

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

AUDITED FINANCIAL STATEMENTS

**FEBRUARY 28, 2022
(WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2021)**

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
February 28, 2022
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BROWN, EWING & CO.
P. A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Rapides Primary Health Care Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of February 28, 2022, 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 referred to above present fairly, in all material respects, the financial position of Rapides Primary Health Care Center, Inc. as of February 28, 2022, 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 Rapides Primary Health Care Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Rapides Primary Health Care 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 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, including omissions, 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, we:

- Exercise professional judgement 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 Rapides Primary Health Care 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rapides Primary Health Care Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

Report on Summarized Comparative Information

We have previously audited Rapides Primary Health Care Center, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended February 28, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other-Matters Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 18 - 20 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of Rapides Primary Health Care Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rapides Primary Health Care Center, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rapides Primary Health Care Center, Inc.'s internal control over financial reporting and compliance.

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.

Brown, E. & Co.
Ridgeland, Mississippi
November 28, 2022

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Statement of Financial Position
February 28, 2022
(With Summarized Financial Information for 2021)

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash	\$ 1,992,126	\$ 2,386,592
Patient care receivables, less allowance of \$1,227,931 for doubtful accounts	553,088	288,808
Grants receivable	106,001	568,913
Employee advances	22,317	22,173
Prepaid expenses	21,548	-
Investment in LPCA	3,000	3,000
Total Current Assets	<u>2,698,080</u>	<u>3,269,486</u>
Fixed Assets:		
Land	182,585	82,919
Building and improvements	4,069,639	3,978,905
Furniture and equipment	2,063,356	1,553,697
Vehicles	820,336	742,558
Construction in Progress	2,617,725	2,557,193
Total Fixed Assets	9,753,641	8,915,272
Less: Accumulated depreciation	<u>(2,484,424)</u>	<u>(2,194,319)</u>
Net Fixed Assets	<u>7,269,217</u>	<u>6,720,953</u>
Other Assets:		
Deposits	<u>1,500</u>	<u>1,500</u>
TOTAL ASSETS	<u>\$ 9,968,797</u>	<u>\$ 9,991,939</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 44,513	\$ 334,001
Deferred revenue	96,454	96,454
Payroll taxes payable	135,519	63,996
Other payroll deductions payable	805	54,382
Salaries payable	51,611	31,813
Accrued annual leave	66,284	30,793
Bank line of credit	-	13
Total Current Liabilities	<u>395,186</u>	<u>611,452</u>
Total Liabilities	<u>395,186</u>	<u>611,452</u>
Net Assets:		
Without donor restrictions		
Undesignated (Operating)	3,087,661	3,111,933
Investment in fixed assets, net of related debt	6,485,950	6,268,554
Total Net Assets	<u>9,573,611</u>	<u>9,380,487</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,968,797</u>	<u>\$ 9,991,939</u>

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

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Statement of Operations and Changes in Net Assets
For the Year Ended February 28, 2022
(With Summarized Financial Information for 2021)

	<u>Without Donor Restrictions</u>	
	<u>2022</u>	<u>2021</u>
SUPPORT AND REVENUES (Note 2)		
Support:		
Federal grants and contracts	\$ 2,738,715	\$ 4,474,039
Total Support	<u>2,738,715</u>	<u>4,474,039</u>
Revenue:		
Health care services, net of charity, bad debts and contractual adjustments of \$(327,138)	2,171,158	863,146
Interest income	10,288	23,915
Other income	200	1,893
In-kind revenues	228,843	701,356
Total Revenue	<u>2,410,489</u>	<u>1,590,310</u>
TOTAL SUPPORT AND REVENUES	<u>5,149,204</u>	<u>6,064,349</u>
EXPENSES		
Program Services		
Medical services	2,425,463	2,349,618
Dental services	972,199	614,017
Community services	344,663	445,867
Total Program Services	<u>3,742,325</u>	<u>3,409,502</u>
Supporting Services		
Management and general	1,213,755	907,148
Total Supporting Services	<u>1,213,755</u>	<u>907,148</u>
TOTAL EXPENSES	<u>4,956,080</u>	<u>4,316,650</u>
Change in net Assets	193,124	1,747,699
Net Assets, Beginning of Year	<u>9,380,487</u>	<u>7,632,788</u>
NET ASSETS, END OF YEAR	<u>\$ 9,573,611</u>	<u>\$ 9,380,487</u>

