

Tensas Community Health Center, Inc.
St. Joseph, Louisiana
November 30, 2011

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

Release Date JAN 09 2013

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December 12, 2012

Independent Auditor's Report

Board of Directors
Tensas Community Health Center, Inc.
St. Joseph, Louisiana

We have audited the accompanying statements of financial position of

Tensas Community Health Center, Inc.
(A Non-Profit Organization)

as of November 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tensas Community Health Center, Inc. as of November 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2012, on our consideration of Tensas 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 audits 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 is fairly stated in all material respects in relation to the financial statements as a whole.

Yours truly,

Hawthorn, Weymouth & Carrol, LLP

Tensas Community Health Center, Inc.
Statements of Financial Position
November 30, 2011 and 2010

A s s e t s

	<u>2011</u>	<u>2010</u>
Current Assets		
Patient receivables, net of allowance for doubtful accounts of \$190,707 in 2011 and \$129,644 in 2010	\$ 67,096	\$ 27,294
Prepaid expenses	2,997	1,333
Grants receivable	<u>16,755</u>	<u>101,174</u>
Total current assets	86,848	129,801
Property and Equipment, net of accumulated depreciation	<u>991,447</u>	<u>551,003</u>
Total assets	<u>\$1,078,295</u>	<u>\$680,804</u>

Liabilities and Net Assets

Current Liabilities		
Managed overdraft	\$ 52,093	\$ 15,396
Line of credit	20,210	-
Current portion of notes payable	13,648	22,251
Accounts payable	119,221	216,575
Retainage payable	34,798	11,975
Accrued liabilities	25,477	22,195
Deferred grant revenue	<u>60,733</u>	<u>60,733</u>
Total current liabilities	326,180	349,125
Long-Term Liabilities		
Long-term portion of notes payable	<u>-</u>	<u>13,255</u>
Total liabilities	326,180	362,380
Net Assets		
Unrestricted	<u>752,115</u>	<u>318,424</u>
Total liabilities and net assets	<u>\$1,078,295</u>	<u>\$680,804</u>

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

Tensas Community Health Center, Inc.
Statements of Activities
Years Ended November 30, 2011 and 2010

	UNRESTRICTED	
	2011	2010
Revenue and Other Support		
Grants and contracts	\$ 957,243	\$1,114,063
Net patient service revenue	289,803	149,880
In-kind contributions	89,000	89,000
Miscellaneous revenue	66,302	9,146
Total revenue and other support	1,402,348	1,362,089
Expenses		
Program	779,601	670,551
Management and general	189,056	200,598
Total expenses	968,657	871,149
Increase in Net Assets	433,691	490,940
Net Assets (Deficit), beginning of period	318,424	(172,516)
Net Assets, end of period	\$752,115	\$ 318,424

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

Tensas Community Health Center, Inc.
Statements of Functional Expenses
Years Ended November 30, 2011 and 2010

Expenses	November 30, 2011			November 30, 2010		
	Management		Total	Management		Total
	Program	and General		Program	and General	
Salaries and wages	\$279,006	\$76,198	\$355,204	\$289,631	\$ 75,526	\$365,157
Payroll taxes and benefits	59,414	15,490	74,904	58,857	15,345	74,202
Professional services	270,987	18,217	289,204	167,000	31,672	198,672
Ancillary services	3,706	-	3,706	6,670	-	6,670
Supplies	23,167	13,554	36,721	32,705	9,473	42,178
Insurance	-	1,152	1,152	-	1,663	1,663
Recruitment/advertising	-	1,149	1,149	-	10,777	10,777
Travel, conference and meetings	6,226	4,151	10,377	7,997	5,331	13,328
Administrative	-	35,860	35,860	-	26,650	26,650
Bad debts	22,332	-	22,332	7,466	-	7,466
Interest	-	3,328	3,328	-	1,461	1,461
Depreciation	44,168	1,552	45,720	29,630	4,295	33,925
Rent	70,595	18,405	89,000	70,595	18,405	89,000
Total expenses	<u>\$779,601</u>	<u>\$189,056</u>	<u>\$968,657</u>	<u>\$670,551</u>	<u>\$200,598</u>	<u>\$871,149</u>

