

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

AUDITED FINANCIAL STATEMENTS

**FEBRUARY 29, 2020
(WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2019)**

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
February 29, 2020
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 29, 2020, and the related statement of operations and changes in net assets, cash flows, and functional expenses 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 *Governmental 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 of 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 Rapides Primary Health Care Center, Inc. as of February 29, 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.

Report on Summarized Comparative Information

We have previously audited Rapides Primary Health Care Center, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 18, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended February 28, 2019, 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 page 15 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 (CFR) Part 200, *Uniform Administrative Requirements, Costs 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 September 17, 2020, 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.

Brown, Eg & Co.

Ridgeland, Mississippi
September 17, 2020

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Statement of Financial Position
February 29, 2020
(With Summarized Financial Information for 2019)

EXHIBIT I

<u>ASSETS</u>	2020	2019
Current Assets:		
Cash	\$ 3,449,905	\$ 3,496,340
Patient care receivables, less allowance of \$986,925 for doubtful accounts	1,251,553	910,409
Grants receivable	96,454	281,434
Employee advances	24,731	19,002
Investment in LPCA	<u>3,000</u>	<u>3,000</u>
Total Current Assets	<u>4,825,643</u>	<u>4,710,185</u>
Fixed Assets:		
Land	77,978	69,027
Building and improvements	3,626,299	3,530,106
Furniture and equipment	1,270,016	1,270,016
Vehicles	167,378	167,378
Construction in Progress	<u>1,157,961</u>	<u>689,826</u>
Total Fixed Assets	6,299,632	5,726,353
Less: Accumulated depreciation	<u>(1,973,630)</u>	<u>(1,829,004)</u>
Net Fixed Assets	<u>4,326,002</u>	<u>3,897,349</u>
Other Assets:		
Deposits	<u>1,500</u>	<u>1,500</u>
TOTAL ASSETS	<u>\$ 9,153,145</u>	<u>\$ 8,609,034</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 388,661	\$ 592,042
Deferred revenue	953,958	623,878
Payroll taxes payable	75,628	48,064
Other payroll deductions payable	40,725	24,254
Salaries payable	35,017	97,104
Accrued annual leave	<u>26,368</u>	<u>19,557</u>
Total Current Liabilities	<u>1,520,357</u>	<u>1,404,899</u>
Total Liabilities	<u>1,520,357</u>	<u>1,404,899</u>
Net Assets:		
Without donor restrictions		
Undesignated (Operating)	3,759,186	3,759,187
Investment in fixed assets, net of related debt	<u>3,873,602</u>	<u>3,444,948</u>
Total Net Assets	<u>7,632,788</u>	<u>7,204,135</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,153,145</u>	<u>\$ 8,609,034</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 29, 2020
(With Summarized Financial Information for 2019)

	<u>Without Donor Restrictions</u>	
	<u>2020</u>	<u>2019</u>
SUPPORT AND REVENUES (Note 2)		
Support:		
Federal grants and contracts	\$ <u>2,098,576</u>	\$ <u>2,719,935</u>
Total Support	<u>2,098,576</u>	<u>2,719,935</u>
Revenue:		
Health care services, net of charity, bad debts and contractual adjustments of \$(1,585,998)	2,549,106	3,119,058
Contributions	-	70
Interest income	36,803	30,834
Other income	4,848	4,679
In-kind revenues	<u>542,942</u>	<u>821,340</u>
Total Revenue	<u>3,133,699</u>	<u>3,975,981</u>
TOTAL SUPPORT AND REVENUES	<u>5,232,275</u>	<u>6,695,916</u>
EXPENSES		
Program Services		
Medical services	2,785,793	3,252,419
Dental services	934,237	818,370
Outreach services	-	67,195
Total Program Services	<u>3,720,030</u>	<u>4,137,984</u>
Supporting Services		
Management and general	<u>1,083,592</u>	<u>984,329</u>
Total Supporting Services	<u>1,083,592</u>	<u>984,329</u>
TOTAL EXPENSES	<u>4,803,622</u>	<u>5,122,313</u>
Change in net Assets	428,653	1,573,603
Net Assets, Beginning of Year	<u>7,204,135</u>	<u>5,630,532</u>
NET ASSETS, END OF YEAR	<u>\$ 7,632,788</u>	<u>\$ 7,204,135</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 29, 2020
(With Summarized Financial Information for 2019)

