# LOUISIANA PRIMARY CARE ASSOCIATION, INC.
**Baton Rouge, Louisiana**
**FINANCIAL REPORT**
**March 31, 2026**

# LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

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# INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louisiana Primary Care Association, Inc.
Baton Rouge, Louisiana

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of Louisiana Primary Care Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2026, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 Louisiana Primary Care Association, Inc. as of March 31, 2026, 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.

***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 Louisiana Primary Care Association, 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 Louisiana Primary Care Association, 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 Louisiana Primary Care Association, 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 Louisiana Primary Care Association, 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, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of compensation, benefits, and other payments to agency head are fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2026, on our consideration of Louisiana Primary Care Association, 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 Louisiana Primary Care Association, 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 Louisiana Primary Care Association, Inc.'s internal control over financial reporting and compliance.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
September 30, 2026

Exhibit A

# LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

## STATEMENT OF FINANCIAL POSITION

March 31, 2026

### ASSETS

| | |
|---|---|
| **CURRENT ASSETS** | |
| Cash and cash equivalents | $ 3,054,428 |
| Receivables: | |
| Grants | 1,076,210 |
| Contract | 124,364 |
| Trade and other, net | 513,481 |
| Prepaid expenses and other | 60,554 |
| Total current assets | 4,829,037 |
| **INVESTMENT** | 182,514 |
| **PROPERTY AND EQUIPMENT, net** | 1,610,470 |
| **RESTRICTED CASH** | 1,537,261 |
| Total assets | 8,159,282 |

### LIABILITIES AND NET ASSETS

| | |
|---|---|
| **CURRENT LIABILITIES** | |
| Accounts payable and accrued liabilities | 177,145 |
| Accrued vacation | 88,619 |
| Current portion of long term debt | 50,448 |
| Total current liabilities | 316,212 |
| **NOTE PAYABLE** | 122,261 |
| Total liabilities | 438,473 |
| **NET ASSETS** | |
| Without donor restriction | 6,160,297 |
| With donor restriction | 1,560,512 |
| Total net assets | 7,720,809 |
| Total liabilities and net assets | $ 8,159,282 |

The accompanying notes to financial statements
are an integral part of this statement.

Exhibit B

# LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended March 31, 2026

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| **REVENUES AND SUPPORT** | | | |
| Grants | $ 3,388,035 | $ - | $ 3,388,035 |
| Contract and management fees | 640,389 | - | 640,389 |
| Conferences | 389,569 | - | 389,569 |
| Member dues and other | 257,877 | - | 257,877 |
| Investment income, net | 128,166 | - | 128,166 |
| Total revenues and support | 4,804,036 | - | 4,804,036 |
| Changes in net asset restrictions: | | | |
| Released from restrictions | 50,480 | (50,480) | - |
| Total revenues and support | 4,854,516 | (50,480) | 4,804,036 |
| **EXPENSES** | | | |
| Supporting services | 4,538,278 | - | 4,538,278 |
| Management and general | 724,505 | - | 724,505 |
| Total expenses | 5,262,783 | - | 5,262,783 |
| Change in net assets | (408,267) | (50,480) | (458,747) |
| **NET ASSETS** | | | |
| Beginning of year | 6,568,564 | 1,610,992 | 8,179,556 |
| End of year | $ 6,160,297 | $ 1,560,512 | $ 7,720,809 |

The accompanying notes to financial statements
are an integral part of this statement.