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

Tensas Community Health Center, Inc.
Statements of Cash Flows
Years Ended November 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 433,691	\$ 490,940
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	45,721	33,925
Bad debts	22,332	7,466
(Increase) decrease in assets:		
Accounts receivable	(62,134)	(11,030)
Prepaid expenses	(1,664)	(1,333)
Grants receivable	84,419	(101,174)
Increase (decrease) in liabilities:		
Accounts payable	(97,354)	133,073
Retainage payable	22,823	11,975
Accrued liabilities	<u>3,282</u>	<u>(45,793)</u>
Net cash provided by operating activities	<u>451,116</u>	<u>518,049</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	<u>(486,165)</u>	<u>(555,169)</u>
Net cash used by investing activities	<u>(486,165)</u>	<u>(555,169)</u>
Cash Flows From Financing Activities		
Managed overdraft	36,697	1,614
Increase in line of credit	20,210	-
Proceeds from notes payable	-	51,232
Principal payments on notes payable	<u>(21,858)</u>	<u>(15,726)</u>
Net cash provided by financing activities	<u>35,049</u>	<u>37,120</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents, beginning of period	-	-
Cash and Cash Equivalents, end of period	<u>\$ -</u>	<u>\$ -</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for:		
Interest	<u>\$ 3,328</u>	<u>\$ 1,461</u>

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

Tensas Community Health Center, Inc.
Notes to Financial Statements
November 30, 2011

Note 1-Nature of Operations

The Tensas Community Health Center, Inc. (the "Center") was incorporated September 19, 2003 to increase access to high quality comprehensive health care services, regardless of ability to pay, for the under-served population of Tensas Parish, Louisiana and the surrounding areas. The Center opened to patients on April 4, 2006. The Center primarily earns revenue by providing medical and dental services to its patients and through various federal and state grants.

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.

The Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets include those net assets whose use by the Center is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Temporarily restricted net assets are those assets whose use by the Center has been limited by donors to (a) later periods of time or other specific dates, or (b) specified purposes. Permanently restricted net assets are those net assets received with donor-imposed restrictions limiting the Center's use of the asset. At November 30, 2011 and 2010, the Center had no temporarily or permanently restricted net assets.

B. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. The most significant item on the statements of financial position that involves a greater degree of accounting estimates subject to changes in the near future is the assessment of the allowance for doubtful accounts. As additional information becomes available (or actual amounts are determinable), the recorded estimates are revised and reflected in operating results of the period they are determined.

C. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

D. Patient Receivables and Allowance for Doubtful Accounts

Patient receivables are carried at the original billed amount less an estimate for uncollectible accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Patient receivables are written-off when deemed uncollectible. Recoveries of receivables previously written-off are recorded when received.

Tensas Community Health Center, Inc.
Notes to Financial Statements
November 30, 2011

Note 2-Summary of Significant Accounting Policies (Continued)

E. Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. When assets are retired, or otherwise disposed, the cost and related accumulated depreciation is removed from the accounts, and any resulting gain or loss is reflected in income for the period. Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. The estimated useful lives for property and equipment categories are as follows:

Dental building	39 years
Computer equipment	5 years
Medical equipment	3 - 7 years
Vehicles	5 years

F. Grant Revenue

Grant revenue is recorded as related expenses are incurred.

G. Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are estimated and accrued in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The Center has a sliding fee plan for patients whose income levels fall within the sliding fee guidelines and who do not have coverage with a third-party payer.

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 term.

H. Income Tax Status

The Center has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Section 501 (c)(3) of the Internal Revenue Code and is exempt from federal income taxes. However, income from certain activities not directly related to the Center's tax-exempt purpose is subject to taxation as unrelated business income. The Center has been classified as an organization other than a private foundation.

Tensas Community Health Center, Inc.
Notes to Financial Statements
November 30, 2011

Note 2-Summary of Significant Accounting Policies (Continued)

H. Income Tax Status (Continued)

The Center follows FASB ASC 740, *Income Taxes*, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. The Center recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs.

