

Innis Community Health Center, Inc.
Batchelor, Louisiana
October 31, 2024

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Independent Auditor's Report

Board of Directors
Innis Community Health Center, Inc.
Batchelor, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Innis Community Health Center, Inc. (a non-profit organization), which comprise the statements of financial position as of October 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Innis Community Health Center, Inc. as of October 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Innis Community Health Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Innis Community Health Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Innis Community Health Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Innis Community Health Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2025, on our consideration of Innis Community Health 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 Innis Community Health 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 Innis Community Health Center, Inc.'s internal control over financial reporting and compliance.

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

April 21, 2025

Innis Community Health Center, Inc.
Statements of Financial Position
October 31, 2024 and 2023

Assets	2024	2023
Current Assets		
Cash and cash equivalents	\$ 5,134,762	\$ 5,572,487
Certificates of deposit	1,388,119	377,888
Patient accounts receivable, net	594,739	926,537
Grant funds receivable	580,875	78,673
Other receivables	255,925	230,730
Inventory	73,170	45,269
Prepaid expenses	100,928	93,204
Total current assets	8,128,518	7,324,788
Property and Equipment, net	3,642,660	3,825,684
Other Assets		
Operating lease right-of-use asset	48,584	62,109
Utility deposit	1,050	1,050
Investment in LPCA-ACO	128,042	62,770
Intangible asset, net	9,264	10,031
Total other assets	186,940	135,960
Total assets	\$11,958,118	\$11,286,432
Liabilities and Net Assets		
Current Liabilities		
Current portion of operating lease liability	\$ 16,800	\$ 16,800
Accounts payable	407,540	252,756
Accrued liabilities	456,627	637,369
Total current liabilities	880,967	906,925
Long-Term Portion of Operating Lease Liability	31,784	45,309
Total liabilities	912,751	952,234
Net Assets Without Donor Restrictions	11,045,367	10,334,198
Total liabilities and net assets	\$11,958,118	\$11,286,432

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

Innis Community Health Center, Inc.
Statements of Activities
Years Ended October 31, 2024 and 2023

	Without Donor Restrictions	
	2024	2023
Revenue and Other Support		
Net patient service revenue	\$ 5,369,037	\$ 5,066,504
Federal grants	3,583,159	4,308,505
State and other grants	134,277	138,390
Pharmacy revenue	2,995,799	2,108,338
Contributed nonfinancial assets	299,382	335,226
Other revenue	<u>774,651</u>	<u>457,229</u>
Total revenue and other support	<u>13,156,305</u>	<u>12,414,192</u>
Expenses		
Program		
Medical	7,461,884	6,385,238
Dental	<u>2,001,639</u>	<u>1,793,230</u>
Total program	9,463,523	8,178,468
Management and general	<u>2,981,613</u>	<u>2,655,751</u>
Total expenses	<u>12,445,136</u>	<u>10,834,219</u>
Change in Net Assets	711,169	1,579,973
Net Assets, beginning of year	<u>10,334,198</u>	<u>8,754,225</u>
Net Assets, end of year	<u><u>\$11,045,367</u></u>	<u><u>\$10,334,198</u></u>

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

Innis Community Health Center, Inc.
Statement of Functional Expenses
Year Ended October 31, 2024

	<u>Medical</u>	<u>Dental</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries and wages	\$4,067,012	\$ 919,925	\$4,986,937	\$1,732,519	\$ 6,719,456
Employee benefits	268,052	61,520	329,572	109,858	439,430
Payroll taxes	300,991	69,080	370,071	123,357	493,428
Advertising	33,556	19,081	52,637	13,160	65,797
Billing and information systems	209,481	104,740	314,221	104,740	418,961
Depreciation and amortization	208,598	104,299	312,897	104,299	417,196
Dues and subscriptions	6,687	4,012	10,699	16,048	26,747
Insurance	37,097	37,097	74,194	74,193	148,387
Licenses and fees	-	-	-	72,198	72,198
Medical supplies	1,334,838	444,946	1,779,784	-	1,779,784
Meetings and conferences	-	-	-	12,394	12,394
Occupancy and other rents	155,065	82,093	237,158	218,916	456,074
Office	-	-	-	113,404	113,404
Professional fees	-	-	-	100,614	100,614
Purchased services	774,228	154,846	929,074	103,230	1,032,304
Travel	66,279	-	66,279	66,279	132,558
Miscellaneous	-	-	-	16,404	16,404
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 7,461,884</u>	<u>\$ 2,001,639</u>	<u>\$ 9,463,523</u>	<u>\$ 2,981,613</u>	<u>\$ 12,445,136</u>

