

**Teche Action Board, Inc.
d/b/a Teche Action Clinic
Franklin, Louisiana
May 31, 2020**

Table of Contents

Independent Auditor's Report	Page 3
Financial Statements	
Statement of Financial Position	Page 5
Statement of Activities	Page 6
Statement of Functional Expenses	Page 7
Statement of Cash Flows	Page 8
Notes to Financial Statements	Page 9
Supplementary Information	
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	Page 18
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 <i>Government Auditing Standards</i>	Page 19
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	Page 21
Schedule of Expenditures of Federal Awards	Page 23
Notes to Schedule of Expenditures of Federal Awards	Page 24
Schedule of Findings and Questioned Costs	Page 25
Summary Schedule of Prior Year Findings and Questioned Costs	Page 27



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

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Teche Action Board, Inc. d/b/a Teche Action Clinic (a non-profit organization), which comprise the statement of financial position as of May 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teche Action Board, Inc. d/b/a Teche Action Clinic as of May 31, 2020, 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.

Other Matters

Other 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 20, 2021, on our consideration of Teche Action Board, Inc. d/b/a Teche Action Clinic's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Teche Action Board, Inc. d/b/a Teche Action Clinic's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Teche Action Board, Inc. d/b/a Teche Action Clinic's internal control over financial reporting and compliance.

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

February 20, 2021

Teche Action Board, Inc. d/b/a Teche Action Clinic
Statement of Financial Position
May 31, 2020

Assets

Current Assets

Cash and cash equivalents	\$ 6,082,754
Certificate of deposit	315,527
Investments	3,534,936
Patient accounts receivable, net	867,462
Grants receivable	1,004,987
Other receivable	10,100
Inventory	180,070
Prepaid expenses	<u>115,672</u>

Total current assets 12,111,508

Property and Equipment, net

13,384,573

Other Assets

3,000

Total assets \$ 25,499,081

Liabilities and Net Assets

Current Liabilities

Current portion of notes payable	\$ 713,158
Line of credit	2,731,869
Accounts payable	111,489
Accrued liabilities	1,061,849
Deferred grant revenue	<u>848,949</u>

Total current liabilities 5,467,314

Long-Term Portion of Notes Payable

1,414,563

Total liabilities 6,881,877

Net Assets Without Donor Restrictions

18,617,204

Total liabilities and net assets \$ 25,499,081

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

Teche Action Board, Inc. d/b/a Teche Action Clinic
Statement of Activities
Year Ended May 31, 2020

	<u>Without Donor Restrictions</u>
Public Support and Revenue	
Revenue:	
Patient service revenue, net	\$ 10,848,472
Provision for bad debts	<u>(375,712)</u>
Net patient service revenue, less provision for bad debts	10,472,760
304B pharmacy revenue	78,263
Other revenue	395,489
Interest	49,385
Investment income	195,658
Public Support:	
Federal grants revenue	7,468,036
Other grants and contract revenue	<u>1,231,739</u>
Total public support and revenue	<u>19,891,330</u>
 Expenses	
Program services	14,978,553
Management and general	<u>5,410,598</u>
Total expenses	<u>20,389,151</u>
 Change in Net Assets	 (497,821)
 Net Assets, beginning of year	 <u>19,115,025</u>
 Net Assets, end of year	 <u><u>\$ 18,617,204</u></u>

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

Teche Action Board, Inc. d/b/a Teche Action Clinic
Statement of Functional Expenses
Year Ended May 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries	\$ 9,980,148	\$ 2,098,429	\$ 12,078,577
Payroll taxes and fringe benefits	1,583,143	328,391	1,911,534
Medical contracts	347,873	16,495	364,368
Non-medical contracts	66,847	1,013,345	1,080,192
Supplies	1,277,117	524,795	1,801,912
Travel	211,421	131,945	343,366
Repairs and maintenance	444,983	216,809	661,792
Utilities	136,456	132,996	269,452
Telephone and postage	93,164	374,889	468,053
Dues and subscriptions	13,783	78,404	92,187
Insurance	144,238	25,885	170,123
Organizational meetings	5,944	79,769	85,713
Advertising	1,054	88,894	89,948
Rental	-	25,830	25,830
Other expenses	-	130,573	130,573
Depreciation	540,297	94,346	634,643
Lease expenses	63,295	-	63,295
Interest	68,790	48,803	117,593
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 14,978,553</u>	<u>\$ 5,410,598</u>	<u>\$ 20,389,151</u>

