

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019**

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MC DUFFIE K. HERROD, LTD.

(A Professional Accounting Corporation)

McDUFFIE K. HERROD
CERTIFIED PUBLIC ACCOUNTANT

Member:
American Institute of CPAs
Society of Louisiana CPAs

POST OFFICE BOX 8436
12410 WOODVILLE ST.
CLINTON, LA 70722
Telephone (225) 683-3888
Facsimile (225) 683-6733
Email mkherrod@bellsouth.net

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Primary Care Providers For A Healthy Feliciana, Inc.
Clinton, Louisiana

We have audited the accompanying financial statements of Primary Care Providers For A Healthy Feliciana, Inc. (a non-profit organization), which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 of 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

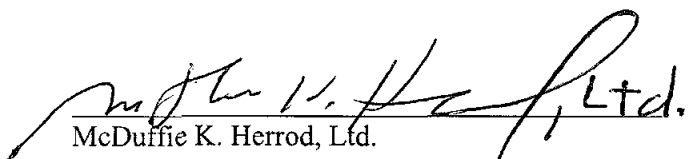
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Primary Care Providers For A Healthy Feliciana, Inc. as of August 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of *Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 a report dated February 20, 2020, on our consideration of Primary Care Providers for a Healthy Feliciana, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to 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 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 Primary Care Providers for a Healthy Feliciana, Inc.'s internal control over financial reporting and compliance.



McDuffie K. Herrod, Ltd.
A Professional Accounting Corporation

Clinton, Louisiana
February 22, 2021

FINANCIAL STATEMENTS

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 5,645,456	\$ 5,884,982
Inventory Supply	280,609	209,685
Accounts receivable- net	1,264,477	1,369,434
Grants receivable	233,301	
Property and equipment- net	12,275,450	10,955,659
Prepaid expenses	94,187	6,957
Restricted assets:		
Cash and cash equivalents	301,940	298,909
Investments	5,619	5,619
Total Current Assets/Total Assets	<u>\$ 20,101,039</u>	<u>\$ 18,731,245</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable	\$ 90,113	\$ 42,324
Accrued expenses	866,733	806,804
Notes payable	6,640,836	4,114,865
Deferred grant revenue	-	10,834
Total Liabilities	<u>\$ 7,597,682</u>	<u>\$ 4,974,827</u>
Net Assets		
Without donor restrictions		
Unrestricted net assets	\$ 12,195,798	\$ 13,451,890
Temporarily restricted net assets:		
Certificates of deposit	301,940	298,909
Investments	5,619	5,619
Total net assets	<u>\$ 12,503,357</u>	<u>\$ 13,756,418</u>
Total Liabilities and Net Assets	<u>\$ 20,101,039</u>	<u>\$ 18,731,245</u>

The accompanying notes are an integral part of this financial statement

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

NET ASSETS WITHOUT
DONOR RESTRICTIONS

	2020	2019
SUPPORT AND REVENUES		
Medicare and Medicaid revenues	\$ 20,954,239	\$ 23,827,769
Medicare settlement revenue	41,638	46,646
Patient revenue contractual adjustments	(14,176,764)	(13,799,648)
Grants- FQHC revenues	6,691,137	6,148,883
Bad debt recoveries	777,561	-
Refunds and rebates	164,420	-
Private patient revenues	4,911,309	3,516,639
Gain / (Loss) on disposal of assets	(496,775)	
Drug Program revenues	50,394	59,895
Medicaid/DHH Incentive Program Revenues	192,730	168,949
Miscellaneous Income	6,719	14,562
Interest Income	28,122	8,865
	\$ 19,144,730	\$ 19,992,560
Total Unrestricted Support and Revenues	\$ 19,144,730	\$ 19,992,560

EXPENSES

Program Services

Salaries- medical and clerical personnel	\$ 9,964,923	\$ 9,553,689
Payroll taxes and costs	781,618	709,866
Medical Director costs	50,000	54,462
Medical supplies	672,772	382,692
Clinic building expenses	1,207,305	1,184,891
Other program service costs	865,270	859,485
	\$ 13,541,888	\$ 12,745,085
Total Program Services	\$ 13,541,888	\$ 12,745,085