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

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Statement of Functional Expenses
For the Year Ended February 28, 2022
(With Summarized Financial Information for 2021)

	PROGRAM SERVICES			Total Program Services	SUPPORTING SERVICES	2022 Total Expenses	2021 Total Expenses
	Medical Services	Dental Services	Community Services		Management and General		
Personnel	\$ 1,121,653	281,795	-	1,403,448	785,401	\$ 2,188,849	\$ 1,502,269
Fringe benefits	211,385	49,640	-	261,025	133,646	394,671	313,531
Travel	26,962	6,834	-	33,796	9,004	42,800	43,002
Supplies	53,248	96,888	274,661	424,797	34,424	459,221	383,866
Equipment rental	1,527	763	-	2,290	763	3,053	2,252
Contractual	404,343	352,503	69,294	826,140	104,565	930,705	826,640
Accounting and audit	16,277	8,138	-	24,415	8,138	32,553	27,532
Legal	2,250	1,125	-	3,375	1,125	4,500	-
Dues and subscriptions	10,355	5,171	-	15,526	5,171	20,697	11,249
Utilities	27,103	13,004	-	40,107	12,292	52,399	48,875
Equipment repairs & maint.	7,194	3,597	-	10,791	3,597	14,388	20
Building repairs & maint.	87,008	17,812	-	104,820	18,113	122,933	18,573
Insurance	10,182	5,091	-	15,273	5,091	20,364	44,645
Staff recruitment	-	-	-	-	125	125	1,228
Advertisement & marketing	7,556	6,346	708	14,610	3,946	18,556	35,820
Security	858	429	-	1,287	429	1,716	2,248
Training and development	5,854	2,927	-	8,781	2,927	11,708	4,685
Telephone	37,201	15,426	-	52,627	66	52,693	86,316
Postage	506	253	-	759	240	999	1,688
Printing	1,860	535	-	2,395	535	2,930	1,046
Space cost	3,258	1,629	-	4,887	1,629	6,516	7,740
Interest	-	-	-	-	734	734	212
Bank charges	2,465	1,535	-	4,000	1,233	5,233	3,787
Waste removal	3,816	3,816	-	7,632	1,638	9,270	11,688
Board expenses	17,049	8,525	-	25,574	8,541	34,115	936
Janitorial services	-	-	-	-	199	199	67
Property and other taxes	1,290	372	-	1,662	588	2,250	1,464
Acquisition of fixed assets	29,232	352,309	-	381,541	456,828	838,369	2,615,639
Transferred to fixed assets	(29,232)	(352,309)	-	(381,541)	(456,828)	(838,369)	(2,615,639)
Other	643	156	-	799	2,156	2,955	13,228
In-kind expenses	<u>228,843</u>	<u>-</u>	<u>-</u>	<u>228,843</u>	<u>-</u>	<u>228,843</u>	<u>701,356</u>
Total expenses before depreciation	2,290,686	884,310	344,663	3,519,659	1,146,316	4,665,975	4,095,963
Depreciation	<u>134,777</u>	<u>87,889</u>	<u>-</u>	<u>222,666</u>	<u>67,439</u>	<u>290,105</u>	<u>220,687</u>
Total Expenses	<u>\$ 2,425,463</u>	<u>972,199</u>	<u>344,663</u>	<u>3,742,325</u>	<u>1,213,755</u>	<u>\$ 4,956,080</u>	<u>\$ 4,316,650</u>