Exhibit C

# LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

## STATEMENT OF FUNCTIONAL EXPENSES

For the year ended March 31, 2026

| | Supporting Services | | |
|---|---|---|---|
| | LPCA Programs | Management & General | Total |
| Salaries | $ 2,096,933 | $ 259,171 | $ 2,356,104 |
| Fringe benefits | 194,704 | 24,064 | 218,768 |
| Payroll taxes | 158,578 | 19,600 | 178,178 |
| Consulting and other contracted services | 1,239,563 | 38,337 | 1,277,900 |
| Travel | 103,774 | 4,324 | 108,098 |
| Accounting services | 19,361 | 11,371 | 30,732 |
| Depreciation | - | 83,713 | 83,713 |
| Legal | 11,035 | 33,106 | 44,141 |
| Office | 10,493 | 64,454 | 74,947 |
| Advertising | 4,752 | 774 | 5,525 |
| Conferences and staff development | 269,232 | 17,185 | 286,417 |
| Interest | 680 | 7,815 | 8,495 |
| Training and membership meetings | 26,451 | 1,688 | 28,139 |
| Dues and subscriptions | 50,519 | 52,582 | 103,101 |
| Telephone and online | 7,153 | 40,533 | 47,686 |
| Repairs and maintenance | 1,281 | 11,531 | 12,812 |
| Insurance | 1,550 | 7,568 | 9,118 |
| Utilities | 7,453 | 9,109 | 16,562 |
| Facility lease | - | 7,374 | 7,374 |
| Printing and duplicating | 918 | 848 | 1,766 |
| Meals and entertainment | 1,315 | 15,119 | 16,434 |
| Postage | 211 | 113 | 324 |
| Bad debt expense | 325,448 | - | 325,448 |
| Bank charges | 1,864 | 5,593 | 7,457 |
| Miscellaneous | 5,011 | 8,533 | 13,544 |
| Total expenses | $ 4,538,278 | $ 724,505 | $ 5,262,783 |

The accompanying notes to financial statements
are an integral part of this statement.

Exhibit D

# LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2026

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Increase in net assets | $ (458,747) |
| Adjustments for non-cash items: | |
| Depreciation | 83,713 |
| Change in operating assets and liabilities: | |
| Accounts and contracts receivable | (124,868) |
| Grants receivable | (614,817) |
| Prepaid expenses and other | 13,646 |
| Accounts payable | (31,903) |
| Accrued vacation | (5,120) |
| Net cash provided by operating activities | (1,138,096) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Appreciation of LPCACO investment | (59,972) |
| Purchase of property and equipment | (161,102) |
| Net cash used by investing activities | (221,074) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | |
| Principal payments on note payable | (48,803) |
| Net decrease in cash | (1,407,973) |
| **CASH AND RESTRICTED CASH** | |
| Beginning of year | 5,999,662 |
| End of year | 4,591,689 |
| **Reconciliation of cash and restricted cash reported within the balance sheet:** | |
| Cash | 3,054,428 |
| Restricted cash | 1,537,261 |
| Total cash and restricted cash | 4,591,689 |
| **Supplemental disclosure of cash flow information:** | |
| Interest paid during the year | $ 8,495 |

The accompanying notes to financial statements
are an integral part of this statement.

# LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

## NOTES TO FINANCIAL STATEMENTS

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### ORGANIZATION AND OPERATIONS

The accompanying financial statements include the accounts of the Louisiana Primary Care Association, Inc. (the Association), a nonprofit corporation. The Association is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code.

The Association promotes comprehensive, high quality primary health care to medically underserved people in Louisiana. The Association represents Louisiana Section 330 federally funded community health centers that are an integral component of the health care delivery system dedicated to manage health care for individuals most likely to lack access to health services. The Association has a leadership role in providing guidance and assistance to community health centers with all efforts directed to assure these centers remain viable providers of primary health care. The Association accomplishes its goals by providing a myriad of support services including:

**Member Services**

The Association provides governmental relations and legislative advocacy, recruitment and retention, clinical improvement programs, information and public education, and technical assistance to its member organizations.

**Conferences, Seminars, and Educational Programs**

The Association provides educational programs and workshops to physicians, staff, and governing board members.

**Management and General**

The Association provides management oversight and assistance with general and financial operations as well as technology maintenance.

### BASIS OF ACCOUNTING

The financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### CASH AND CASH EQUIVALENTS

The Association considers all highly liquid investments, including certificates of deposit with an initial maturity of three months or less, to be cash equivalents.

### ACCOUNTS AND GRANTS RECEIVABLE

The Association uses the allowance method for credit losses. Management believes not all accounts to be collectable and therefore an allowance of $177,091 has been recorded for uncollectible trade receivables as of March 31, 2026. Accounts receivable, contracts receivable, and grants receivable as of March 31, 2026 were $510,597, $124,364, and $1,076,210, respectively.

### INVESTMENT

The Association reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities.