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

Teche Action Board, Inc. d/b/a Teche Action Clinic
Statement of Cash Flows
Year Ended May 31, 2020

Cash Flows from Operating Activities	
Change in net assets	\$ (497,821)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	634,643
Realized loss on investments	24,812
Net appreciation in fair value of investments	(121,518)
Provisions for bad debts	375,712
(Increase) Decrease in assets:	
Patient accounts receivable	(481,221)
Grants receivable	(544,114)
Other receivable	(10,100)
Inventory	35,794
Prepaid expenses	(51,863)
Increase (Decrease) in liabilities:	
Accounts payable	(293,120)
Accrued liabilities	187,943
Deferred grant revenue	848,949
	<u>108,096</u>
Net cash provided by operating activities	<u>108,096</u>
Cash Flows from Investing Activities	
Purchase of property and equipment	(755,867)
Certificates of deposit matured	1,261,574
Certificate of deposits, reinvested	(3,576)
Purchase of investments	<u>(41,593)</u>
Net cash provided by investing activities	<u>460,538</u>
Cash flows From Financing Activities	
Proceeds from notes payable	2,121,849
Payments on notes payable	(17,021)
Payments on leases payable	(46,750)
Increase in line of credit, net	<u>8,815</u>
Net cash provided by financing activities	<u>2,066,893</u>
Net Change in Cash and Cash Equivalents	<u>2,635,527</u>
Cash and Cash Equivalents, beginning of year	<u>3,447,227</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 6,082,754</u></u>
Supplemental Cash Flow Disclosures	
Cash paid during the year for interest	<u><u>\$ 117,593</u></u>

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

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Financial Statements
May 31, 2020

Note 1-Nature of Activities and Significant Accounting Policies

A. Nature of Activities

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

B. Basis of Accounting and Presentation

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

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

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

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

C. Use of Estimates

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

D. Cash and Cash Equivalents

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

E. Investments

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

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Financial Statements
May 31, 2020

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

E. Investments (Continued)

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

F. Patient Accounts Receivable

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

G. Allowance for Doubtful Accounts and Bad Debts

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

H. Inventory

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

I. Property, Plant, and Equipment

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

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Financial Statements
May 31, 2020

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

J. Net Patient Revenue

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

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

K. Grants and Contributions

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

L. Income Taxes

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

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

M. Advertising

The Organization expenses the cost of advertising as the expense is incurred. For the year ended May 31, 2020, advertising expense totaled \$89,948.

N. Functional Expenses

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

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Financial Statements
May 31, 2020

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

O. Risk Management

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

P. Liquidity Management

As of May 31, 2020, 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	\$ 6,082,754
Certificates of deposit	315,527
Investments	3,534,936
Patient accounts receivable, net	<u>867,462</u>
Financial assets available to meet cash needs for general expenditure within on year	<u>\$ 10,800,679</u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. In addition to the above amounts, the Organization has revolving lines of credit with a financial institution, which is further discussed in Note 5.

Q. Accounting Pronouncements Pending Adoption

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 ASU is effective for annual reporting periods beginning after December 15, 2020, with certain early adoption provisions available. The Organization is in the process of assessing the effect that the adoption of this standard will have on its financial statements.

In February 2016, the FASB issued 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, 2020. The Organization has not yet implemented this ASU and is in the process of assessing the effect on its financial statements.

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Financial Statements
May 31, 2020

Note 2-Certificate of Deposit

As of May 31, 2020, the Organization had a certificate of deposit totaling \$315,527. The certificate of deposit had an interest rate of 0.10% with a term of 13 months and is carried at cost, which approximates fair value.