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

Innis Community Health Center, Inc.
Statement of Functional Expenses
Year Ended October 31, 2023

	<u>Medical</u>	<u>Dental</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries and wages	\$3,454,961	\$ 856,350	\$4,311,311	\$ 1,433,072	\$ 5,744,383
Employee benefits	254,543	63,636	318,179	106,060	424,239
Payroll taxes	237,926	59,482	297,408	99,136	396,544
Advertising	55,778	31,717	87,495	21,873	109,368
Billing and information systems	163,024	81,512	244,536	81,511	326,047
Depreciation and amortization	163,535	81,768	245,303	81,767	327,070
Dues and subscriptions	12,133	7,280	19,413	29,117	48,530
Insurance	28,687	28,687	57,374	57,374	114,748
Licenses and fees	-	-	-	34,317	34,317
Medical supplies	1,070,762	356,921	1,427,683	-	1,427,683
Meetings and conferences	-	-	-	11,828	11,828
Occupancy and other rents	149,507	79,151	228,658	211,069	439,727
Office	-	-	-	147,257	147,257
Professional fees	-	-	-	132,985	132,985
Purchased services	733,630	146,726	880,356	97,817	978,173
Travel	60,752	-	60,752	60,751	121,503
Miscellaneous	-	-	-	49,817	49,817
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 6,385,238</u>	<u>\$ 1,793,230</u>	<u>\$ 8,178,468</u>	<u>\$ 2,655,751</u>	<u>\$ 10,834,219</u>

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

Innis Community Health Center, Inc.
Statements of Cash Flows
Years Ended October 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 711,169	\$ 1,579,973
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	417,196	327,070
Amortization of operating lease right-of-use asset	16,800	16,800
Income from Investment in LPCA-ACO	(65,272)	(31,507)
(Increase) Decrease in assets:		
Patient accounts receivable	331,798	(459,683)
Prepaid expenses	(7,724)	(6,331)
Other receivables	(25,195)	(35,141)
Grant funds receivable	(502,202)	439,908
Inventory	(27,901)	(27,883)
Operating lease right-of-use asset	(3,275)	(4,060)
Increase (Decrease) in liabilities:		
Operating lease liability	(13,525)	(12,740)
Accounts payable	154,784	(26,449)
Accrued liabilities	(180,742)	62,582
	<u>805,911</u>	<u>1,822,539</u>
Net cash provided by operating activities		
Cash Flows from Investing Activities		
Purchase of property and equipment	(233,405)	(573,129)
Increase in certificates of deposit	(1,010,231)	(2,501)
	<u>(1,243,636)</u>	<u>(575,630)</u>
Net cash used in investing activities		
Net Change in Cash and Cash Equivalents	(437,725)	1,246,909
Cash and Cash Equivalents, beginning of year	<u>5,572,487</u>	<u>4,325,578</u>
Cash and Cash Equivalents, end of year	<u>\$ 5,134,762</u>	<u>\$ 5,572,487</u>
Supplemental Cash Flow Disclosures		
Cash paid during the year for interest	\$ -	\$ -

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

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2024

Note 1-Nature of Operations

Innis Community Health Center, Inc. (the “Center”) is incorporated as a Louisiana nonprofit corporation located in the northern part of Pointe Coupee Parish in the Village of Innis, Louisiana with satellite clinics in Livonia, New Roads, and Maringouin.

The Center is a Federally Qualified Health Center that provides primary healthcare services to area communities in need of preventative, coordinated, and affordable healthcare in a prudent and efficient manner. The vision of the Center is, through community collaboration and partnership, to develop and promote supportive healthcare services to all people who are medically underserved, in order that they may experience all the rights, privileges, and responsibilities as members of the community.