	PROGRAM		SERVICES	SUPPORTING SERVICES			
	Medical Services	Dental Services	Outreach Services	Total Program Services	Management and General	2020 Total Expenses	2019 Total Expenses
Personnel	\$ 847,475	212,468	-	1,059,943	584,947	\$ 1,644,890	\$ 1,553,611
Fringe benefits	214,608	53,652	-	268,260	144,448	412,708	441,171
Travel	48,829	18,108	-	66,937	23,508	90,445	131,245
Supplies	203,451	114,130	-	317,581	87,893	405,474	310,818
Equipment rental	1,288	644	-	1,932	644	2,576	1,472
Contractual	670,989	397,149	-	1,068,138	108,957	1,177,095	1,372,927
Accounting and audit	14,169	7,084	-	21,253	7,084	28,337	29,731
Legal	10,754	5,377	-	16,131	5,377	21,508	7,488
Dues and subscriptions	8,274	4,137	-	12,411	4,137	16,548	20,965
Utilities	27,355	13,501	-	40,856	12,661	53,517	70,740
Building repairs & maint.	11,276	5,563	-	16,839	5,563	22,402	59,422
Insurance	25,911	12,425	-	38,336	13,322	51,658	35,710
Staff recruitment	-	-	-	-	305	305	395
Advertisement & marketing	16,427	21,017	-	37,444	8,656	46,100	45,101
Security	1,158	579	-	1,737	579	2,316	4,595
Training and development	6,373	3,186	-	9,559	3,186	12,745	20,903
Telephone	36,453	14,876	-	51,329	14,876	66,205	72,880
Postage	1,805	903	-	2,708	903	3,611	3,036
Printing	2,500	428	-	2,928	428	3,356	7,072
Space cost	2,978	1,489	-	4,467	1,839	6,306	6,056
Interest	-	-	-	-	28	28	892
Bank charges	2,670	1,335	-	4,005	1,335	5,340	4,145
Waste removal	4,520	4,520	-	9,040	1,103	10,143	9,661
Board expenses	9,663	4,831	-	14,494	4,831	19,325	5,273
Janitorial services	447	223	-	670	223	893	7,476
Property and other taxes	1,118	366	-	1,484	366	1,850	3,405
Acquisition of fixed assets	102,908	-	-	102,908	470,372	573,280	752,597
Transferred to fixed assets	(102,908)	-	-	(102,908)	(470,372)	(573,280)	(752,597)
Other	45	90	-	135	10,238	10,373	15,948
In-kind expenses	<u>542,942</u>	<u>-</u>	<u>-</u>	<u>542,942</u>	<u>-</u>	<u>542,942</u>	<u>821,340</u>
Total expenses before depreciation	2,713,478	898,081	-	3,611,559	1,047,437	4,658,996	5,063,478
Depreciation	<u>72,315</u>	<u>36,156</u>	<u>-</u>	<u>108,471</u>	<u>36,155</u>	<u>144,626</u>	<u>58,835</u>
Total Expenses	<u>\$ 2,785,793</u>	<u>934,237</u>	<u>-</u>	<u>3,720,030</u>	<u>1,083,592</u>	<u>\$ 4,803,622</u>	<u>\$ 5,122,313</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 29, 2020
(With Summarized Financial Information for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS USED FOR OPERATING ACTIVITIES:		
Changes in Net Assets	\$ 428,653	\$ 1,573,603
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	144,626	58,835
Bad debt expense	(134,506)	142,585
Decrease (increase) in:		
Patient care receivables	(206,638)	157,433
Employee advances	(5,729)	(9,837)
Grants receivable	184,980	(184,980)
Increase (decrease) in:		
Accounts payable	(203,381)	488,197
Deferred revenue	330,080	622,878
Payroll taxes payable	27,564	7,065
Other payroll deductions payable	16,471	144
Salaries payable	(62,087)	(918,332)
Accrued annual leave	6,811	(2,339)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>526,844</u>	<u>1,935,252</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(573,280)	(752,597)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(573,280)</u>	<u>(752,597)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Other financing activities	1	(36,327)
Principal payment on bank line of credit	-	(8,300)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>1</u>	<u>(44,627)</u>
NET INCREASE (DECREASE) IN CASH	(46,435)	1,138,028
CASH, BEGINNING OF YEAR	<u>3,496,340</u>	<u>2,358,312</u>
CASH, END OF YEAR	<u>\$ 3,449,905</u>	<u>\$ 3,496,340</u>

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

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 29, 2020

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 29, 2020

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 29, 2020, employees had \$26,368 in accrued vacation benefits, which are reflected in the financial statements.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 29, 2020

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.