The Center evaluated its position regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions. With few exceptions, the Center is no longer subject to federal, state, or local tax examinations by tax authorities for years before November 30, 2008.

I. Advertising Costs

Advertising costs in the amount of \$669 and \$2,139 were expensed as incurred for the years ended November 30, 2011 and 2010, respectively.

J. Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. The reclassifications had no effect on the total of net assets or changes in net assets.

Note 3-Property and Equipment

A summary of property and equipment is as follows:

	<u>2011</u>	<u>2010</u>
Dental building	\$ 776,293	\$299,174
Computer equipment	77,856	77,856
Medical equipment	152,798	143,752
Vehicles	<u>18,485</u>	<u>18,485</u>
	1,025,432	539,267
Less: accumulated depreciation	<u>107,443</u>	<u>61,722</u>
	917,989	477,545
Land	<u>73,458</u>	<u>73,458</u>
Property and equipment, net	<u>\$ 991,447</u>	<u>\$551,003</u>

Tensas Community Health Center, Inc.
Notes to Financial Statements
November 30, 2011

Note 4-Line of Credit

The Center has a line of credit with a financial institution dated May 5, 2011, of which \$20,210 was drawn as of November 30, 2011. The line of credit bears interest at 8.00% per annum, matures on May 4, 2012, and is secured by accounts receivable.

Note 5-Notes Payable

	<u>2011</u>	<u>2010</u>
Note payable to a financial institution, dated January 20, 2010, in the original amount of \$13,042, bearing interest at 7.75% per annum, payable over one year in monthly principal and interest installments of \$1,137, maturing on February 5, 2011, unsecured.	\$ -	\$ 3,370
Note payable to a financial institution, dated July 26, 2010, in the original amount of \$38,190, bearing interest at 6.50% per annum, payable over two years in monthly principal and interest installments of \$1,701, maturing on July 26, 2012, unsecured.	<u>13,648</u>	<u>32,136</u>
	13,648	35,506
Less: current portion of notes payable	<u>13,648</u>	<u>22,251</u>
Total long-term portion of notes payable	<u>\$ -</u>	<u>\$13,255</u>

Following are the aggregate future maturities of the long-term debt:

2012	<u>\$13,648</u>
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Note 6-Economic Dependency

The Center depends significantly on a federal grant to carry-out its program activities. If significant budget cuts are enacted at the federal level, the amount of funds the Center receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Center will receive in the next fiscal year.

Note 7-Contingencies - Grant Program

The Center participates in a federal grant program which is governed by various rules and regulations. Costs charged to the grant program 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.

Tensas Community Health Center, Inc.
Notes to Financial Statements
November 30, 2011

Note 8-Medical Malpractice Claims

The Center's medical malpractice insurance is covered by the Federal Tort Claims Act.

Note 9-Concentrations of Credit Risk

The Center grants credit without collateral to its patients, most of whom are local residents insured under third-party payer agreements. Revenue from patients and third-party payers was as follows:

	<u>2011</u>	<u>2010</u>
Medicaid	55%	52%
Medicare	8%	10%
Sliding fee/private pay	27%	25%
Commercial insurance	10%	13%

Note 10-Donated Facilities

The Tensas Parish Police Jury provides the Center, on an in-kind basis, office space which houses the administrative offices as well as the patient care facilities located in St. Joseph, Louisiana. The estimated value associated with these facilities that has been recognized in the statement of activities as in-kind contributions and rent expense for the years ended November 30, 2011 and 2010 was \$89,000.

Note 11-Related Party Transactions

Payments of \$1,050 and \$1,575 were made to the Executive Director for the rental of property for the year ended November 30, 2011 and 2010, respectively.

Note 12-Commitment

The commitment for the purchase of software at November 30, 2011 totaled \$53,707.

Note 13-Subsequent Events

The Tensas Community Health Center, Inc. evaluated all subsequent events through December 12, 2012, 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.

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.



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December 12, 2012

**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
Tensas Community Health Center, Inc.
St. Joseph, Louisiana

We have audited the financial statements of Tensas Community Health Center, Inc. (a nonprofit organization) as of and for the year ended November 30, 2011, and have issued our report thereon dated December 12, 2012. 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.