The accompanying notes are an integral part of this financial statement

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (Continued)
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	2020	2019
Supporting Services		
General & Administrative	6,855,903	6,079,571
Total Expenses	20,397,791	18,824,656
INCREASE (DECREASE) IN NET ASSETS	\$ (1,253,061)	\$ 1,167,904
NET ASSETS AT BEGINNING OF PERIOD	13,756,418	12,588,514
NET ASSETS AT END OF PERIOD	\$ 12,503,357	\$ 13,756,418

The accompanying notes are an integral part of this financial statement

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2020

<u>Account Name</u>	<u>Program</u>	<u>Supporting</u>
Accounting, auditing and professional fees	\$	\$ 166,531
Advertising	288,759	
Auto expense	20,147	
Bank charges		2,158
Building operating costs	1,207,305	
Computer processing and billing costs		327,368
Contract services		18,318
Depreciation - equipment		466,267
Donations		19,221
Dues and subscriptions		49,791
Employee benefits		993,028
Employee retirement		285,449
Repairs and maintenance		907,661
Insurance expense		32,736
Licenses and permits		24,028
Meals and entertainment	14,709	
Medical director	50,000	
Medical supplies	672,772	
Minor Equipment	296,485	
Office supplies and expense		75,248
Payroll costs and taxes	781,618	195,404
Postage and freight		24,461
Printing and copying		62,611
Rental Expense		262,414
Salaries and wages	9,964,923	2,491,231
Software Supplies		105,311
Supplies		65,696
Telephone expense	245,170	61,292
Travel expense		117,000
Waste disposal		69,930
Other Expense		32,749
Totals	<u>\$ 13,541,888</u>	<u>\$ 6,855,903</u>

The accompanying notes are an integral part of this financial statement

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (1,253,061)	\$ 1,167,904
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	966,129	871,864
(Increase) decrease in operating assets		
Accounts receivable	(128,344)	(119,872)
Inventory Supply	(70,924)	(209,685)
Prepaid expenses	(87,230)	6,925
Increase (decrease) in operating liabilities		
Accounts payable	47,789	(126,710)
Deferred revenues	(10,834)	(567,146)
Accrued expenses	59,929	127,426
Net Cash Provided (Used) by Operating Activities	\$ (476,546)	\$ 1,150,706
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(1,999,826)	(2,077,388)
Purchase of investments	-	(4,000)
Interest earned on investments	28,122	8,865
Net Cash Provided (Used) by Investing Activities	\$ (1,971,704)	\$ (2,072,523)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bank loans	2,388,990	1,066,909
Principal payments on notes payable	(177,235)	(185,721)
Net Cash Provided (Used) by Financing Activities	\$ 2,211,755	\$ 881,188
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(236,495)	(40,629)

The accompanying notes are an integral part of this financial statement

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
STATEMENT OF CASH FLOWS (continued)
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	2020	2019
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,183,891	6,224,520
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 5,947,396	\$ 6,183,891

Presentation on the Statement of Financial Position:

Cash and cash equivalents	\$5,645,456
Cash and cash equivalents - restricted	301,940
Total cash and cash equivalents	\$5,947,396

The accompanying notes are an integral part of this financial statement

NOTES TO FINANCIAL STATEMENTS

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC. was formed on August 6, 1998, for the purpose of operating and maintaining a non-profit medical clinic, known as RKM Primary Care, and other related activities, including participation in the Louisiana Department of Health and Hospitals, Office of Public Health's Adolescent and School Health Program. The Corporation is located in Clinton, Louisiana. It is governed by a thirteen member board whose policies are administered by the Chief Executive Officer. The Corporation is supported primarily through fees for services paid by patients, Medicare, Medicaid and private insurance companies. Other support is derived from donations and grants. In September of 2005, the Corporation was granted status as a Federally Qualified Health Center. In addition to its main clinic location operated as "RKM Primary Care" in Clinton, Louisiana, the Corporation also operates ten other primary health care sites located in East Feliciana Parish, West Baton Rouge Parish, Livingston Parish, and Tangipahoa Parish. Also, Behavioral Health Services are offered in East Baton Rouge Parish, forty one schools in Livingston Parish, twenty six schools in Tangipahoa Parish, and in two schools in West Baton Rouge Parish.