Note 3-Property, Plant, and Equipment

The following is a summary of property, plant and equipment as of May 31, 2020:

Building and improvements		\$ 15,257,246
Furniture and equipment		2,396,090
Vehicles		556,820
Leasehold improvements		10,433
Land improvements		<u>238,979</u>
		18,459,568
Less: accumulated depreciation and amortization		<u>6,876,749</u>
		11,582,819
Land		1,227,920
Construction in progress		<u>573,834</u>
		Net property, plant and equipment
		<u>\$ 13,384,573</u>

Note 4-Notes Payable

Note payable with a bank, maturing in September 2020, bearing interest at 5.90%, collateralized by medical equipment. \$ 5,872

Note payable with a bank, dated May 5, 2020, under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan may be forgiven to the extent proceeds are used for eligible expenditures, such as payroll and other expenses described in the CARES Act. No determination has been made as to whether the Organization will be eligible for forgiveness, in whole or in part. The note bears interest at a rate of 1.00% and is payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the note. 2,121,849

2,127,721

Less: current portion of notes payable 713,158

Long-term portion of notes payable \$ 1,414,563

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Financial Statements
May 31, 2020

Note 4-Notes Payable (Continued)

Future maturities of the notes payable for the years ending May 31 are as follows:

2021	\$ 713,158
2022	<u>1,414,563</u>
	<u>\$ 2,127,721</u>

Note 5-Lines of Credit

The Organization has a revolving line of credit with Whitney Bank dated March 21, 2019 and maturing March 21, 2021 with a current limit of \$3,250,000. The line of credit is secured by all deposits and investments held for the Organization at Whitney Bank and bears interest at 4.50%. The outstanding balance was \$2,631,869 at May 31, 2020.

The Organization has an additional revolving line of credit with Whitney Bank dated October 24, 2018 and maturing October 24, 2023 with an available limit of \$100,000. The line of credit is secured by all deposits and investments held for the Organization at Whitney Bank and bears interest at 6.25%. The outstanding balance was \$100,000 at May 31, 2020.

Note 6-Accrued Vacation

The Organization allows employees to carry 40 hours of unused vacation into the following year. An employee may carry over additional vacation hours only with written permission from the executive director. The accrual is calculated based on the employee's pay rate at the end of the year. At May 31, 2020, accrued vacation totaled \$538,968 and is included in accrued liabilities on the statement of financial position.

Note 7-Operating Leases

The Organization has lease agreements for multiple copy machines expiring through November 2022. Future minimum payments are as follows for the years ending May 31:

2021	\$ 39,921
2022	8,684
2023	1,410

The Organization also has various month-to-month leases for equipment. Total lease expense on these operating leases totaled \$63,295 for the year ended May 31, 2020.

Note 8-Retirement Plan

The Organization has a 401(k)-retirement plan for eligible employees. The plan provides for a mandatory 3% safe-harbor matching contribution. The Organization will also match 50% of an employee's contributions up to an additional 2%. All participating employees are fully vested immediately. To be eligible, an employee must be employed with the Organization for at least one year and must be at least eighteen years of age. Retirement expense was \$172,444 for the year ended May 31, 2020.

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Financial Statements
May 31, 2020

Note 9-Fair Value Measurements

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

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

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

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

The amortized cost and fair values measured on a recurring basis of investment securities as of May 31, 2020 are as follows:

Level 2 Observable Inputs	Amortized Cost	Fair Value
Fixed income securities	\$ 3,411,097	\$ 3,534,936

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at May 31, 2020 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the agency could realize in a current market exchange.

Note 10-Contingencies

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

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Financial Statements
May 31, 2020

Note 11-Concentrations

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

The Organization receives a substantial portion of its total revenue and support from the federal government. During the year ended May 31, 2020, the Organization recognized \$7,468,036 in grant support from the Department of Health and Human Services. This represents 38% of total revenue and support for the year ended May 31, 2020.

The majority of the Organization's patients are located in South Louisiana. The Organization grants credit without collateral to its patients. The mix of receivables from patients and third-party payors as of May 31, 2020 was as follows:

Medicare	13%
Medicaid	45%
Other	42%
	<u>100%</u>

Note 12-Commitments

Commitments related to the construction of the Morgan City pharmacy totaled \$63,088 at May 31, 2020.