Internal Control Over Financial Reporting

Management of the Tensas Community Health Center, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. We consider the deficiencies described as 2011-01 and 2011-02 in the accompanying schedule of findings and questions costs to be significant deficiencies. *A significant deficiency* is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tensas Community Health Center, 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2011-03.

Tensas Community Health Center, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Tensas Community Health Center, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Hawthorn, Wymouth & Powell, LLP

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.



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December 12, 2012

**Independent Auditor's Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program
and on Internal Control over Compliance in Accordance with OMB Circular A-133**

Board of Directors
Tensas Community Health Center, Inc.
St. Joseph, Louisiana

Compliance

We have audited Tensas Community Health Center, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Tensas Community Health Center, Inc.'s major federal programs for the year ended November 30, 2011. Tensas 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Tensas Community Health Center, Inc.'s management. Our responsibility is to express an opinion on Tensas Community Health Center, Inc.'s compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tensas Community Health Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Tensas Community Health Center, Inc.'s compliance with those requirements.

In our opinion, Tensas Community Health Center, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 which are described in the accompanying schedule of findings and questioned costs as items 2011-04 and 2011-05.

Internal Control Over Compliance

Management of Tensas Community Health Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Tensas Community Health Center, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tensas Community Health Center, Inc.'s internal control over compliance.

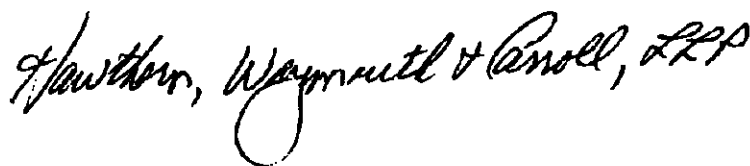
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-06, 2011-07 and 2011-08. *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.

Tensas Community Health Center, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Tensas Community Health Center, Inc.'s responses and, accordingly, we express no opinion on the responses.

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

Yours truly,



**Tensas Community Health Center, Inc.
 Schedule of Expenditures of Federal Awards
 Year Ended November 30, 2011**

<u>Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services		
Consolidated Health Centers*	93.224	\$493,223
ARRA - Capital Improvement Program	93.703	<u>33,621</u>
Total Expenditures of Federal Awards		<u>\$526,844</u>

*Denotes major program

Tensas Community Health Center, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended November 30, 2011

Note 1-Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Tensas Community Health Center, Inc. under programs of the federal government for the year ended November 30, 2011. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

Note 2-Summary of Significant Accounting Principles

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3-Subrecipients

The Center did not pass-through any of its federal awards to a subrecipient during the fiscal year ended November 30, 2011.

Note 4-Non-cash Assistance

No federal awards were expended in the form of non-cash assistance during the fiscal year ended November 30, 2011.

Tensas Community Health Center, Inc.
Schedule of Current Year Findings and Questioned Costs
Year Ended November 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:
Unqualified

Internal control over financial reporting

* Material weakness(es) identified:

___ Yes X No

* Significant deficiencies identified that are not considered to be material weaknesses:

X Yes ___ No

Noncompliance material to financial statements noted:

X Yes ___ No

Federal Awards

Internal control over major programs

* Material weakness(es) identified:

___ Yes X No

* Significant deficiencies identified that are not considered to be material weaknesses:

X Yes ___ No

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133:

X Yes ___ No

Identification of major programs:

CFDA Numbers
93.224

Federal Program or Cluster
Consolidated Health Centers

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee:

___ Yes X No

Tensas Community Health Center, Inc.
Schedule of Current Year Findings and Questioned Costs
Year Ended November 30, 2011

Section II – Financial Statement Audit Findings

SIGNIFICANT DEFICIENCIES

2011-01 Allowance for Doubtful Accounts

Condition: The allowance for doubtful accounts is not being reviewed on a monthly basis.

Criteria: Management should be reviewing the allowance for doubtful accounts monthly to determine its adequacy.

Effect: Accounts receivable are not properly stated in financial statements.