The significant accounting policies are as follows:

Method of Accounting

The financial statements of PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC. are presented on the accrual basis of accounting.

Recent Accounting Pronouncement

The Corporation adopted Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows.

Financial Statement Presentation

The Corporation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations* (now FASB ASC 958). Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Corporation is required to present a statement of cash flows.

Contributions

The Corporation adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time and purpose of the restriction. In addition, the Corporation has adopted ASU 2018-08, *Not for Profit Entities (Topic 958) Clarifying the Scope and*

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

Accounting Guidance for Contributions Received and Contributions Made. There was no impact to the Corporation from adoption of this standard.

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.

Income Taxes

The organization is a not-for-profit Corporation that is exempt from federal and state income taxes, under Internal Revenue Code section 501(c)(3).

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid investments unrestricted for current use with initial maturities of three months or less

Property and Equipment

Property and equipment purchased by the Corporation are recorded at cost. They are depreciated using the straight-line method over the estimated useful lives of the assets. Equipment expected to be used for a period extending over one or more years is capitalized. 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 Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Receivables

Receivables are recorded at net realizable value. They are written off in full when it is determined that the unpaid balance is not collectible. Revenue and related receivables are subject to audit by cognizant agencies.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 2 - CASH AND CASH EQUIVALENTS

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Demand deposits	\$ 5,642,506	\$ 301,940	\$ 5,944,446
Petty Cash	\$ 2,950	\$ -	\$ 2,950
	<u>\$ 5,645,456</u>	<u>\$ 301,940</u>	<u>\$ 5,947,396</u>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment is composed of the following:

Item	Beginning Balance	Net Additions	Ending Balance
Medical Equipment	\$2,575,120	763	\$2,575,883
Office Furniture & Equipment	1,788,018	9,404	1,797,422
Vehicles	203,019	76,596	279,615
Land & Buildings	12,452,294	1,913,063	14,365,357
	<u>17,018,451</u>	<u>1,999,826</u>	19,018,277
Less: Accumulated Depreciation			(6,742,827)
Net Book Value			<u>\$12,275,450</u>

Depreciation expense for the year ended August 31, 2020 was \$966,129.

NOTE 4 – MEDICARE COST REPORTING

The Corporation is required to file a Medicare cost report annually. There were no New Access Points opened during the fiscal year requiring a separate cost report. Therefore the cost report filed for the 2019-2020 year was a consolidated report. The total due from Medicare at the end of the year was \$41,638. A Medicaid cost report is not filed presently; however, Medicaid receives a copy of the Medicare cost report.

NOTE 5 - NOTES PAYABLE

The Corporation is currently making payments on four loans that were executed for construction of the new buildings at the main campus in Clinton, West Baton Rouge site, and Springfield site, purchase of equipment, and for working capital needs. The interest rate varies on the notes. The principal portion of the notes for the next five years, is as follows:

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

<u>Fiscal Year Ending</u>	<u>Balance</u>
08/31/21	\$2,597,221
08/31/22	309,487
08/31/23	321,841
08/31/24	334,651
08/31/25	348,305
Remaining years	<u>2,729,331</u>
	<u>\$ 6,640,836</u>

NOTE 6 – STAFFING - EMPLOYEES

The Corporation's staff is compensated by a payroll processing service, who handles all aspects of the payroll, including related taxes. The Corporation manages the health and other insurance plans itself. The health reimbursement accounts and flexible spending accounts for the employees are managed by Medcom. The Corporation pays fees to cover all related costs directly to the service companies.

NOTE 7 – SCHOOL-BASED PROGRAMS

Effective November 1, 1999, the Corporation entered into a contract with the Louisiana Department of Health and Hospitals to provide on-site medical, dental, and mental health services to students in the school health center at East Feliciana Middle School. For the fiscal year, the contract provided funding for the program of \$130,004. Expenditures under this program included \$108,337 paid with grant revenue, with additional expenditures being funded by patient generated income, most of which is Medicaid. Expenditures for the program, including overhead, totaled \$885,420.

The Corporation operates similar programs at Slaughter Elementary School, Clinton Lower Elementary School, Jackson Complex, and Port Allen High School. In addition to the federal grants, other funds are received from Medicaid, private insurance companies, and state grants.