The Association applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair market hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs are inputs (other than quoted prices in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available).

The Association is a limited partner in Louisiana Primary Care Accountable Care Organization, LLC (LPCACO) with an interest of 3.45% and has no ability to influence the operating or financial policies of the partnership. The Louisiana Primary Care – Accountable Care Organization, LLC purpose is to tie provider reimbursements to quality metrics and reductions in the cost of care. The Association's investment is measured on a recurring basis. The carrying value of the member share is equal to its capital balance or historical cost increased or decreased for the Organization's share of the limited liability company's profit or loss. The Organization's capital balance in Louisiana Primary Care – Accountable Care Organization, LLC as of March 31, 2026 is $182,514. There were no indicators of impairment on this investment during the years ended March 31, 2026.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### INVESTMENT (CONTINUED)

As of March 31, 2026, the Association's investments measured on a recurring basis consisted of a limited liability company membership with fair market value (Level 3) and cost bases as follows:

| | Cost | Fair Value |
|---|---|---|
| Limited Liability Company Member – 3.45% Interest (Level 3 Observable Inputs) | $ 182,514 | Not Determined |

Changes in the membership for the year ended March 31, 2026 are as follows:

| | |
|---|---|
| **Balance as of March 31, 2025** | $ 122,542 |
| Amounts invested in the membership | - |
| Share of profit/(loss) of membership | 59,972 |
| Distributions made from membership | - |
| **Balance as of March 31, 2026** | $ 182,514 |

### VACATION AND SICK LEAVE

Full time employees (working an average of no less than 30 hours per week) shall receive sick leave and accrued annual (vacation) leave. Employees working between 30-39 hours per week on average will receive a prorated amount of both sick an annual vacation leave based on the percentage of hours worked divided by forty (40).

Vacation leave is earned at varying rates from 10 to 14 hours per month depending on length of service.

Vacation balances will not exceed a maximum of thirty (30) days (or 240 hours) at any given time. A maximum of 40 hours (5 days) accrued vacation may be carried over for one additional calendar year as vacation time. Annual vacation leave not used by each calendar year end (in excess of above 40 hours) will convert into sick leave (up to the current 240 hour sick leave maximum). When an employee is terminated, he/she is entitled to compensation (at current salary or wage) for unused accrued annual leave (not to exceed the accrued maximum of 240 hours).

Sick leave is earned at varying rates from 6-8 days annually depending on length of service. Employees may retain unused sick leave hours, up to a maximum of 240 hours, until employment is severed or terminated. Unused sick leave is not payable upon termination and therefore no accrual has been recorded for these hours.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### NET ASSETS

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities.* Under FASB ASC 958, the Association is required to report information regarding its financial position and activities according to two classes of net assets: without donor restriction net assets and with donor restriction net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of contributor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net assets without donor restriction**

Net assets for general use with no donor restrictions.

**Net assets with donor restriction**

Net assets that can be expended currently, but only for a specified purpose designated by the grantor. Once expended for their restricted purpose, these donor restricted net assets are released to net assets without restrictions and reported in the statement of activities as net assets released from restriction.

### REVENUE RECOGNITION

The Association's primary revenues are related to grants, contracts with service providers, management fees and member dues. the Association recognizes revenues in accordance with ASU No. 2014-09 *Revenue from Contracts with Customers* (Topic 606). The Association recognizes funds received as contract revenues once the performance obligation attributable to these agreements has been satisfied (as the services are performed and execution of work contracts).

### Grants and Contributions

The Association receives funding from several federal, state and private financial assistance programs that supplement its other funding sources. Grant revenue is typically on cost-reimbursement grants is recognized after the program expenditures have been incurred. As such, the Association recognizes revenue and records a receivable for the reimbursement amount from the granting agency. Such grant programs are subject to independent audit under the Office of Management and Budget's (OMB's) Uniform Guidance (2 CFR 200), as well as review by grantor agencies. Such review could result in disallowance of expenditures under the terms of the grant or reductions in future grant funds.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### REVENUE RECOGNITION (CONTINUED)

#### Contracts and Management Fees

Contract revenue totaling $162,790, management fees totaling $527,300 and the related accounts receivable represent fees for service contracts due from governmental units and agencies. The Association does not require collateral.