Note 2-Summary of Significant Accounting Policies

A. Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows: *Net assets without donor restrictions*: net assets not subject to donor stipulations; and *Net assets with donor restrictions*: net assets subject to donor stipulations that a) restrict their use to a specific purpose, which will be satisfied by actions of the Center or the passage of time; or b) require that they be maintained in perpetuity by the Center; generally, the donor of these assets permits the Center to use all or part of the income earned. As of October 31, 2024 and 2023, the Center had no net assets with donor restrictions.

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

D. Liquidity Management

As of October 31, 2024, the Center had \$7,954,420 of financial assets available within one year of the date of the statement of financial position to meet general expenditures consisting of cash and cash equivalents of \$5,134,762, certificates of deposit of \$1,388,119, patient accounts receivable of \$594,739, grant funds receivable of \$580,875, and other receivables of \$255,925. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the date of the statement of financial position.

As part of its liquidity management, the Center has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2024

Note 2-Summary of Significant Accounting Policies (Continued)

E. Patient Accounts Receivable

Patient accounts receivable is recorded at estimated net realizable value due from patients, third-party payors, and others for services rendered. Deducted from patient accounts receivable are estimates of implicit and explicit price concessions for the excess of charges over the payments on patient accounts to be received from third-party payors and uncollectible amounts related to self-paying patients. These estimates are calculated by management based on historical collection experience and the aging of accounts receivable balances. Accounts are written off through a provision for credit loss when the Center has exhausted all collection efforts and determines accounts are impaired based on changes in patient credit worthiness.

F. Inventory

Inventory is valued at the lower of cost or net realizable value, determined by using the first-in, first-out method. Inventory is comprised of pharmaceutical prescription drugs and supplies.

G. Property and Equipment

Property and equipment are carried at cost. Donated property and equipment are carried at approximate fair value at the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years for equipment, furniture and fixtures, 5 years for vehicles, and 15 to 30 years for buildings and leasehold improvements.

All acquisitions of property and equipment in excess of \$1,000 and all expenditures that materially increase values, change capabilities, or extend useful lives of assets are capitalized. Routine maintenance, repairs, and minor equipment replacement costs are charged against operations.

H. Compensated Absences

The Center provides paid time off (PTO) for employees who meet hours worked per pay period criteria. Generally, PTO is earned on a per pay period (bi-weekly) basis ranging from 5.0 to 8.75 hours per pay period, depending on job classification and length of service. Unless otherwise approved by the Board, a maximum of 300 unused PTO hours may be carried forward at the end of the fiscal year.

I. Federal Grants

The Center receives funds from the United States Department of Health and Human Services (DHHS) through the Health Resources and Services Administration. In accordance with DHHS policies, all funds disbursed should be in compliance with the specific terms of the grant agreements. DHHS may, at its discretion, request reimbursement for expenses or return of the unexpended funds, or both, as a result of non-compliance by the Center with the terms of the grants. In addition, if the Center terminates the activities of the grants, all unexpended federal funds are to be returned to DHHS. The grant agreement requires the Center to provide primary healthcare to all requesting individuals; however, the amount an individual actually pays is based on the individual's personal income.

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2024

Note 2-Summary of Significant Accounting Policies (Continued)

J. Net Patient Service Revenue

Patient service revenue and receivables are reported at the amount that reflects the consideration the Center expects to be entitled for providing patient care. These amounts are due from patients, third-party payors (including managed care payors and government programs), and others, and include variable consideration for retroactive revenue adjustments due to settlement of reviews and audits. Generally, the Center bills the patients and third-party payors after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Center. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The Center measures the performance obligation from the beginning of treatment to the point when it is no longer required to provide services to that patient. These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided. The Center believes that these methods provide a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Because its performance obligations relate to contracts with a duration of less than one year, the Center has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-60-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients no longer require service, which generally occurs within days or weeks of the end of the reporting period.