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

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Statement of Cash Flows
For the Year Ended February 28, 2022
(With Summarized Financial Information for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS USED FOR OPERATING ACTIVITIES:		
Changes in Net Assets	\$ 193,124	\$ 1,747,699
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	290,105	220,687
Bad debt expense	(107,469)	348,475
Decrease (increase) in:		
Patient care receivables	(156,811)	614,270
Employee advances	(144)	2,558
Grants receivable	462,912	(472,459)
Prepaid expenses	(21,548)	-
Increase (decrease) in:		
Accounts payable	(289,485)	(54,644)
Deferred revenue	-	(857,504)
Payroll taxes payable	71,523	(11,632)
Other payroll deductions payable	(53,577)	13,657
Salaries payable	19,798	(3,204)
Accrued annual leave	35,491	4,425
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>443,919</u>	<u>1,552,328</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	<u>(838,369)</u>	<u>(2,615,639)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(838,369)</u>	<u>(2,615,639)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Other financing activities	(3)	1
Principal payment on bank line of credit	(13)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(16)</u>	<u>(2)</u>
NET INCREASE (DECREASE) IN CASH	(394,466)	(1,063,313)
CASH, BEGINNING OF YEAR	<u>2,386,592</u>	<u>3,449,905</u>
CASH, END OF YEAR	<u>\$ 1,992,126</u>	<u>\$ 2,386,592</u>

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

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2022

NOTE 1 - ABOUT THE ORGANIZATION

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. *Basis of Accounting*** - The financial statements of Rapides Primary Health Care Center, Inc., are presented on the accrual basis of accounting.
- B. *Basis of Presentation*** - The Center is required to report information regarding its financial position and activities according to two classes of net assets: Net assets with donor restrictions and nets assets without donor restrictions. In addition, the organization is required to present a statement of functional expenses.
- C. *Cash and Cash Equivalents*** - For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less that are not restricted for specific purposes.
- D. *Donated Property and Equipment*** - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies donor restricted net assets to donor unrestricted net assets at that time.
- E. *Donated Services*** - Donated services are recognized as contributions in accordance with FASB Accounting Standards Codification (ASC) 958, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center.
- F. *Functional Expense Allocation*** - The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Operations and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2022

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

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

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

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

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

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

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

J. Employees' Annual Leave - The Center charges annual leave earned by employees which has not been used by them at the end of a period to the period that the leave is earned. At February 28, 2022, employees had \$66,284 in accrued vacation benefits, which are reflected in the financial statements.

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

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2022

L. Net Patient Service Revenues and Provision for Bad Debt - Net patient service revenue is reported at the estimated net realized amounts from patients, third-party payors, and others for services rendered, including estimated retroactive and prospective adjustments under reimbursements agreements with third-party payors. Third-party payors retain the right to review and propose adjustments to amounts reported by the Center. Such adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The Center grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. Additions to the allowance for doubtful accounts are made by means of the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance. The amount of the provision for bad debt is based upon management's assessment of historical expected net collections, business and economic conditions, trends in Federal and state governmental health care coverage, and other collection indicators. Services rendered to individuals when payment is expected and ultimately not received are written off to the allowance for doubtful accounts.

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

N. Classification of Net Assets - Net Assets of Rapides Primary Health Care Center, Inc. are classified based on the presence or absence of donor-imposed restrictions. Net Assets are comprised of two groups as follows:

a) Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

b) Net Assets With Donor Restrictions - Assets subject to usage limitations based on donor imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by action of the Center. Certain restrictions may need to be maintained in perpetuity.

NOTE 3 - FINANCIAL INSTRUMENTS

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

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

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

Financial assets:	Carrying Amount	Fair Value
Cash and cash equivalents	\$1,992,126	\$1,992,126

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2022

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

The Federal Deposit Insurance Corporation (FDIC) currently insures up to \$250,000 of substantially all depository accounts held at each financial institution. At various times during the year, the Center's cash deposits may exceed the federally insured limits and at February 28, 2022, its uninsured deposits totaled \$1,965,002. The Center has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 5 - LIQUIDITY AND AVAILABILITY

The Center regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safety of its available funds. The Center's primary sources of liquidity are cash and cash equivalents and unexpended grant funds available for withdrawal. See Note 3 for information regarding the Center's cash and cash equivalents and Note 6 for grant balances and conditions.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Center considers all expenditures related to its ongoing activities of family medicine, OB/GYN, dental, pharmacy, and mental health as well as the conduct of services undertaken to support those activities to be general expenditures. In-kind donations of pharmaceuticals are not included in the analysis as these pharmaceuticals are provided without cost to our patients.

In addition to financial assets available to meet general expenditures over the next 12 months, the Center operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by grant funds. As a Federally Qualified Health Center, the Center receives significant grant funds from the U.S. Department of Health and Human Services with restrictions to be used in accordance with grant requirements. Refer to the statement of cash flows which identifies the sources and uses of the Center's cash.