Accounts receivable outstanding after 30 days, are considered past due. Accounts receivable in excess of 90 days as of March 31, 2026 were $640,166. Allowances for credit losses on these amounts total $155,021 as of March 31, 2026. The Association records contract and management fee revenue as services are rendered.

#### Dues Revenue

The membership year ends on March 31st of each fiscal year. Revenue from annual membership dues are recognized as revenue in the fiscal year to which the membership term applies. Dues paid by members in advance of the period to which they pertain are reflected in the accompanying statement of financial position as deferred revenue.

#### Conference Revenues

Conference revenue for sponsorships are recognized as revenue in the fiscal year to which the conference applies. Registrations from conferences are recognized as revenue once the event has occurred.

### FUNCTIONAL EXPENSES

The Association allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

### USE OF ESTIMATES

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### INCOME TAXES

The Association is exempt from federal income taxed under Section 501(c)(3) of the Internal Revenue Code. The Association is subject to income tax on unrelated business income which included the rental of space. The Association did not incur any income tax expenses during the fiscal year ended March 31, 2025.

The Association's Forms 990, *Return of Organization exempt from Income Tax,* and Forms 990-T, *Exempt Organization Business Income Tax Return,* are subject to examination by the IRS, general for one year after they are filed. The Association's open tax years are 2022 to 2025.

### SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the date of the audit report, the date the financial statements were available to be issued. The Association is not aware of any subsequent events which would require recognition in the financial statements other than the contingency described in Note 9.

## NOTE 2 - FAIR VALUE MEASURES

The Association has a number of financial instruments, none of these financial instruments are held for trading purposes. The Association estimates that the fair value of all financial instruments as of March 31, 2026, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Association using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the agency could realize in a current market exchange. The recorded values of cash and cash equivalents, accounts receivable, grant receivables, contract receivables, prepaid expenses, accounts payable, accrued payroll and related liabilities, and contract liability approximate their fair values based on their short-term nature. The recorded values of notes payable approximate their fair value, as interest is insignificant.

## NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment is presented in the financial statements at cost (in excess of $3,000) less allowances for depreciation. Depreciation is computed using the straight-line method and is allocated over the estimated useful lives of the assets.

A summary of property and equipment is as follows:

| | Estimated Service Lives | |
|---|---|---|
| Building and improvements | 7 – 39 years | $ 1,961,711 |
| Equipment | 5 - 7 years | 142,972 |
| Furniture and fixtures | 5 - 7 years | 20,070 |
| Total depreciable property | | 2,124,753 |
| Land | - | 150,000 |
| Total property | | 2,274,753 |
| Less accumulated depreciation | | (664,283) |
| Total | | $ 1,610,470 |

Depreciation expense was $83,713 for 2026.

As discussed in Note 1, the Association receives funding under the Public Health Services Act which places various restrictions on items obtained with these funds. According to the Public Health Service Grants Policy Statement, title to real and tangible property shall rest in the grantee upon acquisition, subject to the accountability requirements and the Public Health Service's right to transfer title.

## NOTE 4 - NOTE PAYABLE

The Association obtained a $620,000 loan from Capital One, National Association in 2014. Proceeds from the loan were used to purchase a building and the respective land and make necessary improvements. Payments are due in 180 monthly installments of principal and interest of $4,774 based on an annual interest rate of 4.5%. The loan matures on June 16, 2029. Interest expense was $8,495 for 2026. This loan is collateralized by real estate.

Maturities of long-term debt are as follows:

| Year | Amount |
|---|---|
| 2026 | $ 50,448 |
| 2027 | 52,789 |
| 2028 | 55,258 |
| 2029 | 14,214 |
| | $ 172,709 |

## NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist primarily of a grant from the Louisiana Department of Administration (DOA). In January 2008, the Association entered into a Cooperative Endeavor Agreement with the DOA to act as the program financial manager for a state appropriation of $41,500,000. The funds were allocated by the DOA for statewide planning, acquisition and construction of community primary health care clinics. The expanded capacity represents buildings and equipment which will allow for a broader population of patients to be served. The program expenditures were made over multiple years including $50,480 during the fiscal year ending March 31, 2026. The funding has been placed in a savings account ($1,537,234 as of March 31, 2026).