The Center's estimate of the transaction price includes the Center's standard charges for the goods and services provided with a reduction recorded related to explicit price concessions for such items as contractual allowances, potential adjustments that may arise from payment and other reviews, and implicit price concessions such as uncollectable amounts. The price concessions are determined using the portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. Based on historical experience, a significant portion of the self-pay population will be unable or unwilling to pay for services and only the amount anticipated to be collected is recognized in the transaction price. Other factors, such as account aging and payment cycles, are considered when estimating implicit price concessions. Certain amounts categorized as implicit price concessions under current accounting standards were previously categorized as provision for bad debts. Subsequent changes to the estimate of the transaction price are generally recorded as adjustment to net patient service revenue in the period of change.

The Center participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Center is reimbursed for cost-reimbursable items at tentative rates with final settlement determined after submissions of annual cost reports by the Center and audits thereof by the Medicare/Medicaid fiscal intermediaries. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near future.

Patient accounts receivable totaled \$594,739, \$926,537, and \$466,854 as of October 31, 2024, 2023, and 2022, respectively.

Other revenue is derived from sources other than providing healthcare services to patients, which include incentive payments, fees for providing medical records, and Medicaid and Medicare adjustments.

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2024

Note 2-Summary of Significant Accounting Policies (Continued)

K. 340B Program Revenue

The Center participates in the 340B Drug Pricing Program (340B Program) administered by the Office of Pharmacy Affairs of the Health Resources and Services Administration (HRSA). The Center contracts with local retail pharmacies under the program, which results in additional revenues and discounts on outpatient prescriptions for the Center's patients. Revenue and expenditures related to this program are recorded once the prescription drugs are transferred to the patient. Laws and regulations surrounding the 340B Program are complex and subject to interpretation and change.

L. Contributed Nonfinancial Assets

The Center recognizes contributed nonfinancial assets within revenue, including contributed medical supplies. In valuing contributed medical supplies, the Center estimated the fair value based on estimates of wholesale values that would be received for selling similar products in the United States. For the years ended October 31, 2024 and 2023, contributed nonfinancial assets recognized within the statement of activities include medical supplies of \$299,382 and \$335,226, respectively. There were no donor-imposed restrictions on these contributions.

M. Functional Allocation

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

N. Income Tax Status

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

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

O. Leases

The Center accounts for leases in accordance with ASC 842, *Leases*. As such, the Center determines whether an arrangement is a lease at inception and then performs an analysis to classify the lease as either an operating lease or a finance lease.

Operating lease right-of-use assets represent the Center's right to use an underlying asset for the lease term, and lease liabilities represent the Center's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2024

Note 2-Summary of Significant Accounting Policies (Continued)

O. Leases (Continued)

In determining the present value of committed lease payments, the Center uses its implicit rate in the lease as the discount rate when readily determinable; if the implicit rate is not available, the Center uses its incremental borrowing rate based on the information available at the lease commencement date which includes corporate debt financings of companies of similar size and credit rating over a loan term approximating the remaining term of each lease. If leases include payments of operating expenses that are dependent and may be revised based on the lessor's estimate, these variable payments are excluded from the lease payments used to determine the operating lease right-of-use assets and liabilities. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise such options. Lease expense is recognized on a straight-line basis over the expected lease term. See Note 5 for more information on leases.

P. Recently Adopted Accounting Pronouncements

Effective November 1, 2023, the Center adopted Accounting Standards Codification Topic 326, Credit Losses. This standard established an impairment model (known as the current expected credit loss "CECL" model) that is based on expected losses rather than incurred losses. Under the new guidance, the Center recognizes an allowance for the estimate of expected credit losses over the entire contractual term of its receivables from the date of initial recognition of the financial instrument. Measurements of expected credit losses are based on relevant forecasts that affect collectability. Topic 326 applies to trade receivables from certain revenue transactions. Under Topic 606 (Revenue from Contracts with Customers), revenue is recognized when, among other criteria, it is probable that the entity will collect consideration to which it is entitled for goods or services transferred to a customer. The adoption of Topic 326 did not have a material impact on the Center's financial statements and related disclosures.