Auditor's Recommendation:

On a monthly basis, management should review the allowance for doubtful accounts and make any necessary adjustments to more accurately reflect the balance they expect to collect from accounts receivable.

Management's Corrective Action Plan:

The allowance for doubtful accounts will be reviewed on a monthly basis. The contract Chief Financial Officer Sandra Lode and Chief Executive Officer Jacqueline Schauf will review the allowance for doubtful accounts on a monthly basis to determine its adequacy and make appropriate adjustments when such action is deemed necessary.

2011-02 Program Income

See 2011-08 for detail.

NONCOMPLIANCE WITH STATE LAWS AND REGULATIONS

2011-03 Filing of Report with Louisiana Legislative Auditor

Condition: Financial statements were not timely filed with the LA Legislative Auditor. This is a repeat finding from the prior year.

Criteria: LSA-RS24:513 (5)(a) requires the engagement to be completed within six months of the close of the entity's fiscal year.

Effect: The Center's financial statements were not timely filed.

Tensas Community Health Center, Inc.
Schedule of Current Year Findings and Questioned Costs
Year Ended November 30, 2011

Section II – Financial Statement Audit Findings

NONCOMPLIANCE WITH STATE LAWS AND REGULATIONS (Continued)

2011-03 Filing of Report with Louisiana Legislative Auditor (Continued)

Auditor's Recommendation:

Client should close year end sooner so audit can be done before the six month deadline to remain in compliance, or an extension should be filed with the LA Legislative Auditor before May 31.

Management's Corrective Action Plan:

Tensas Community Health Center, Inc. will take appropriate action to ensure timely filing of financial statements with the LA Legislative Auditor.

Section III – Federal Award Findings

NONCOMPLIANCE WITH FEDERAL LAWS AND REGULATIONS

2011-04

CFDA 93.224 - Consolidated Health Centers; Federal Agency: U.S. Dept of Health and Human Services

Condition: The Board of Directors was not meeting monthly. Noted nine instances where the Board did not meet. This is a repeat finding from the prior year.

Criteria: The compliance supplement for the Consolidated Health Centers grant requires the governing board to meet monthly.

Effect: Non-compliance with a federal grant.

Auditor's Recommendation:

Hold a monthly board meeting and report in the minutes if a quorum was not established.

Management's Corrective Action Plan:

The Board of Directors of Tensas Community Health Center, Inc. is presently meeting on a monthly basis. A monthly meeting is being held and should a quorum not be present, it is being noted in the minutes. The Board of Directors will continue to meet on a monthly basis.

Tensas Community Health Center, Inc.
Schedule of Current Year Findings and Questioned Costs
Year Ended November 30, 2011

Section III – Federal Award Findings (Continued)

NONCOMPLIANCE WITH FEDERAL LAWS AND REGULATIONS (Continued)

2011-05

CFDA 93.224 – Consolidated Health Centers; Federal Agency: U.S. Dept of Health and Human Services

Condition: Single Audit reporting package was submitted to the Federal Audit Clearinghouse (FAC) after the nine month due date.

Criteria: The Single Audit reporting package is due to the FAC within the nine months following year-end.

Effect: Non-compliance with Single Audit requirements.

Auditor's Recommendation:

Client should close year end sooner so audit can be done before the nine month deadline to remain in compliance.

Management's Corrective Action Plan:

The management of Tensas Community Health Center, Inc. will ensure completion of its audit prior to the nine month due date.

SIGNIFICANT DEFICIENCIES

2011-06

CFDA 93.224 – Consolidated Health Centers; Federal Agency: U.S. Dept of Health and Human Services

Condition: Noted one instance in which a grant expenditure totaling \$155.00 did not have proper supporting documentation.

Criteria: Supporting documentation should be retained to corroborate expenditures.

Effect: No way to corroborate federal expenditures.

Auditor's Recommendation:

Ensure that federal expenditures have proper supporting documentation.

Management's Corrective Action Plan:

This lack of documentation is considered an isolated incident. All documentation is retained to corroborate expenditures.