At February 28, 2022, the following tables show the total financial assets held by the Corporation and the amounts of those financial assets that could be made readily available within one year of the balance sheet date to meet general expenditures:

Financial assets at year-end	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,992,126	\$ 2,386,592
Patient care receivables, net	553,088	288,808
Grants receivable	106,001	568,913
Accounts receivable, other	<u>22,317</u>	<u>22,173</u>
Total financial assets at year end	<u>\$ 2,673,532</u>	<u>\$ 3,266,486</u>

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2022

NOTE 6 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable at February 28, 2022 was \$106,001 and are due from the following funding sources at year end.

	Amount
U. S. Dept. of Heath and Human Services	\$ 9,547
State of Louisiana Dept. of Health and Hospital	<u>96,454</u>
Total	<u>\$ 106,001</u>

NOTE 7 - PATIENT ACCOUNTS RECEIVABLE AND RELATED ALLOWANCE FOR DOUBTFUL ACCOUNTS

Patient accounts receivable, prior to adjustment for the allowance for doubtful accounts, is summarized as follows at February 28, 2022:

Accounts receivable	Amount
Patients	\$ 850,206
Government	<u>930,813</u>
	<u>\$ 1,781,019</u>

Allowance for doubtful accounts is summarized as follows at February 28, 2022:

Allowance for doubtful accounts	Amount
Patients	<u>\$ 1,227,931</u>

NOTE 8 - PATIENT SERVICE REVENUE

A summary of patient service revenue, net of contractual adjustments and discounts, is as follows at February 28, 2022.

	Amount
Patient Service Revenue	\$ 2,498,296
Less: contractual adjustments under third-party reimbursement program and discounts	(327,138)
Provision for bad debts	-
Total Contractual adjustment and bad debt	<u>(327,138)</u>
Net Patient Service Revenue	<u>\$ 2,171,158</u>

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2022

NOTE 9 - FIXED ASSETS

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

Fixed Assets	Balance at 03/01/2021	Additions	Deletions	Adjustments	Balance at 02/28/2022
Non-Depreciable Assets					
Land	\$ 82,919	99,666	-	-	\$ 182,585
Construction in progress	<u>2,557,193</u>	<u>60,532</u>	-	-	<u>2,617,725</u>
Total Non-Depreciable Assets	<u>2,640,112</u>	<u>160,198</u>	-	-	<u>2,800,310</u>
Depreciable Assets					
Buildings and Improvements	3,978,905	90,734	-	-	4,069,639
Furniture and Equipment	1,236,692	509,659	-	-	1,746,351
Computer software	317,005	-	-	-	317,005
Motor vehicle	<u>742,558</u>	<u>77,778</u>	-	-	<u>820,336</u>
Total Depreciable Assets	<u>6,275,160</u>	<u>678,171</u>	-	-	<u>6,953,331</u>
Less: Accumulated Depreciation	<u>(2,194,319)</u>	<u>(290,105)</u>	-	-	<u>(2,484,424)</u>
Net Fixed Assets	<u>\$ 6,720,953</u>	<u>548,264</u>	-	-	<u>\$ 7,269,217</u>

Depreciation expense for the year ended February 28, 2022 totaled \$290,105.

NOTE 10 - CORPORATE INCOME TAXES

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

The Center has analyzed its tax positions taken for filings with the Internal Revenue Service. It believes that its tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations, or cash flows. The Organization's federal and state income tax returns for 2021, 2020, and 2019 are subject to examination by the federal, state, and local taxing authorities, generally for three years after they are filed.

B. Construction in Progress

The Center has under construction the following projects:

Name of Project:	Estimated Cost of Project	Construction Balance 03/01/2021	Additions	Deletions	Balance 02/28/2022	Estimated Cost to Complete
Brown Bend Road Site	\$ 2,639,166	2,557,193	60,532	-	2,617,725	\$ 21,441
Total	<u>\$ 2,639,166</u>	<u>2,557,193</u>	<u>60,532</u>	-	<u>2,617,725</u>	<u>\$ 21,441</u>

All remaining projects are estimated to be completed during fiscal year 2023.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2022

NOTE 11 - RETIREMENT PLAN

The Center has a Simple IRA plan that was established on August 28, 2002. The Plan is a tax-deferred retirement plan where each employee establishes an IRA account. Both the employee and employer contributions are deposited in the account. The Center makes matching contributions up to three (3) percent of an employee's compensation. For the year ended February 28, 2022, the Center incurred \$43,713 in pension expense, which is recorded in employees benefits.