Note 3-Certificates of Deposit

At October 31, 2024 and 2023, the Center had certificates of deposit totaling \$1,388,119 and \$377,888, respectively. The certificates of deposit had interest rates ranging from 1.00% to 5.00% at October 31, 2024, and terms ranging from 3 months to 12 months, with penalties for early withdrawal. The Center's investment in certificates of deposit is carried at cost, which approximates fair market value.

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2024

Note 4-Property and Equipment

Property and equipment activity for the year ended October 31, 2024 is summarized as follows:

	<u>2023</u>	<u>Additions</u>	<u>Transfers</u>	<u>2024</u>
Construction in progress	\$ 478,000	\$ -	\$ (478,000)	\$ -
Land	511,390	89,564	-	600,954
Office equipment	994,266	45,811	-	1,040,077
Furniture and fixtures	38,922	7,059	-	45,981
Medical and dental equipment	982,734	17,217	-	999,951
Vehicles	811,794	495,869	-	1,307,663
Building and helipad	2,225,788	50,000	-	2,275,788
Electronic medical records equipment	36,631	-	-	36,631
Leasehold improvements	<u>356,108</u>	<u>5,885</u>	<u>-</u>	<u>361,993</u>
	6,435,633	711,405	(478,000)	6,669,038
Accumulated depreciation and amortization	<u>(2,609,949)</u>	<u>(416,429)</u>	<u>-</u>	<u>(3,026,378)</u>
 Total property and equipment, net	 <u>\$3,825,684</u>	 <u>\$ 294,976</u>	 <u>\$ (478,000)</u>	 <u>\$3,642,660</u>

Property and equipment activity for the year ended October 31, 2023 is summarized as follows:

	<u>2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>2023</u>
Construction in progress	\$ 252,000	\$ 226,000	\$ -	\$ 478,000
Land	511,390	-	-	511,390
Office equipment	913,574	80,692	-	994,266
Furniture and fixtures	38,922	-	-	38,922
Medical and dental equipment	733,922	248,812	-	982,734
Vehicles	811,794	-	-	811,794
Building and helipad	2,225,788	-	-	2,225,788
Electronic medical records equipment	36,631	-	-	36,631
Leasehold improvements	<u>338,483</u>	<u>17,625</u>	<u>-</u>	<u>356,108</u>
Total property and equipment	5,862,504	573,129	-	6,435,633
Accumulated depreciation and amortization	<u>(2,283,645)</u>	<u>(326,304)</u>	<u>-</u>	<u>(2,609,949)</u>
 Total property and equipment, net	 <u>\$3,578,859</u>	 <u>\$ 246,825</u>	 <u>\$ -</u>	 <u>\$3,825,684</u>

Note 5-Operating Leases

The Center leases equipment and facilities under month-to-month and long-term operating leases. Total equipment rent was \$25,665 and \$25,411 for the years ended October 31, 2024 and 2023, respectively. Amounts are included in Occupancy and Other Rents on the statement of functional expenses.

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2024

Note 5-Operating Leases (Continued)

The Center has a month-to-month lease agreement with Pointe Coupee Health Service District #1 for the rental of facility space located in Livonia, Louisiana. Either party may terminate the lease in writing, voiding the lease within 120 days.

The Center has a month-to-month lease agreement with Pointe Coupee Health Service District #1 for the rental of facility space located in New Roads, Louisiana.

The Center has a lease agreement with Pointe Coupee Health Service District #1 for the rental of facility space located in New Roads, Louisiana, terminating on January 1, 2028.

Amounts reported in the accompanying statement of financial position as of October 31, 2024 for the operating leases are as follows:

	2024	2023
Operating lease right-of-use asset	\$ 48,584	\$ 62,109
Current portion of operating lease liability	\$ 16,800	\$ 16,800
Long-term portion of operating lease liability	31,784	45,309
Operating lease liability	\$ 48,584	\$ 62,109

As of October 31, 2024, the weighted-average remaining lease term was 3.17 years, and the weighted-average discount rate was 6.00%. Total operating lease expense was \$16,800, and total short-term building lease expense was \$19,700. Amounts are included in Occupancy and Other Rents on the statement of functional expenses.

