Health Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Innis Community Health Center, Inc.'s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Innis Community Health Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hawthorn, Waymouth & Carroll, LLP.

February 23, 2023



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

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
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Kevin M. Rodriguez, CPA

**Independent Auditor's Report
on Compliance for Each Major Program and on Internal
Control over Compliance Required by the Uniform Guidance**

Board of Directors
Innis Community Health Center, Inc.
Batchelor, LA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Innis Community Health Center, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Innis Community Health Center, Inc.'s major federal programs for the year ended October 31, 2022. Innis Community Health Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Innis Community Health Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Innis Community Health Center, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Innis Community Health Center, Inc.'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 Innis Community Health Center, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Innis Community Health Center, Inc.'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 Innis Community Health Center, Inc.'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 Innis Community Health Center, Inc.'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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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.

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

Hawthorn, Waymouth & Carroll, LLP.

February 23, 2023

Innis Community Health Center, Inc.
Schedule of Expenditures of Federal Awards
Year Ended October 31, 2022

<u>Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title</u>	<u>Pass-through Entity Identifying Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
Health Center Program Cluster*			
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	N/A	93.224	\$ 685,377
COVID-19 Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding	N/A	93.224	5,169
COVID-19 American Rescue Plan Act Funding for Health Centers	N/A	93.224	951,185
Affordable Care Act (ACA) Grants for New and Expanded Services Under the Health Center Program	N/A	93.527	<u>2,086,413</u>
Total Health Center Program Cluster			3,728,144
Health Center Construction and Capital Improvements	N/A	93.526	252,000
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	N/A	93.912	<u>282,940</u>
Total expenditures of federal awards			<u>\$ 4,263,084</u>

*Denotes a major program

Innis Community Health Center, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended October 31, 2022

Note 1-Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Innis Community Health Center, Inc. under programs of the federal government for the year ended October 31, 2022. 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 Innis Community Health Center, Inc., it is not intended to and does not present the financial position, change in net assets, or cash flows of Innis Community Health Center, Inc.

Note 2-Summary of Significant Accounting Policies

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

Note 3-Loans and Loan Guarantee Programs

Innis Community Health Center, Inc. had no loans or loan guarantee programs outstanding as of October 31, 2022 for those loans described in 2 CFR 200.502(b).

Note 4-Indirect Cost Rate

Innis Community Health Center, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5-Subrecipients

Innis Community Health Center, Inc. did not pass-through any of its federal awards to a subrecipient during the year ended October 31, 2022.

Note 6-Non-Cash Assistance

No federal awards were expended in the form of non-cash assistance during the year ended October 31, 2022.

Innis Community Health Center, Inc.
Schedule of Findings and Questioned Costs
Year Ended October 31, 2022

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting

* Material weakness(es) identified?

___ Yes X No

* Significant deficiency(ies) identified?

___ Yes X None reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major federal programs

* Material weakness(es) identified?

___ Yes X No

* Significant deficiency(ies) identified?

___ Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

___ Yes X No

Identification of major federal programs:

CFDA Numbers
93.224/93.527

Federal Program or Cluster
Health Center Program Cluster

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

Auditee qualified as low-risk auditee:

X Yes ___ No

Innis Community Health Center, Inc.
Schedule of Findings and Questioned Costs
Year Ended October 31, 2022

Section II – Financial Statement Findings

No findings were noted.

Section III – Federal Award Findings and Questioned Costs

No findings were noted.

Innis Community Health Center, Inc.
Schedule of Prior Year Findings and Questioned Costs
Year Ended October 31, 2022

Section II – Financial Statement Findings

Significant Deficiency

2021-001: Employee Benefits

Summary of Prior Year Finding:

The Center did not properly withhold payroll deductions from employees' paychecks.

Status:

The finding has been resolved in the current fiscal year.

Section III – Federal Award Findings and Questioned Costs

No findings were noted.

Innis Community Health Center, Inc.
Agreed-Upon Procedures Report
October 31, 2022



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

To the Board of Directors of Innis Community Health Center, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period November 01, 2021 through October 31, 2022. Innis Community Health Center, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Innis Community Health Center, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period November 01, 2021 through October 31, 2022. 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

1. Obtained and inspected the entity's written policies and procedures and observed whether they addressed each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

No exceptions noted.

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.

No exceptions noted.

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

No exceptions noted.

- 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).

No exceptions noted.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

- 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 statements, and (5) monitoring card usage.

No exceptions noted.

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

No exceptions noted.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 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.

- j) **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.

- 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.

No exceptions noted.

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

Louisiana R.S. 42:342-344 is not applicable to this entity.

Board or Finance Committee

2. Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted.

- b) For those entities reporting on the nonprofit accounting model, observed 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.

No exceptions noted.

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

N/A; entity is a non-profit, not a governmental entity.

Bank Reconciliations

3. Obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:

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

No exceptions noted.

- b) Bank reconciliations included 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

No exceptions noted.

- c) 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.

No exceptions noted.

Collections (excluding electronic funds transfers)

4. Obtained 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 selected 5 deposit sites (or all deposit sites if less than 5)

5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site, obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:

a) Employees 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.

No exceptions noted.

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/official verifies the reconciliation.

No exceptions noted.

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

No exceptions noted.

7. Randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits were made on the same day). Obtained supporting documentation for each of the deposits and:

a) Observed that receipts are sequentially pre-numbered.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- d) Observed 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).

No exceptions noted.

- e) Traced 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)

- 8. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. The entity has only one location that processes payments.

No exceptions noted.

- 9. For the one location, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties were 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.

No exceptions noted.

- 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.

No exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payments or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

- 10. For each location, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected five disbursements, obtained supporting documentation for each transaction, and:

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

No exceptions noted.

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

No exceptions noted.

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

- 11. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.
- 12. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly selected one monthly bank statement), obtained supporting documentation, and:
 - a) Observed whether there was 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.

No exceptions noted.

- b) Observed 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 selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observed it was 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)

- 14. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, observed the approved reimbursement rate was no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

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

No exceptions noted.

- c) Observed each reimbursement was supported by documentation of the business/public purpose (for meal charges, observed that the documentation included the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

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

No exceptions noted.

Contracts

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

- a) Observed whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions noted.

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

No exceptions noted.

- c) If the contract was amended (e.g., change order), observed 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, was approval documented).

No exceptions noted.

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

No exceptions noted.

Payroll and Personnel

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

No exceptions noted.

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

18. Obtained 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 selected two employees or officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee or officials' cumulative leave records, agreed the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agreed the termination payment to the entity policy.

No exceptions noted.

19. Obtained 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

These procedures are not applicable to the entity.

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

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

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

Debt Service

These procedures are not applicable to this entity.

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

Fraud Notice

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

N/A; there were no misappropriations of public funds or assets during the fiscal period.

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

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

- 25. Performed the following procedures:

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

Sexual Harassment

These procedures are not applicable to this entity.

- 26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtained sexual harassment training documentation from management, and observed the documentation demonstrated each employee/official completed at least one hour of sexual harassment training during the calendar year.
- 27. Observed 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).
- 28. Obtained the entity’s annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed it included the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

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

We are required to be independent of Innis Community Health Center, Inc. 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.

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

January 11, 2023