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.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 29, 2020

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:	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$3,449,905	\$3,449,905

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 29, 2020, its uninsured deposits totaled \$3,328,240. 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.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 29, 2020

NOTE 5 - LIQUIDITY AND AVAILABILITY (Continued)

At February 29, 2020, 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>2020</u>
Cash and cash equivalents	\$ 3,449,905
Patient care receivables, net	1,251,553
Grants receivable	96,454
Accounts receivable, other	<u>24,731</u>
Total financial assets at year end	<u>\$ 4,822,643</u>

NOTE 6 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable at February 29, 2020 was \$96,454 and are due from the following funding sources at year end.

	<u>Amount</u>
State of Louisiana Dept. of Health and Hospital	\$ 96,454
Total	<u>\$ 96,454</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 29, 2020:

<u>Accounts receivable</u>	<u>Amount</u>
Patients	\$ 780,802
Government	1,457,676
	<u>\$ 2,238,478</u>

Allowance for doubtful accounts is summarized as follows at February 29, 2020:

<u>Allowance for doubtful accounts</u>	<u>Amount</u>
Patients	\$ 986,925

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 29, 2020

NOTE 8 - PATIENT SERVICE REVENUE

A summary of patient service revenue, net of contractual adjustments and discounts, is as follows at February 29, 2020.

	Amount
Patient Service Revenue	\$ 4,135,104
Less: contractual adjustments under third-party reimbursement program and discounts	(984,066)
Provision for bad debts	(601,932)
Total Contractual adjustment and bad debt	(1,585,998)
Net Patient Service Revenue	\$ 2,549,106

NOTE 9 - FIXED ASSETS

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

Assets	Balance at 03/01/19	Additions	Deletions	Adjustments	Balance at 2/29/2020
Land	\$ 69,027	8,951	-	-	\$ 77,978
Buildings and Improvements	3,530,106	96,193	-	-	3,626,299
Furniture and Equipment	1,049,769	-	-	-	1,049,769
Computer software	220,247	-	-	-	220,247
Motor vehicle	167,378	-	-	-	167,378
Construction in progress	689,826	468,135	-	-	1,157,961
Total	5,726,353	573,279	-	-	6,299,632
Less: Accumulated Depreciation	(1,829,004)	(144,626)	-	-	(1,973,630)
Net Fixed Assets	\$ 3,897,349	428,653	-	-	\$ 4,326,002

Depreciation expense for the year ended February 29, 2020 totaled \$144,626.

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 2019, 2018, and 2017 are subject to examination by the federal, state, and local taxing authorities, generally for three years after they are filed.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 29, 2020

B. Construction in Progress

The Center has under construction the following projects:

Name of Project:	Estimated Cost of Project	Construction Balance 02/28/2019	Additions	Balance 02/29/2020	Estimated Cost to Complete
Brown Road Site	\$ 2,484,900	196,970	468,135	665,105	\$ 1,819,795
Bunkie Site	40,456	40,456	-	40,456	-
Mobile Dental Unit	452,400	452,400	-	452,400	-
Total	<u>\$ 2,977,756</u>	<u>689,826</u>	<u>468,135</u>	<u>1,157,961</u>	<u>\$ 1,819,795</u>

All projects are estimated to be completed during fiscal year 2021.

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 29, 2020, the Center incurred \$34,577 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)	3/1/19 - 2/29/2020	\$ 389,507
U. S. Dept. of HHS	H80CS00244D0 (Affordable Health Care Act)	3/1/19 - 2/29/2020	1,609,189
U. S. Dept. of HHS	C13CS31953	9/1/19 - 2/29/2020	99,880
TOTAL			<u>\$ 2,098,576</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 29, 2020 the outstanding balance on the line-of-credit was zero.