Expenditures under these programs include:

Administrative & Supplies	\$ 1,221,073
Salaries & Wages	<u>1,806,209</u>
Total Expended	<u>\$ 3,027,282</u>

NOTE 8 - LIQUIDITY OF ASSETS AND LIABILITIES

The liquidity of the Corporation's current assets and liabilities is as follows:

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

Cash and cash equivalents- unrestricted	\$ 5,645,456
Accounts receivable-net	<u>1,497,778</u>
 Total Current Assets	 <u>\$ 7,143,234</u>
 Accounts payable	 90,113
Accrued expenses	866,733
Notes payable, current portion	<u>2,597,222</u>
 Total Current Liabilities	 <u>\$ 3,554,068</u>
 Surplus	 <u>\$ 3,589,166</u>

NOTE 9 - DONATED SERVICES

The Corporation occasionally receives donated services from various unpaid volunteers assisting in the general operations and management. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer efforts under SFAS no. 116 have not been satisfied.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 22, 2021, the date on which the financial statements were available to be issued. No subsequent events have occurred.

NOTE 11 - FUNCTIONAL EXPENSES

The costs of providing the program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated between the program and supporting services.

NOTE 12 - RESTRICTED ASSETS

Cash and cash equivalents restricted consist of certificate of deposit accounts. The certificates of deposit are held as security for a line of credit that is used for payment of operating expenses.

NOTE 13 – UNCERTAIN TAX POSITIONS

The Corporation is a tax exempt organization under Internal Revenue Code section 501(c)(3), and tax exempt for state income tax purposes, as well. All tax returns have been appropriately filed by the Corporation, and are subject to examination by taxing authorities. Tax periods open and subject to examination include tax years 2018 through 2020.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 14 – CONCENTRATIONS OF CREDIT RISK

The Corporation had balances in checking, savings, and certificates of deposit totaling in excess of the FDIC insurance coverage threshold at various banks. Upon inquiry, it was determined that, in addition to the FDIC insurance coverage, bank-owned securities are pledged to cover any potential loss of funds in excess of the FDIC insured limit. Therefore, the total bank balances of \$5,903,624 at year-end were fully covered against potential losses.

NOTE 15 – FUTURE CAPITAL OUTLAY PROJECTS

- RKM Livingston Mental Health Expansion-involves expanding space into two adjacent suites of approximately 3340 sq ft of additional space. Preliminary estimates by Blount General Contractors estimates the renovation to \$350,000. Project is scheduled for late 2017/early 2018. This project was abandoned for a new building location. The land was purchased in October 2018 for a purchase price of \$286,221.88. The new building was completed in summer of 2020.
- RKM Loranger-the Corporation correctly anticipated a NAP award from HRSA in late 2016. As part of the long range goals, PCPFHF estimates the need for an additional \$634,000 in capital outlay to purchase land for a permanent, PCPFHF-owned facility with renovations costing \$500,000. This was completed in February 2021 and cost approximately \$1.4 million in renovations and related costs.
- Maintenance and Central Inventory Warehouse-the Corporation placed a \$5,000 12-month purchase option on land and buildings adjacent to the main Clinton campus for Maintenance and Inventory warehousing. Current asking price of the property is \$535,000 which the Corporation will finance in order to purchase but anticipates approximately \$125,000 in renovations to include office space, HVAC replacement/expansion, a generator, and security enhancements. If the purchase is executed, the project is expected to be completed by November 2018 dependent on the sellers move-out date. Their new facility was completed in August 2018. In November 2018, the purchase agreement expired. The cooperative failed to satisfy the environmental testing requirements. However, the Cooperative provided PCPFHF a letter from the DEQ attesting to their satisfaction that trace amounts were insignificant enough to not warrant mediation. In the meantime, an appraisal was ordered and the value came in at \$335,000. At present time the Board has decided not to enter into another purchase agreement. However, still plans on completing this need in the upcoming 24 months.
- Springfield site-Repairs to parking lot and installation of flag poles: \$62,000. Blount General Contractors completed this project in February of 2018 for a cost of \$39,255. It was determined the facility had to repair flooring damaged due to insulation issues and the remaining allocation covered \$13,250 in repairs. This project was completed in November of 2018. The remaining

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

funds went toward landscaping improvements furnished by Angelo's of Baton Rouge. The project was completed in December of 2019 for \$9,780.