Future minimum lease payments under the operating lease as of October 31 are as follows:

2025	\$ 16,800
2026	16,800
2027	16,800
2028	2,800
Less: imputed interest	(4,617)
Operating lease liability	\$ 48,584

Note 6-Intangible Asset

Intangible assets represent software licensing fees for the Center's pharmacy software. The intangible asset has been recorded at cost and is reported net of accumulated amortization, with a 15-year useful life. The original cost of the software licensing fees was \$11,500, and the accumulated amortization amounted to \$2,236 and \$1,469 as of October 31, 2024 and 2023, respectively. Amortization expense totaled \$767 for the years ended October 31, 2024 and 2023.

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2024

Note 7-Contingencies

The Center participates in several federal grant programs which are governed by various rules and regulations. Costs charged to the grant programs are subject to audit and adjustment by the grantor agency; therefore, to the extent that the Center has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs disallowed would be recognized in the period agreed upon by the grantor agency and the Center.

Note 8-Related Party Transactions

The Center paid rent in the amount of \$36,500 and \$47,700 for the years ended October 31, 2024 and 2023, respectively, to Pointe Coupee Health Service District #1, an entity related through a common board member.

Note 9-Concentrations

The Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. Revenue mix from patients and third-party payors as of October 31, 2024 and 2023 were as follows:

	2024	2023
Medicaid	41%	45%
Medicare	29%	7%
Sliding fee/ private pay	5%	4%
Third-party payors	25%	44%
Total	100%	100%

Additionally, 28% and 35% of the Center's total revenue and support was provided by the U.S. Department of Health and Human Services during the fiscal years ended October 31, 2024 and 2023, respectively.

At various times during the year, cash and cash equivalents on deposit with one banking institution exceeded the amount insured by the FDIC. Management monitors the financial condition of the institution on a regular basis, along with their balances in cash and cash equivalents, to minimize this potential risk.

Note 10-Retirement Plans

The Center participates in a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. Employees may participate in the employee contribution plan when hired. This is a plan whereby employees make their own pre-tax contributions to the plan and can either increase, decrease, or stop their contributions at any time. Employees may contribute to the plan up to the maximum amount allowed by the Internal Revenue Code. There is no match by the Center in the Section 403(b) tax deferred annuity plan. Employees may withdraw their contributions from the 403(b)-tax deferred annuity plan upon resignation or termination.

Innis Community Health Center, Inc.
Notes to Financial Statements
October 31, 2024

Note 10-Retirement Plans (Continued)

The Center also participates in an employer contribution plan (pension plan). Employees hired after July 1, 2003, are entitled to participate in the employer contribution plan upon completion of one year of service working for the Center. Employees are vested after 3 years of employment and may withdraw the employer's contributions to their account upon resignation or termination. The Center contributes on behalf of employees at a rate of 2% to 4% of gross salary.

The Center's contributions for 2024 and 2023 were \$144,135 and \$139,335, respectively, which are included in employee benefits on the statements of functional expenses.

Note 11-Laws and Regulations

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse.

Violations of these laws and regulations could result in exclusion from government healthcare program participation, the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Center is subject to regulatory reviews, management believes the outcome of any such regulatory review will not have a material adverse effect on the Center's financial position.

Note 12-Board of Directors Compensation

The Board of Directors is a voluntary board; therefore, no compensation or per diem has been paid to any Director.

Note 13-Subsequent Events

Innis Community Health Center, Inc. has evaluated all subsequent events through April 21, 2025, the date the financial statements were available to be issued. As a result, the Center noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Supplementary Information

**Innis Community Health Center, Inc.
Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer
Year Ended October 31, 2024**

Agency Head Name: Cindy Peavy, Executive Director

Purpose	Amount
Salary	\$ 149,204
Benefits - insurance	9,033
Benefits - retirement	8,688
Benefits - cell phone	-
Car allowance	-
Vehicle provided by agency	-
Per diem	213
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	2,158
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-



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

Board of Directors
Innis Community Health Center, Inc.
Batchelor, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Innis Community Health Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of October 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 21, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Innis Community Health Center, Inc.’s internal control over financial reporting (internal control) as a basis for designing 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 Innis Community Health Center, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Innis Community Health 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