NOTE 14 - COMMITMENT AND CONTINGENCIES

Annual Leave

The cost of employee's unused annual leave at February 29, 2020 in the amount of \$26,368 is included in the financial statements. See Note 2.J. above.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 29, 2020

NOTE 14 - COMMITMENT AND CONTINGENCIES (Continued)

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 29, 2020.

<u>Grant Program</u>	<u>Balance at 03/01/19</u>	<u>Current Year Grant Award</u>	<u>Current Year Cost Incurred</u>	<u>Balance at 02/29/2020</u>
HHS Section 330 grant	\$ -	389,507	(389,507)	\$ -
Affordable Care Act	527,424	1,939,269	(1,609,189)	857,504
HHS Capital Assistance Grant	-	99,880	(99,880)	-
State of Louisiana Division of Administration (Roof Repair Grant)	<u>96,454</u>	<u>-</u>	<u>-</u>	<u>96,454</u>
Total	<u>\$ 623,878</u>	<u>2,428,656</u>	<u>(2,098,576)</u>	<u>\$ 953,958</u>

NOTE 16 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 40.11% of the Center's funding is provided from grants from the U.S. Department of Health and Human Services.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 29, 2020

NOTE 17 - SUMMARIZED 2019 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, 2019 from which the summarized information was derived.

NOTE 18 - CHANGES IN ACCOUNTING PRINCIPLES

Adoption of FASB ASU No. 2016-14

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two-net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the corporation, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the corporation's year ending December 31, 2018 and thereafter must be applied on a retrospective basis. Rapides Primary Health Care Center, Inc. adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

NOTE 19 - 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 September 17, 2020, which is the date the financial statements are available to be issued.

COVID-19 Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 22, 2020, the Governor of Louisiana ordered the closure of the physical location of every "non-life sustaining" and "non-essential" business for what may be an extended period of time. There has been no immediate impact to our operations however, we had to close our physical locations and all employees must work remotely as they can. Future potential impacts may include continued disruptions or restrictions on our employees' ability to work and impairment of our ability to obtain contributions and volunteers. The future effects of these issues are unknown.

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 29, 2020

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	\$ 158,230	
Incentive pay - (bonus)	<u>18,500</u>	
Total salary and incentive pay		\$ 176,730
Benefits:		
Health insurance	\$ 8,930	
Social security	9,810	
Medicare	2,294	
Retirement	<u>18,500</u>	
Total benefits		39,534
Travel:		
Conference	4,420	
Airfare and lodging	6,718	
Per diem and registration	3,122	
Travel allowance	7,200	
Telephone/data	<u>1,781</u>	
Total travel		<u>23,241</u>
Total Compensation, Benefits, Travel, and Other Expenses		\$ <u>239,505</u>

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended February 29, 2020

Federal Grant/ Pass-Through Grantor Program Title	Federal CFDA 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	\$ 389,507
2018 Capital Assistance for Hurricane Affordable Care Act (ACA) Grants for New Expanded Services	93.224	C13CS31953	99,880
	93.527	H80CS00244D0	<u>1,609,189</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,098,576</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,098,576</u>

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended February 29, 2020

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 29, 2020. 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 29, 2020, 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 September 17, 2020.

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) 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 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.

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 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.

Brown, Eng & Co.

Ridgeland, Mississippi
September 17, 2020



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

We have audited Rapides Primary Health Care Center, Inc.'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 Rapides Primary Health Care Center, Inc.'s major federal programs for the year ended February 29, 2020. 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.

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 Rapides Primary Health Care Center, Inc.'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 Rapides Primary Health Care Center, Inc.'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 Rapides Primary Health Care Center, Inc.'s compliance.

Opinion on Each Major Federal Program

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 29, 2020.

Report on Internal Control Over Compliance

Management of Rapides Primary Health Care Center, Inc. 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 Rapides Primary Health Care Center, Inc.'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 Rapides Primary Health Care Center, Inc.'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 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.

Brown, Eyr & Co.
Ridgeland, Mississippi
September 17, 2020

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Auditee's Summary Schedule of Prior Audit Findings
Year Ended February 29, 2020

Rapides Primary Health Care Center, Inc. did not have any audit findings for the year ended February 28, 2019.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
 Schedule of Findings and Questioned Costs
 Year Ended February 29, 2020

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