When a donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as "net assets released from restrictions." The Association does not imply a time restriction on gifts of long-lived assets. If a restriction expires in the same fiscal year as the contribution was received, the contribution is reported as without donor restriction. The Association released $50,480 in net assets with donor restriction during the fiscal year ending March 31, 2026.

Releases from net assets with donor restrictions are as follows:

| | Beginning of Year | Increases | Decreases | End of Year |
|---|---|---|---|---|
| Facility Expansion Iniative | $ 1,587,714 | $ - | $ (50,480) | $ 1,537,234 |
| BCBS Collective Impact Grant | 1,964 | - | - | 1,964 |
| Minority Health Access | 1,500 | - | - | 1,500 |
| Breast & Cervical Health Grant | 6,012 | - | - | 6,012 |
| Heinz Grant | 12,742 | - | - | 12,742 |
| Direct Relief Grant | 1,060 | - | - | 1,060 |
| Total | $ 1,610,992 | $ - | $ (50,480) | $ 1,560,512 |

## NOTE 6 - CONCENTRATIONS

Financial instruments, which potentially subject the Association to concentrations of credit risk, consist principally of cash accounts. Cash accounts are insured by the Federal Deposit Insurance Corporation to $250,000. Amounts in excess of insured limits at March 31, 2026 were $4,332,118. The Association does not believe that it is exposed to any significant credit risk on uninsured amounts.

## NOTE 7 - RETIREMENT PLAN

The Association sponsors a 401(k) profit sharing plan. Eligible employees are allowed to contribute a portion of their compensation, up to federally designated limits. The Association matches up to 100% of the amount of the employee's elective deferrals that are not in excess of 3% of the employee's compensation, plus 50% of the amount of the employee's elective deferrals that exceeds 3% of the employee's compensation but not in excess of 5% of the employee's compensation. All employees are 100% vested in the plan. The Association's contribution to the plan for the year ended March 31, 2026 was $50,418.

## NOTE 8 - ECONOMIC DEPENDENCY

The Association receives a substantial portion of its total support and revenues from the federal government. During the fiscal year ended March 31, 2026, the Association recorded $3,385,685 in grant support from the Health Resources and Services Administration. This represents 70% of total support and revenues for the fiscal year ended March 31, 2026. These funds are provided to subsidize charity support services provided by the Association.

## NOTE 9 - COMMITMENTS AND CONTINGENCIES

### Grants

The Association receives grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the Association management that its compliance with the terms of grants will result in negligible, if any, disallowed costs.

During fiscal year ending March 31, 2025, the Association was notified by the Federal Communications Commission (FCC) that previously awarded grant funds may be required to be returned to the FCC. The return of these FCC grant funds is due to an Association vendor not providing the previously purchased equipment required by the grant terms. The Association is currently communicating with the FCC to determine the amount, if any, of the grant award to be returned to the FCC by the Association. During the fiscal year ending March 31, 2027, the Association received notification that it has no delinquent debt with the FCC. While the estimated potential reimbursement is unknown, it could range from $-0- to approximately $640,000. It is possible this estimated potential settlement could change in the near term.

## NOTE 10 - RELATED PARTIES

The Association is a member organization of Louisiana Primary Care Accountable Care Organization, LLC (LPCACO), an entity of 29 members, each of which is a federally qualified health center in the State of Louisiana. The Association also provides management services to the LPCACO during the fiscal year ended March 31, 2026. These management services resulted in management fee revenues totaling $503,876, of which $124,364 is a receivable to the Association as of March 31, 2026.

## NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Association's financial assets available within one year of the balance sheet date for general expenditures are as follows:

| | Amount |
|---|---|
| Financial asseets, at year-end | |
| Cash | $ 3,054,428 |
| Restricted cash | 1,537,261 |
| Grant, contract, and trade receivables | 1,714,055 |
| Less those unavailable for general expenditures within one year, due to: | |
| Contractual or donor imposed restrictions | (1,560,512) |
| Financial assets available for general expenditures within one year | $ 4,745,232 |

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

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# 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
Louisiana Primary Care Association, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Primary Care Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2026, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Louisiana Primary Care Association, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Primary Care Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Louisiana Primary Care Association, Inc.'s internal control.