NOTE 12 - SUMMARY OF FUNDING AND SUPPORT

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

Source	Grant Number	Period	Amount
U. S. Dept. of HHS	H80CS00244 (Section 330)	3/1/2021 - 2/28/2022	\$ 560,474
U. S. Dept. of HHS	H80CS00244D0 (Affordable Health Care Act)	3/1/2021 - 2/28/2022	1,601,302
U. S. Dept. of HHS	(COVID-19) Coronavirus Aid, Relief and Economic Security (CARES ACT)	3/1/2021 - 2/28/2022	143,289
U. S. Dept. of HHS	American Rescue Plan Act Funding for Health Centers	04/01/2021 - 2/28/2022	<u>433,650</u>
TOTAL			<u>\$ 2,738,715</u>

NOTE 13 - BANK LINE OF CREDIT

Rapides Primary Health Care Center, Inc. has available an unsecured line-of-credit agreement dated June 10, 2012, which is renewable with Capital One Bank in which the Center may borrow up to \$150,000. Borrowing under the line bears an interest rate of 3.250%. As of February 28, 2022 the outstanding balance on the line-of-credit was zero.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2022

NOTE 14 - COMMITMENT AND CONTINGENCIES

Annual Leave

The cost of employee's unused annual leave at February 28, 2022 in the amount of \$66,284 is included in the financial statements. See Note 2.J. above.

Other Contingencies

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

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

NOTE 15 - DEFERRED REVENUE

Deferred Revenue consist of the following at February 28, 2022.

<u>Grant Program</u>	<u>Balance at 03/01/2021</u>	<u>Current Year Grant Award</u>	<u>Current Year Cost Incurred</u>	<u>Balance at 02/28/2022</u>
HHS Section 330 grant	\$ -	560,474	(560,474)	\$ -
Affordable Care Act	-	1,601,302	(1,601,302)	-
HHS American Rescue Plan Act	-	433,650	(433,650)	-
Covid-19 Coronavirus Aid, Relief and Economic Security (CARES) Act	-	143,289	(143,289)	-
State of Louisiana Division of Administration (Roof Repair Grant)	<u>96,454</u>	<u>-</u>	<u>-</u>	<u>96,454</u>
Total	\$ <u>96,454</u>	<u>2,738,715</u>	<u>(2,738,715)</u>	\$ <u>96,454</u>

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2022

NOTE 16 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 53.19% of the Center's funding is provided from grants from the U.S. Department of Health and Human Services.

NOTE 17 - SUMMARIZED 2020 FINANCIAL INFORMATION

The statement of activities includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended February 28, 2021 from which the summarized information was derived.

NOTE 18 - SUBSEQUENT EVENTS

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of Rapides Primary Health Care Center, Inc. evaluated the activity of the Organization through November 28, 2022, which is the date the financial statements are available to be issued.

NOTE 19 - COVID-19 FINANCIAL STATEMENT IMPACTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

SUPPLEMENTARY INFORMATION

SCHEDULE A

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
 Schedule of Compensation, Benefits, Reimbursements, and Other Payments to Chief Executive Officer
 As of February 28, 2022

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

<u>Category</u>	<u>Amount</u>	<u>Total</u>
Salary	\$ 279,649	
Incentive pay - (bonus)	-	
Total salary and incentive pay		\$ <u>279,649</u>
Benefits:		
Health insurance	\$ 9,303	
Social security	10,093	
Medicare	4,054	
Retirement	<u>24,833</u>	
Total benefits		\$ <u>48,283</u>
Travel:		
Conference	\$ 2,985	
Airfare and lodging	4,085	
Per diem and registration	1,498	
Travel allowance	7,200	
Telephone/data	<u>2,141</u>	
Total travel		\$ <u>17,909</u>
Total Compensation, Benefits, Travel, and Other Expenses		\$ <u>345,841</u>

