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**Priority Health Care, Inc.
(a Non-Profit Organization)**

**Independent Auditor's Report and Financial Statements
For the Year Ended December 31, 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date DEC 18 2013

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**Charles F. Dismukes, Jr.
Certified Public Accountant
4328 Delaware Avenue
Kenner, LA 70065
(504) 390-1950**

Independent Auditor's Report

To the Board Members of
Priority Health Care, Inc

Report on the Financial Statements

I have audited the accompanying consolidated financial statements of Priority Health Care, Inc., which comprise the consolidated statement of financial position as of December 31, 2012, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of those consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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, I express no such opinion. An audit also includes evaluation 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 consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Priority Health Care, Inc., as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

My audit was conducted for the purpose of performing an opinion on the consolidated financial statements as a whole. The Schedule of Functional Expenses and the Schedule of Expenditures of Federal Awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated April 4, 2013 on my consideration of Priority Health Care, Inc.'s internal control over financial reporting and on my 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 my 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 Priority Health Care, Inc.'s internal control over financial reporting and compliance.



Kenner, Louisiana
April 4, 2013

PRIORITY HEALTH CARE, INC.
Statement of Financial Position
As of December 31, 2012

<u>Assets</u>	
Current:	
Cash	\$ 239,945
Grant Receivable	119,671
Note Receivable	28,783
Pharmacy Receivable	<u>64,343</u>
Total Current Assets	452,742
Total Assets	<u>\$ 452,742</u>
 <u>Liabilities and Net Assets</u>	
Accounts Payable	\$ 100,280
Payroll Taxes Payable	25,621
Note Payable (Current)	<u>-</u>
Total Current Liabilities	125,901
Note Payable (Long-Term)	<u>-</u>
Total Liabilities	\$ 125,901
 <u>Net Assets</u>	
Unrestricted	<u>\$ 326,841</u>
Total Net Assets	\$ 326,841
Total Liabilities and Net Assets	<u>\$ 452,742</u>

The accompanying notes are an integral part of these financial statements

PRIORITY HEALTH CARE, INC.
Statement of Activities
For the Year Ended December 31, 2012

	<u>Unrestricted</u>
Revenues	
Grant Revenue	\$ 652,422
Pharmacy Revenue	822,693
Other Income	14,938
Total Revenue	<u>1,490,053</u>
Expenses	
Program Services	1,180,624
Support Services	75,607
Total Expenses	<u>1,256,231</u>
Change in Net Assets	233,822
Net Assets At Beginning Of Year	93,019
	<u>93,019</u>
Net Assets At End Of Year	<u>\$ 326,841</u>

The accompanying notes are an integral part of these financial statements

PRIORITY HEALTH CARE, INC.
Statement of Cash Flows
For the Year Ended December 31, 2012

Cash Flows From Operating Activities:

Changes in Net Assets	\$ 233,822
Adjustments to Reconcile Net Revenues over Expenditures to Net Cash Provided by Operating Activities	
Depreciation Expense	-
Changes in Operating Assets and Liabilities	
Increase in grant receivable	(32,148)
Decrease in pharmacy receivable	59,085
Increase in note receivable	(28,783)
Decrease in accounts payable	(28,781)
Increase in salaries payable	<u>8,409</u>
Net Cash Provided by operating Activities	211,604

Cash Flows From Investing Activities:

Purchase/Sale of Assets	<u>-</u>
Net Cash Used by Investing Activities	-

Cash Flows From Financing Activities:

Cash receipts from borrowing(note payable)	-
Payment of Debt	<u>(33,261)</u>
Net Cash Used by Financing Activities	<u>(33,261)</u>
Net Cash Increase for Period	178,343
Cash, At Beginning of Period January 1, 2012	<u>61,602</u>
Cash, At End of Period December 31, 2012	<u><u>\$ 239,945</u></u>

The accompanying notes are an integral part of these financial statements

PRIORITY HEALTH CARE, INC.
Notes to the Financial Statements
For the Year Ended December 31, 2012

1. Summary of Significant Accounting Principles

General – PHC is a non-profit corporation organized under the laws of the State of Louisiana. Its mission is to provide positive community responses to people affected by HIV/AIDS and reduce the spread of HIV/AIDS through education and testing in New Orleans and its' surrounding area. The agency's operations are funded primarily through federal and state grants, and private foundations.

Basis of Accounting – PHC's financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

Use of 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.

Property and Equipment – Improvements which significantly extend the useful life of an asset and purchases of equipment are capitalized. The straight line method of depreciation is used for the assets owned by PHC. The estimated useful lives of these assets range from 3 to 27 years.

Income Taxes – PHC has been determined to be tax exempt under Section 501(c) 3 of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Cash -- Cash is comprised of cash on hand and in banks.

2. Net Assets – A description of the three types of Net Assets categorizes is described below:

Unrestricted net assets are comprised of funds without donor-imposed restrictions. The revenues received by PHC and expenses incurred are included in this category

Temporarily restricted net assets include income, gifts, and contributions which have temporary restrictions that have not been met.

Permanently restricted net assets include income, gifts, and contributions which have donor-imposed restrictions to be invested in perpetuity and only the income from those investments can be made available for program operations.