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
September 30, 2026

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

Board of Directors
Louisiana Primary Care Association, Inc.
Baton Rouge, Louisiana

## Report on Compliance for Each Major Federal Program

### *Opinion on Each Major Federal Program*

We have audited Louisiana Primary Care Association, 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 Louisiana Primary Care Association, Inc.'s major federal programs for the year ended March 31, 2026. Louisiana Primary Care Association, 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, Louisiana Primary Care Association, 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 March 31, 2026.

### *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 Louisiana Primary Care Association, 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 Louisiana Primary Care Association, 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 Louisiana Primary Care Association, 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 Louisiana Primary Care Association, 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 Louisiana Primary Care Association, 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 Louisiana Primary Care Association, 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 Louisiana Primary Care Association, 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 Louisiana Primary Care Association, 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. However, this report is a matter of public record and its distribution is not limited.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
September 30, 2026

# LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended March 31, 2026

| Grantor/State Pass-through/ Program name/ Location of Project | | Assistance Listing Number | Federal Award Identification Number | Federal Expenditures |
|---|---|---|---|---|
| **U.S. Department of Health and Human Services** | | | | |
| Affordable Care Act (ACA) - New and Expanded Services | | 93.527 | U8645879 | $ 968,110 |
| Total U.S. Department of Health and Human Services Cluster | | | | 968,110 |
| U.S. Department of Health and Human Services | | | | |
| Technical and Non-Financial Assistance to Health Centers | * | 93.129 | U5806850 | 1,296,290 |
| Delta Region Workforce Training Program | | 93.912 | T2846443 | 750,227 |
| Passthrough from Marillac Community Health Centers Public Health Training Genters Program | | 93.516 | | 55,883 |
| Passthrough from Louisiana Department of Health State Opioid Response (LaSOR) | | 93.788 | | 315,125 |
| Total U.S. Department of Health and Human Services | | | | 3,385,635 |
| Total Federal Assistance | | | | $ 3,385,635 |

* Major Program

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Louisiana Primary Care Association, Inc., and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements contained by Title 2 of U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards (Uniform Guidance). The Association has elected to use the 15 percent *de minimis* indirect cost rate as allowed under the guidance.

The amounts presented in this schedule do not differ from the amounts presented in, or used in the preparation of the financial statements.

# Louisiana Primary Care Association, Inc.

Baton Rouge, Louisiana

## SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD

For the fiscal year ended March 31, 2026

**Agency Head: Gerrelda Davis**

| Purpose | | Amount |
|---|---|---|
| Salary | $ | 242,966 |
| Benefits - health insurance (Employer Paid portion) | | 12,127 |
| Benefits - dental insurance (Employer Paid portion) | | 339 |
| Benefits - vision insurance (Employer Paid portion) | | 54 |
| Benefits - retirement (Employer Paid portion) | | 9,572 |
| Benefits - life insurance | | 578 |
| Car allowance | | 12,000 |
| Cell phone | | - |
| Per diem | | - |
| Reimbursements | | 903 |
| Travel | | - |
| Registration fees | | - |
| Conference travel | | - |
| Continuing professional education fees | | - |
| Housing | | - |
| Unvouchered expenses | | - |
| Special meals | | - |
| | $ | 278,539 |

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.** Schedule 3

**Schedule of Findings and Questioned Costs**
**Year Ended March 31, 2026**

## SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

| | | | |
|---|---|---|---|
| Type of auditor's report issued | | | Unmodified |
| Internal control over financial reporting: | | | |
| Material weaknesses identified? | ____ Yes | x No | |
| Significant deficiencies identified not considered to be material weaknesses? | ____ Yes | x None reported | |
| Noncompliance material to financial statements noted? | ____ Yes | x No | |

Federal Awards

| | | | |
|---|---|---|---|
| Internal control over major programs: | | | |
| Material weaknesses identified? | ____ Yes | x No | |
| Significant deficiencies identified not considered to be material weaknesses? | ____ Yes | x None reported | |
| Type of auditor's report issued on compliance for major programs: | | | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | ____ Yes | x No | |