April 21, 2025



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

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA

**Independent Auditor's Report
on Compliance for Each Major Program and on Internal
Control over Compliance Required by the Uniform Guidance**

Board of Directors
Innis Community Health Center, Inc.
Batchelor, LA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Innis Community Health Center, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Innis Community Health Center, Inc.'s major federal programs for the year ended October 31, 2024. Innis Community Health Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Innis Community Health 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 October 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Innis Community Health Center, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Innis Community Health Center, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Innis Community Health Center, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Innis Community Health Center, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Innis Community Health Center, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Innis Community Health Center, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Innis Community Health Center, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Innis Community Health Center, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Hawthorn, Weymouth & Carroll, LLP.

April 21, 2025

Innis Community Health Center, Inc.
Schedule of Expenditures of Federal Awards
Year Ended October 31, 2024

<u>Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title</u>	<u>Identifying Number</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
Health Center Program Cluster			
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the , Homeless, Public Housing Primary Care, and School Based Health Centers)	N/A	93.224	\$ 2,434,098
Affordable Care Act (ACA) Grants for New and Expanded Services Under the Health Center Program	N/A	93.527	<u>854,436</u>
Total Health Center Program Cluster			3,288,534
Health Center Construction and Capital Improvements	N/A	93.526	17,869
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	N/A	93.912	<u>276,756</u>
Total expenditures of federal awards			<u>\$ 3,583,159</u>

Innis Community Health Center, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended October 31, 2024

Note 1-Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Innis Community Health Center, Inc. under programs of the federal government for the year ended October 31, 2024. 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 for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Innis Community Health Center, Inc., it is not intended to and does not present the financial position, change in net assets, or cash flows of Innis Community Health 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 cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3-Loans and Loan Guarantee Programs

Innis Community Health Center, Inc. had no loans or loan guarantee programs outstanding as of October 31, 2024 for those loans described in 2 CFR 200.502(b).

Note 4-Indirect Cost Rate

Innis Community Health Center, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5-Subrecipients

Innis Community Health Center, Inc. did not pass-through any of its federal awards to a subrecipient during the year ended October 31, 2024.

Note 6-Non-Cash Assistance

No federal awards were expended in the form of non-cash assistance during the year ended October 31, 2024.

Innis Community Health Center, Inc.
Schedule of Findings and Questioned Costs
Year Ended October 31, 2024

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting

* Material weakness(es) identified?

____ Yes X None reported

* Significant deficiency(ies) identified?

____ Yes X None reported

Noncompliance material to financial statements noted?

____ Yes X No

Federal Awards

Internal control over major federal programs

* Material weakness(es) identified?

____ Yes X None reported

* Significant deficiency(ies) identified?

____ Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

____ Yes X No

Identification of major federal programs:

Assistance Listing Number
93.224/93.527

Federal Program or Cluster
Health Center Program Cluster

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

Auditee qualified as low-risk auditee:

X Yes ____ No

Innis Community Health Center, Inc.
Schedule of Findings and Questioned Costs
Year Ended October 31, 2024

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Innis Community Health Center, Inc.
Schedule of Prior Year Findings and Questioned Costs
Year Ended October 31, 2024

Section II – Financial Statement Findings

Significant Deficiency

2023-001: Sliding Fee Discounts

Federal Program Identification:

Assistance Listing Number: 93.224/93.527: Health Center Program Cluster

Condition:

Some patients did not receive the proper sliding fee discount.

Context:

Of the 40 patients sampled, 3 patients did not receive the proper adjustment or discount.

Effect:

Improper adjustments or discounts could lead to inaccurate financial statements as well as improper patient billings.

Status:

The finding is resolved.

Section III – Federal Award Findings and Questioned Costs

2023-001: Sliding Fee Discounts

Federal Program Identification:

Assistance Listing Number: 93.224/93.527: Health Center Program Cluster

Condition:

Some patients did not receive the proper sliding fee discount.

Context:

Of the 40 patients sampled, 3 patients did not receive the proper adjustment or discount.