As of December 31, 2012, PHC had unrestricted net assets, however there were no temporarily or permanently restricted net assets

3. Grants Receivable

As of December 31, 2012 grants receivable consists of the following:

Mayor's Office of Health Policy	\$119,671
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4. Pharmacy Receivable

As of December 31, 2012 pharmacy receivable consists of the following:

Avita Drugs	\$64,343
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5. Property Lease

Priority Health Care, Incorporated is leasing property at 4700 Wichers Drive, Marrero, Louisiana. The term of this lease is for 3 years beginning May 1, 2010, and ending April 30, 2013. The consideration will be \$5,800 per month. The premises are to be used only for the purposes to support the mission and objectives of **Priority Health Care, Incorporated**

6. Note Receivable

On February 22, 2012, Priority Health Care, Incorporated granted a loan to Medical Director. The amount outstanding at December 31, 2012 is \$28,783.

7. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the corporation through April 4, 2013 the date the report was available for issue, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

SUPPLEMENTAL INFORMATION

PRIORITY HEALTH CARE, INC.
Schedule of Functional Expenses
For the Year Ended December 31, 2012

EXPENSE	PROGRAM SERVICES	SUPPORT SERVICES	FUNDRAISING	TOTAL
PAYROLL EXPENSES	\$374,186	\$ -	\$ -	\$ 374,186
PAYROLL TAXES	31,133	-	-	31,133
BANK SERVICE CHARGES	-	189	-	189
PHARMACY	432,753	-	-	432,753
LAB FEES	122,674	-	-	122,674
INSURANCE	68,227	-	-	68,227
PROFESSIONAL FEES	27,864	-	-	27,864
TRAVEL & ENTERTAINMENT	8,088	-	-	8,088
EQUIPMENT	-	3,190	-	3,190
FURNITURE	-	220	-	220
PROGRAM OPERATIONS	55,492	-	-	55,492
BUSINESS EXPENSE	-	735	-	735
INTEREST EXPENSE	-	585	-	585
RENT EXPENSE	-	69,600	-	69,600
EMPLOYEE INCENTIVES	-	1,088	-	1,088
CONTRACT LABOR	60,207	-	-	60,207
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expense	\$ 1,180,624	\$ 75,607	\$ -	\$ 1,256,231

See Independent Auditor's Report

**Charles F. Dismukes, Jr.
Certified Public Accountant
4328 Delaware Avenue
Kenner, LA 70065
(504) 390-1950**

**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*.**

Independent Auditor's Report

To the Board of Directors of
Priority Health Care, Inc

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Priority Health Care, Inc., as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Priority Health Care, Inc.'s basic financial statements, and have issued my report thereon dated April 4, 2013

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Priority Health Care, 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Priority Health Care, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Priority Health Care, 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Priority Health Care, Inc.'s financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Char Dio".

Kenner, Louisiana
April 4, 2013

Charles F. Dismukes, Jr.
Certified Public Accountant
4328 Delaware Avenue
Kenner, LA 70065
(504) 390-1950

**Report on Compliance For Each Major Federal Program; Report on Internal Control
Over Compliance; and Report on the Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133**

Independent Auditor's Report

To the Board of Directors of
Priority Health Care, Inc.

Report on Compliance for Each Major Federal Program

I have audited Priority Health Care, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Priority Health Care, Inc.'s major federal programs for the year ended December 31, 2012. Priority Health Care, 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Priority Health Care, Inc.'s major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 Priority Health Care, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Priority Health Care, Inc.'s compliance.

Opinion on Each Major Federal Program

In my opinion, Priority Health Care, 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 December 31, 2012.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

I have audited the financial statements of Priority Health Care, Inc. as of and for the year ended December 31, 2012, and have issued my report thereon dated April 4, 2013, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 my opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Kenner, LA
April 4, 2013

PRIORITY HEALTH CARE, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

Federal Grantor/Pass-Through Grantor	Federal CFDA Number	Grant Number (if applicable)	Federal Expenditures
<u>Program Title</u> Ryan White Comprehensive AIDS Resources Emergency (CARE) Act	93.914		\$ 652,422
			<u>\$ 652,422</u>

*See independent auditor's report.

PRIORITY HEALTH CARE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Section I – Summary of Auditors’ Results

1. Type of report issued on the financial statements. **Unqualified**
2. Did the audit disclose any reportable conditions in internal control: **None Reported.**
3. Were any of the reportable conditions material weaknesses: **Not Applicable.**
4. Did the audit disclose any noncompliance which is material to the financial statements of the organization: **None Reported.**
5. Did the audit disclose any reportable conditions in internal control over major programs: **None Reported.**
6. Were any of the reportable conditions in internal control over major programs material weaknesses: **Not Applicable.**
7. Type of report issued on compliance for major programs: **Unqualified.**
8. Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a): **None Reported**
9. The following is an identification of major programs: **CFDA # 93914.**
10. The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 520(b) was: **\$500,000.**
11. Did the auditee qualify as a low-risk auditee under OMB Circular A-133, Section 530: **No.**

Section II – Financial Statement Findings

No matters reported

Section III – Findings and Questioned Costs

No matters reported

PRIORITY HEALTH CARE, INC
STATUS OF PRIOR PERIOD AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012

Financial Statement Findings:

None reported

Federal Awards Findings and Questioned Costs:

None Reported

PRIORITY HEALTH CARE, INC
EXIT CONFERENCE

An exit conference was held with the following in attendance:

PRIORITY HEALTH CARE, INC.

Tamara Pierre, Executive Director

CHARLES DISMUKES, JR., CERTIFIED PUBLIC ACCOUNTANT

Charles Dismukes, Jr., CPA, MBA

Gerald Burton, Jr., MBA

The audit report was discussed. This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor of the State of Louisiana and federal awarding agencies and pass-through entities 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