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended February 28, 2022

Federal Grant/ Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Grant Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Health Resource & Service Administration			
Direct Program:			
<i>Health Center Cluster Programs:</i>			
Bureau of Primary Health Care:			
Consolidated Health Centers	93.224	H80CS00244	\$ 560,474
Affordable Care Act (ACA) Grants for New Expanded Services	93.527	H80CS00244D0	<u>1,601,302</u>
			<u>2,161,776</u>
(COVID-19) Coronavirus Aid, Relief and Economic Security (CARES) Act	93.224	HD0CS35776	<u>143,289</u>
American Rescue Plan Act Funding for Health Centers	93.224	H8F41180-01	<u>433,650</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,738,715</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,738,715</u>

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended February 28, 2022

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - INDIRECT COST RATE

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



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rapides Primary Health Care Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of February 28, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 28, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Brown, Eng & Co.
Ridgeland, Mississippi
November 28, 2022

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rapides Primary Health Care 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 Rapides Primary Health Care Center, Inc.'s major federal programs for the year ended February 28, 2022. Rapides Primary Health Care Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rapides Primary Health Care Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended February 28, 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;¹ 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).¹ 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 Rapides Primary Health Care 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 Rapides Primary Health Care Center, Inc.'s compliance with the compliance

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 Rapides Primary Health Care 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 Rapides Primary Health Care 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 Rapides Primary Health Care 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 Rapides Primary Health Care 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 '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 Rapides Primary Health Care 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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.


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.


Ridgeland, Mississippi
November 28, 2022

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Auditee's Summary Schedule of Prior Audit Findings
Year Ended February 28, 2022

Rapides Primary Health Care Center, Inc. did not have any audit findings for the year ended February 29, 2021.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
 Schedule of Findings and Questioned Costs
 Year Ended February 28, 2022

Section 1 - Summary of Auditor's Results

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

Federal Awards:

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

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

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

Section 2 - Finding Financial Statements Audit

NONE

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

NONE

RAPIDES PRIMARY HEALTH CARE CENTER, INC.

AGREED UPON PROCEDURES REPORT

FOR THE YEAR ENDED FEBRUARY 28, 2022



INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by Rapides Primary Health Care Center, Inc. and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period March 1, 2021 through February 28, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

Rapides Primary Health Care 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 March 1, 2021 through February 28, 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. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/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).

- 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.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **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.
- k) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions were found as a result of this procedure.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document.

No exceptions were found as a result of this procedure.

Bank Reconciliations

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

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

We selected the February 2022 bank reconciliations to review. We noted that all selected bank account reconciliations were prepared within two (2) months of the closing date, were reviewed by management who does not handle cash, post ledgers, or issue checks. We also found that there were no reconciling items that were outstanding more than 12 months from the statement date.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

The CFO confirmed that the Center has one (1) deposit site that is the physical location where a deposit is prepared and reconciled. Management also represented that the listing was complete.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

For the deposit site, there are two (2) collection locations. We obtained a list of two collection locations from management (along with management's representation that the listing was complete) and selected the two (2) collection locations.

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

Per our inquiry of the cash receipt procedures, we verified that the front desk staff is responsible for collecting patient fees and does not share cash drawers.

- 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.

Per our inquiry of the cash receipt procedures, we verified that the front desk staff (employee(s) responsible for collecting cash) is not the same person preparing/making bank deposits (Site Manager).

- 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.

Per our inquiry of the cash receipt procedures, we verified that the front desk staff (employee(s) responsible for collecting cash) is not the same person posting collection entries to the general ledger or subsidiary ledgers (Accounting Clerk).

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

Per our inquiry of the cash receipt procedures, we verified that the front desk staff (employee(s) responsible for collecting cash) is not the same employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers (Accounting Clerk).

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

We inquired of management and verified that all employees who have access to cash are covered by a bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the five (5) bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

We haphazardly selected two deposit dates for the five (5) selected bank accounts. We also observed that receipts were sequentially pre-numbered.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

For the two (2) deposit collections tested, one (1) deposit was made within nine (9) business days and one (1) deposit was made within four (4) business days of receipt at the collection location with the depository being less than ten (10) miles away from the collection location.