- In Livingston, LA property was acquired with cash in October 2018 costing \$285,700. A building construction project was awarded to Blount General Contractors at \$2,553,000. This project was started in November 2018 and completed in July 2020.
- At the flagship campus in Clinton, renovations totaling \$102,000 to include replacement of flooring, painting, and reception area revamping. Projects have not been started as of August 31st, 2020.
- Renovations to a school-based clinic at Port Allen High School-opened in January 2019. Project costs totaled \$29,625-was budgeted \$20,000.
- IT upgrades to transition the Corporation to a cloud-based environment to allow for added network security, functionality, and connectivity for the ten sites. In the upcoming year, \$26,000 is budgeted to replace a new server backup system. Ultrastar drives were purchased in Dec 2018 for \$9,990 and the first backup recovery was performed for \$5300. Backup service was started monthly and \$7600 total was spent during the fiscal year. In February 2019 a rack was replaced for \$7,300.
- Installation of Controlled Access doors and locks at Springfield, Loranger, Port Allen, Jackson Complex, and Slaughter is budgeted for \$44,000. This project was moved to the 2019-20 fiscal year.
- Repairs to flooring at the Springfield clinic and replacement flooring at Clinton's Behavior Health building budgeted for \$16,400. This project was moved the 2019-20 fiscal year.
- Patio Awning installation at Jackson Complex budgeted for \$6,000. Project was completed in January 2020 for \$3,240.
- Installation of a Cage system at Central Supply warehouse budgeted for \$10,000. The project was abandoned as unnecessary.

August 2019, the PCPFHF Board of Director's passed a budget which included capital outlays from the previous fiscal year totaling \$1,200,000. Projects include the Livingston building project. Excess profits from the 2019 year could be used to reduce the amount of the project needing to be financed. As well, there is some uncertainty in the future availability of the leased building in Loranger, La. It, as well, could be considered for an allocation. The C.O.O. was notified in late 2019 of the owner's desire to sell the building. At the time, the management team was and still is considering a vacant building totaling 8,000 sq. ft. located next door to the leased space. The appraised value of the vacant building is \$425,000. The board is currently considering making an offer on that building and doing a major renovation which would put the total project costs at around \$800,000. All or part of which could be funded with these excess funds.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 16 – LOSS ON DISPOSAL OF ASSETS

In 2020, the Livingston and Loranger locations vacated the premises that were previously leased. Due to these leases ending, all leasehold improvements for these two locations were removed from the balance sheet, causing their book values to reflect a loss. After reviewing the leasehold improvement account, it was determined that other assets in this account should be removed as well due to their obsolescence and/or immaterial amounts. The total amount of the loss on disposal of assets for the fiscal year ending August 31, 2020 is \$496,774.79.

NOTE 17 - COVID-19 PANDEMIC

In March, 2020, the World Health Organization made the assessment that the outbreak of a novel Coronavirus (Covid-19) be characterized as a pandemic. This pandemic has affected the Corporation's operations for the current fiscal year to a degree. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Corporation's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Corporation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the year or future periods. No adjustments have been made to these financial statements as a result of this uncertainty.

NOTE 18 – PAYCHECK PROTECTION PROGRAM LOAN & CARES ACT FUNDS RECEIVED

In May, 2020, the Corporation received a loan in the amount of \$1,270,870 under the Paycheck Protection Program (PPP) pursuant to the Coronavirus Aid, Relief and Economic Relief (CARES) Act and administered by the U.S. Small Business Administration (SBA). The PPP provides for forgivable loans to qualifying businesses. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, rent and utilities. Any portion of the loan that is not forgiven is payable over two years at an interest rate of 1%. The deferral period is either the (1) date that the SBA remits the borrower's loan forgiveness amount to the lender, or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period. The Corporation used the PPP loan funds for its payroll and other purposes consistent with the PPP conditions and applied for loan forgiveness after the end of the fiscal period. Although the Corporation was notified in the current fiscal period that the total amount has been forgiven, it has elected application of FASB ASC 470, *Debt*; FASB ASC 405-20-40-1 *Debt Model* to report this loan. Therefore, the total amount of the loan is included in notes payable on the statement of financial position for the period ended August 31, 2020.