Identification of major programs:

| CFDA Number | Name of Federal Program or Cluster |
|---|---|
| 93.129 | Technical and Non-Financial Assistance to Health Centers |

Dollar threshold used to distinguish between Type A and Type B programs: $1,000,000

Auditee qualified as low-risk auditee? x Yes ____ No

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.**

**Schedule of Findings and Questioned Costs**
**Year Ended March 31, 2026**

## SECTION II – FINDINGS

**None**

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.**

**Summary Schedule of Prior Year Findings and Questioned Costs**
**Year Ended March 31, 2025**

## SECTION III – PRIOR YEAR FINDINGS

**None**

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# INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE YEAR ENDED MARCH 31, 2026

To the Board of Directors of Louisiana Primary Care Association, 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 April 1, 2025 through March 31, 2026. Louisiana Primary Care Association, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Louisiana Primary Care Association, 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 April 1, 2025 through March 31, 2026. 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. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

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.

*Were any exceptions found? – No*

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

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

i. Observe 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, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month 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, observe 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, obtain the prior year audit report and observe 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, observe 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. Observe 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.

*Were any exceptions found? – No*

### *3) Bank Reconciliations*

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

   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.

*Were any exceptions found? – Yes*

*Exception 3Aii: The sampled bank reconciliations did not include 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 reconciliations were prepared.*

### *4) Collections (excluding electronic funds transfers)*

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

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

   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.

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

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

i. Observe that receipts are sequentially pre-numbered.

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

iii. Trace the deposit slip total to the actual deposit per the bank statement.

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

v. Trace the actual deposit per the bank statement to the general ledger.

*Were any exceptions found? – N/A*

*These procedures are not applicable to the public funds administered by this non-profit organization.*

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

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

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe 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.

*[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]*

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

i. Observe 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. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe 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. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

*Were any exceptions found? – N/A*

*The Non-Payroll Disbursements items were subject to testing under the Allowable Costs and Procurement in the OMB Compliance Supplement (Uniform Guidance).*

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

A. Obtain 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. Obtain management's representation that the listing is complete.

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

   a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized 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 (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

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

C. Using the monthly statements or combined statements selected under procedure #6B above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe 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). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

*Were any exceptions found? – N/A*

*The Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards) items were subject to testing under the Allowable Costs and Procurement in the OMB Compliance Supplement (Uniform Guidance).*

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

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

i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);

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

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

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

*Were any exceptions found? – No*

***8) Contracts***

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

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

*Were any exceptions found? – No*

***9) Payroll and Personnel***

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

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

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

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

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

*Were any exceptions found? – N/A*

*The Payroll and Personnel items were subject to testing under the Allowable Costs and Procurement in the OMB Compliance Supplement (Uniform Guidance).*

**10) *Ethics***

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

   a. Observe 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

   b. Observe 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.

23. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

*Were any exceptions found? – N/A*

*These procedures are not applicable to this non-profit organization.*

***11) Debt Service***

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

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree 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).

*Were any exceptions found? – N/A*

*These procedures are not appliable to this non-profit entity.*

### *12) Fraud Notice*

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

B. Observe 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.

*Were any exceptions found? – No*

### *13) Information Technology Disaster Recovery/Business Continuity*

Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management":**

A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe 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.

B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

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

E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe 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. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

*We performed the Information Technology Disaster Recovery/Business Continuity procedures and discussed the results with management.*

***14) Prevention of Sexual Harassment***

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe 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. Observe 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. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe 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.

*Were any exceptions found? – N/A*

*These procedures are not applicable to this non-profit organization.*

**Management's Responses:**

**3Aii – While a member of management who does not handle cash, post ledgers, or issue checks reviews the bank reconciliations, it was performed more than one month after the reconciliation was prepared. The Organization will review the reconciliations within one month of the date the reconciliation was completed.**

We were engaged by Louisiana Primary Care Association, 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 Louisiana Primary Care Association, 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.

Steven M DeRouen & Associates LLC

Lake Charles, Louisiana
September 30, 2026