Management's Response:

Rapides Primary Health Care Center, Inc.'s Finance Policy states that deposits must be made within two (2) business days of receipt. Effective immediately, we have revised our Finance Policy to align with the new Statewide Agreed-Upon Procedures. This revision has to be approved the Rapides Primary Health Care Center Board of Directors Finance Committee and then forwarded to the full Board of Directors for approval.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of this procedure.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5)

Management provided the requested information, along with management's representation that the listing was complete. There was only one location.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

During observation, there are at least two (2) employees involved in initiating a purchase request (Requestor), approving a purchase (CFO), and placing an order/making the purchase (Accounting Clerk).

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

During observation, there are at least two (2) employees involved in processing (Accounting Clerk) and approving payments to vendors (CFO/CEO).

- 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.

During observation, the employee responsible for processing payments (Accounting Clerk) is not the same employee adding/modifying vendor files (CFO).

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

During observation, the employee/official responsible for signing checks (CEO/Board Member) gives the payments to an employee to mail the payments (Accounts Payable Clerk), who is not responsible for processing payments (Accounting Clerk).

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

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

During testing, we noted that the reviewed disbursements indicated that the deliverables were matched and were received by the entity.

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

During testing, we noted that the disbursements documentation did include evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9.

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

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

Management provided a listing of all active credit/debit/fuel cards for fiscal year 2022, including the card numbers and the names of the persons who maintained possession of the cards. Management also represented that the listing was complete and only one credit is active.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

During our testing of the selected monthly statements/combined statements, we noted that the monthly statements were reviewed and approved, in writing, by someone other than the authorized card holder.

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

Per review of the monthly statements, there were no finance charges or late fees assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

During our testing of the selected monthly statements or combined statements, we noted that out of a sample of ten (10) transactions, one (1) transaction was not supported by adequate documentation or receipt.

Management's Response:

A reconciliation is currently being performed on a monthly basis to assure that approved receipts for charges associated with credit card transactions are filed with the corresponding statement. The staff member responsible for performing such reconciliation has been instructed to report any missing receipts to their immediate supervisor and no payment should be approved without proper documentation.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Management provided a listing of all travel and travel-related expense reimbursements for fiscal year 2022. Management also represented that the listing was complete.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

During our testwork, we noted that all per diem requests did agree with the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration.

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

During our testwork, we noted that all reimbursements were supported by an original itemized receipt that identified precisely what was purchased.

Hotels and Conference fees paid directly by the Center on behalf of the employee are to be paid by credit card with a hard copy invoice in hand prior to making the credit card payment.

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

During our testwork, we noted that all reimbursements were supported by documentation of the business/public purpose and other documentation required by the Clinic's written policy.

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

During our testwork, we noted that all reimbursements were reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Management provided 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. Management also represented that the listing was complete

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

We observed that all selected contracts were bid in accordance with the Louisiana

Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

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

We observed that all selected contracts were approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

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

During our review of contracts, we noted there were no contracts that were amended.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We randomly selected one (1) payment from the fiscal period for each of the five (5) contracts, and all payments consisted of supporting invoice payments that agreed to the terms and conditions of the contract.

Payroll and Personnel

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

Management provided a listing of all employees and officials employed during the fiscal period. Management also represented that the listing was complete.

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No exceptions were found as a result of this procedure.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

The CEO confirmed that the 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.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

Fraud Notice

21. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

During inquiry, management was not aware of any misappropriations of public funds and assets during the fiscal period.

22. Observe 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.

We observed the entity had posted on its premises that were visited, and on their website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Information Technology Disaster Recovery/Business Continuity

23. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- We performed the procedure and discussed the results with management.**
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- We performed the procedure and discussed the results with management.**
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- We performed the procedure and discussed the results with management.**

Sexual Harassment

24. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
- No exceptions were found as a result of this procedure.**
25. Observe 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).
- We observed that the entity has posted its sexual harassment policy and complaint procedure on its intranet site.**
26. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
- 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.

Not applicable to nonprofit entities.

We were engaged by Rapides Primary Health Care 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 Rapides Primary Health Care 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.

Brown, Eng & Co.
Ridgeland, Mississippi
November 29, 2022