The Corporation received various other one-time non-loan funds related to the CARES Act through the U.S. Health and Human Services due to the Covid-19 Pandemic. These awards are listed in the Schedule of Expenditures of Federal Awards contained in the supplemental information section of this report.

SUPPLEMENTAL INFORMATION

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2020**

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U. S. Department of Health and Human Services Health Resources and Services Administration Federally Qualified Health Center Grant	93.224	\$ 5,820,474
U. S. Department of Health and Human Services Health Resources and Services Administration Coronavirus Preparedness and Response Supplemental Appropriations Act (H8C)	93.224	\$ 20,280
U. S. Department of Health and Human Services Health Resources and Services Administration Expanding Capacity for Coronavirus Testing (ECT) (H8E and LAL ECT)	93.224	\$ 205,996
Total from USDHHS - HRSA		<u>\$ 6,046,750</u>
<u>Other Federal Awards</u>		
U. S. Department of Health and Human Services Public Health and Social Services Emergency Fund	CARES Act	\$ 22,951
U. S. Department of Health and Human Services Public Health and Social Services Emergency Fund	CARES Act	\$ 103,253
U. S. Department of Health and Human Services CARES Act Provider Relief Fund	CARES Act	\$ 189,553
U. S. Department of Health and Human Services Health Resources and Services Administration Oral Health Grant - shared Consortium Partner - Innis Community Health Center, Inc.	N/A	\$ 14,400

See Independent Auditor's Report and accompanying notes to the Schedule of Expenditures of Federal Awards

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2020**

State of Louisiana Grants

<u>Grantor/Pass-through Grantor Program Title</u>	<u>Expenditures</u>
Department of Health and Hospitals Adolescent School Health Program	\$ 108,337

Private Foundation Grants

<u>Grantor/Pass-through Grantor Program Title</u>	<u>Expenditures</u>
United Healthcare Community Plan FQHC Capacity Building Pathways Program	\$ 141,373
Tulane University Impact Study Grant	\$ 14,520
Direct Relief	<u>\$ 50,000</u>
Total	<u>\$ 205,893</u>

See Independent Auditor's Report and accompanying notes to the Schedule of Expenditures of Federal Awards

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2020**

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the revenues from federal awards of Primary Care Providers for a Healthy Feliciano, Inc. (the Corporation) as defined in the notes to the basic financial statements for the year ended August 31, 2020. All federal financial assistance received directly from federal agencies is included in the Schedule, as well as federal assistance passed through other government agencies.

NOTE 2 – BASIS OF PRESENTATION: SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 3 – INDIRECT COST RATE

The Organization has not elected to use the 10 percent de minimus interest cost rate as allowed under Uniform Guidance.

NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Revenues from federal awards are reported in the Corporation's basic financial statements as program revenues.

NOTE 4 – LOANS

The Corporation did not expend federal awards related to loans or loan guarantees during the year.

MC DUFFIE K. HERROD, LTD.

(A Professional Accounting Corporation)

McDUFFIE K. HERROD
CERTIFIED PUBLIC ACCOUNTANT

Member:
American Institute of CPAs
Society of Louisiana CPAs

POST OFFICE BOX 8436
12410 WOODVILLE ST.
CLINTON, LA 70722

Telephone (225) 683-3888
Facsimile (225) 683-6733

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
Primary Care Providers For A Healthy Feliciana, Inc.
Clinton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the statement of financial position and the related statements of activities and changes in net assets, functional expenses and cash flows of Primary Care Providers For A Healthy Feliciana, Inc. (a nonprofit organization) which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated February 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered Primary Care Providers For A Healthy Feliciana, 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 Primary Care Providers For A Healthy Feliciana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the organization'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 control deficiency, or a combination of control 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.