Note 13-Risks and Uncertainties

The COVID-19 pandemic has caused extensive disruptions to the global, national and regional economy. Governments, businesses, and the public are taking unprecedented actions to contain the spread of COVID-19 and to mitigate its effects, including quarantines, travel bans, shelter-in-place orders, closures of businesses and schools, fiscal stimulus, and legislation designed to deliver monetary aid and other relief. While the scope, duration, and full effects of COVID-19 are rapidly evolving and not fully known, the pandemic and related efforts to contain it have disrupted economic activity and supply chains. If these implications continue for a prolonged period or result in sustained economic stress or recession, there could be a material adverse effect on the Organization related to credit, profitability, operations, and liquidity.

Note 14-Subsequent Events

Management of the Organization evaluated all subsequent events through February 20, 2021, which is the date the financial statements were available to be issued. As a result, the Organization noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Supplementary Information

**Teche Action Board, Inc. d/b/a Teche Action Clinic
 Schedule of Compensation, Benefits, and Other Payments to
 Agency Head or Chief Executive Officer
 Year Ended May 31, 2020**

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

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

The above amount only represents compensation paid to the CEO from public funds received by the Organization. Dr. Wiltz did not receive any compensation from public funds for the year ended May 31, 2020.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Teche Action Board, Inc. d/b/a Teche Action Clinic (a nonprofit organization), which comprise the statement of financial position as of May 31, 2020, 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 February 20, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

February 20, 2021



**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
Blaine M. Crochet, 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
Teche Action Board, Inc.
d/b/a Teche Action Clinic
Franklin, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Teche Action Board, Inc. d/b/a Teche Action Clinic's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended May 31, 2020. Teche Action Board, Inc. d/b/a Teche Action Clinic's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Teche Action Board, Inc. d/b/a Teche Action Clinic's compliance.

Opinion on Each Major Federal Program

In our opinion, Teche Action Board, Inc. d/b/a Teche Action Clinic complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2020.

Report on Internal Control Over Compliance

Management of Teche Action Board, Inc. d/b/a Teche Action Clinic is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Teche Action Board, Inc. d/b/a Teche Action Clinic's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Teche Action Board, Inc. d/b/a Teche Action Clinic's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

February 20, 2021

Teche Action Board, Inc. d/b/a Teche Action Clinic
Schedule of Expenditures of Federal Awards
Year Ended May 31, 2020

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
U.S Department of Health and Human Services			
Health Centers Cluster*			
Consolidated Health Centers	N/A	93.224	\$ 2,395,631
Affordable Care Act (ACA) Grants for New and Expanded Services Under the Health Center Program	N/A	93.527	<u>4,359,505</u>
Total Health Centers Cluster			6,755,136
Grants for Capital Development in Health Centers	N/A	93.526	546,560
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	N/A	93.912	<u>166,340</u>
Total expenditures of federal awards			<u>\$ 7,468,036</u>

*Denotes major program

The accompanying notes are an integral part of this schedule.

Teche Action Board, Inc. d/b/a Teche Action Clinic
Notes to Schedule of Expenditures of Federal Awards
Year Ended May 31, 2020

Note 1-Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal award activity of Teche Action Board, Inc. d/b/a Teche Action Clinic under programs of the federal government for the year ended May 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2-Summary of Significant Accounting Policies

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

Note 3-Indirect Cost Rate

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

Note 4-Loans and Loan Guarantee Program

The Organization had no loans or loan guarantee programs outstanding as of May 31, 2020 for those loans described in 2 CFR 200.502(b).

Note 5-Subrecipients

The Organization did not pass-through any of its federal awards to subrecipients during the year ended May 31, 2020.

Note 6-Non-cash Assistance

For the year ended May 31, 2020, the Organization did not expend any federal awards in the form of non-cash assistance.

Teche Action Board, Inc. d/b/a Teche Action Clinic
Schedule of Findings and Questioned Costs
Year Ended May 31, 2020

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.224/93.527	Health Centers Cluster

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

Auditee qualified as low-risk auditee? X Yes No

A separate management letter was not issued.

**Teche Action Board, Inc. d/b/a Teche Action Clinic
Schedule of Findings and Questioned Costs
Year Ended May 31, 2020**

Section II – Financial Statement Findings

No findings were noted.

Section III – Federal Award Findings and Questioned Costs

No findings were noted.

**Teche Action Board, Inc. d/b/a Teche Action Clinic
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended May 31, 2020**

Section II – Financial Statement Findings

No findings were noted.

Section III – Federal Award Findings and Questioned Costs

No findings were noted.