Effect:

Improper adjustments or discounts could lead to inaccurate financial statements as well as improper patient billings.

Status:

The finding is resolved.

Innis Community Health Center, Inc.
Statewide Agreed-Upon Procedures Report
October 31, 2024



**Independent Accountant's Report
on Applying Agreed-Upon Procedures
For the Year Ended October 31, 2024**

To the Board of Directors of Innis Community Health Center, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period November 1, 2023 through October 31, 2024. Innis Community Health Center, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Innis Community Health Center, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period November 1, 2023 through October 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) *Written Policies and Procedures*

- A. Obtained and inspected the entity's written policies and procedures and observed whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No exceptions noted.

2) ***Board or Finance Committee***

- A. Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observed whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observed that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - iii. For governmental entities, obtained the prior year audit report and observed the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observed whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions noted.

3) *Bank Reconciliations*

- A. Obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: For 1 of the 5 bank reconciliations tested, there was no evidence that a member of management reviewed the reconciliation within 1 month of the date the reconciliation was prepared.

Management's Response: Management will adjust the process to provide a date when initialing as reviewed.

4) *Collections (excluding electronic funds transfers)*

- A. Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquired of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that
- i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No exceptions noted.

- C. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observed that the bond or insurance policy for theft was in force during the fiscal period.

Results: No exceptions noted.

- D. Randomly selected two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A. Obtained supporting documentation for each of the deposits and
- i. Observed that receipts are sequentially pre-numbered.
 - ii. Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Traced the deposit slip total to the actual deposit per the bank statement.
 - iv. Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Traced the actual deposit per the bank statement to the general ledger.

Results: No exceptions noted.

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

- A. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties, and observed that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results: No exceptions noted.

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

- i. Observed whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
- ii. Observed whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Results: No exceptions noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

Results: No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly selected one monthly bank statement). Obtained supporting documentation, and
 - i. Observed whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder; and
 - ii. Observed that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions. For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: No exceptions noted.

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

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

- i. If reimbursed using a per diem, observed that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
- ii. If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions noted.

8) Contracts

- A. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
 - i. Observed whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observed whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observed that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted.

9) Payroll and Personnel

- A. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtained attendance records and leave documentation for the pay period, and
 - i. Observed that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observed whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

- iv. Observed the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Results: For 1 of the 5 employees selected, we noted the approved leave hours documented on the employee's time sheet does not agree with actual leave hours paid.

Management's Response: Management will adjust the process in the Human Resources department for one person to be the primary person entering payroll and for the Director of Human Resources to be the primary reviewer for the payroll register. Additionally, any changes in pay or benefits will be done immediately when they are given to the HR department and no payroll changes will be accepted on the day of payroll processing. We will continue to have the CAO, CFO, or CEO to be a backup to the review process. Should there be any correction after the C-Suite review, an entirely new payroll detail will be provided for approval.

- C. Obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees or officials and obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee's or official's cumulative leave records, agreed the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agreed the termination payment to entity policy.

Results: No exceptions noted.

- D. Obtained management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions noted.

10) Ethics

These procedures are not applicable to the entity.

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained ethics documentation from management, and
 - i. Observed whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observed whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquired and/or observed whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

The Entity had no debt issued or outstanding during the fiscal period; therefore, these procedures are not applicable.

- A. Obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

- B. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

- A. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Results: There were no misappropriations of public funds or assets identified during the fiscal period; therefore, this procedure is not applicable.

- B. Observed that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Performed the following procedures:
 - i. Obtained and inspected the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquired of personnel responsible for backing up critical data) and observed evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquired of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed these procedures and discussed the results with management.

- B. Randomly selected 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observed evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed these procedures and discussed the results with management.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained cybersecurity training documentation from management, and observed that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267.

Results: R.S. 42:1267 is not applicable to the entity.

14) Prevention of Sexual Harassment

These procedures are not applicable to the entity.

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained sexual harassment training documentation from management, and observed that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observed that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

We were engaged by Innis Community Health Center, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Innis Community Health Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

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

April 21, 2025