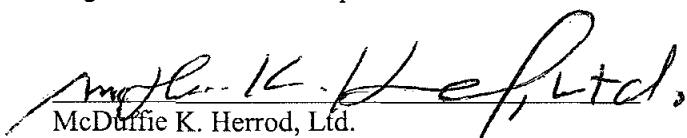
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not 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 Primary Care Providers For A Healthy Feliciana, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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

This report is intended 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. This report is intended solely for the information and use of management, the board of directors, others within the organization and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



McDuffie K. Herrod, Ltd.
A Professional Accounting Corporation

Clinton, Louisiana
February 22, 2021

MC DUFFIE K. HERROD, LTD.
(A Professional Accounting Corporation)

McDUFFIE K. HERROD
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Member:

American Institute of CPAs
Society of Louisiana CPAs

POST OFFICE BOX 8436
12410 WOODVILLE ST.
CLINTON, LA 70722

Telephone (225) 683-3888
Facsimile (225) 683-6733

**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
Primary Care Providers For A Healthy Feliciana, Inc.
Clinton, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the compliance of Primary Care Providers For A Healthy Feliciana, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Primary Care Providers For A Healthy Feliciana, Inc.'s major federal programs for the years ended August 31, 2020 and 2019. Primary Care Providers For A Healthy Feliciana, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Primary Care Providers For A Healthy Feliciana, Inc.'s major federal programs based on our audits of the types of compliance requirements referred to above. We conducted our audits 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 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 Uniform Guidance require that we plan and perform the audits 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 Primary Care Providers For A Healthy Feliciana, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audits provide a reasonable basis for our unmodified opinion on compliance for each major federal program. However, our audits do not provide a legal determination of Primary Care Providers For A Healthy Feliciana, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Primary Care Providers For A Healthy Feliciana, 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 years ended August 31, 2020 and 2019.

Report on Internal Control Over Compliance

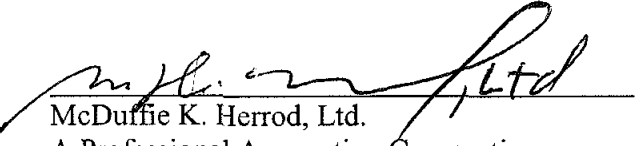
The management of Primary Care Providers For A Healthy Feliciana, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audits of compliance, we considered Primary Care Providers For A Healthy Feliciana, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Primary Care Providers For A Healthy Feliciana, 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. Therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of management, the board of directors, others within the organization, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


McDuffie K. Herrod, Ltd.
A Professional Accounting Corporation
Clinton, Louisiana
February 22, 2021

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019**

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Primary Care Providers For A Healthy Felician, Inc.
2. No material weaknesses were identified during the audits of the financial statements.
3. No instances of noncompliance material to the financial statements of Primary Care Providers For A Healthy Felician, Inc. were disclosed during the audits.
4. No material weaknesses were identified during the audits of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Primary Care Providers For A Healthy Felician, Inc. expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.
7. The program tested as a major program included: U. S. Department of Health and Human Services - Health Resources and Services Administration Federally Qualified Health Center Grant (93.224).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Primary Care Providers For A Healthy Felician, Inc. qualified as a low-risk auditee.

FINDINGS-FINANCIAL STATEMENTS AUDIT

Current Period Findings:

None

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019**

Prior Period Findings:

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS AUDIT

Current Period Findings:

None

Prior Period Findings:

None.

MANAGEMENT LETTER

A management letter was not issued.

**PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019**

COMMUNICATIONS

Results of audit findings were discussed with Christi Hunt, the current C.E.O., on February 25, 2021.

PRIMARY CARE PROVIDERS FOR A HEALTHY FELICIANA, INC.
 SCHEDULE OF COMPENSATION, BENEFITS, AND
 OTHER PAYMENTS TO C.E.O. FROM PUBLIC FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2020

Ginger A. Hunt, Chief Executive Officer

PURPOSE	AMOUNT
Salary & Benefits:	
Salary	\$ -
Benefits - Retirement	-
Total Salary & Benefits	\$ -
Other Items:	
Education & Training	-
Education Travel & Lodging	-
Total Other Items	\$ -
Total Salary, Benefits, & Other Items	\$ -

In reference to Louisiana R.S. 24:513 A(1)(a)(3), no public funds were used to pay the Chief Executive Officer's salary, benefits, or any expense reimbursements for the fiscal year.