Tensas Community Health Center, Inc.
Schedule of Current Year Findings and Questioned Costs
Year Ended November 30, 2011

Section III – Federal Award Findings (Continued)

SIGNIFICANT DEFICIENCIES (Continued)

2011-07

CFDA 93.224 – Consolidated Health Centers; Federal Agency: U.S. Dept of Health and Human Services

Condition: Noted one instance in which an employee was compensated for 9.42 hours more than what was documented on the corresponding timecard, resulting in a difference of \$160.14.

Criteria: Amount of hours paid should match the amount of hours worked on timecard.

Effect: Employees may be getting paid for hours not worked.

Auditor's Recommendation:

Match amount of hours on timecard with amount of hours on paycheck before distributing paychecks.

Management's Corrective Action Plan:

Currently, all time-cards are reviewed on a bi-weekly basis and approved prior to being entered into the payroll system by the CEO. Payroll hours will be verified against payroll checks prior to signing and distributing to ensure proper payments. This is considered an isolated incident.

2011-08

CFDA 93.224 – Consolidated Health Centers; Federal Agency: U.S. Dept of Health and Human Services

Condition: Noted three instances in which the Center was not billing insurance for procedures performed on patients, resulting in under billing of \$188.00.

Criteria: For each patient, the procedures billed to insurance should be the procedures as actually performed.

Effect: Improper insurance billing.

Auditor's Recommendation:

There should be proper internal control procedures in place to ensure insurance claims for patient billings are being properly recorded.

Management's Corrective Action Plan:

Tensas Community Health Center, Inc. is currently on EHR (Electronic Health Record). This system's GO-LIVE date was February 21, 2012. With the use of this system, all charges are generated by the system when the provider or nurse enters the procedures in the EHR, thus eliminating the possibility of the receptionist/billing clerk failing to enter charges.

Tensas Community Health Center, Inc.
Schedule of Prior Year Findings and Questioned Costs
Year Ended November 30, 2011

Findings - Financial Statement Audit Findings

2010-01 Reconciliation of the Accounts Receivable Subsidiary to the General Ledger

Condition: The accounts receivable subsidiary is not being reconciled to the general ledger.

Auditor's Recommendation:

The general ledger should be reconciled to the accounts receivable subsidiary on a monthly basis.

Management's Response:

The general ledger will be reconciled to the accounts receivable subsidiary on a monthly basis by the CFO. The general ledger will be adjusted to reflect the accounts receivable balance.

Status: Resolved in current year.

2010-02 Monthly Board Meetings

Condition: The Board of Directors is not meeting on a monthly basis.

Auditor's Recommendation:

Hold a monthly board meeting and report in the minutes when a quorum is not established.

Management's Response:

The Board will schedule monthly board meetings. If unable to obtain a quorum, it will be re-scheduled; and it will be documented and placed in the binder with the Board Minutes. Minutes are being prepared each month in which a meeting is held and reviewed and approved at the next meeting.

Status: This is a repeat finding in current year.

2010-03 Pay Rate Authorization

Condition: There is no documentation of pay rates being authorized.

Auditor's Recommendation:

The Executive Director should document authorization of each employee's pay rate.

Tensas Community Health Center, Inc.
Schedule of Prior Year Findings and Questioned Costs
Year Ended November 30, 2011

Findings - Financial Statement Audit Findings (Continued)

2010-03 Pay Rate Authorization (Continued)

Management's Response:

A written statement or form will be placed in each employee's personnel folder when a pay adjustment is awarded. The form will include: date, employee name, new rate and effective date of increase. This form will be signed by Jacqueline D. Schauf, CEO of Tensas Community Health Center, Inc.

When there is an adjustment to the CEO's compensation, the Board will note that change has taken place in the Board Minutes. A form will be placed in the CEO's personnel folder documenting: date, employee name, new rate and effective date of increase. This form will be signed by either the Board President or the Secretary-Treasurer.

Status: Resolved in current year.

2010-04 Filing of Audit Report with the Legislative Auditor

Condition: The audit report was not filed with the Louisiana Legislative Auditor on time.

Auditor's Recommendation:

File the audit report with the Louisiana Legislative Auditor on or before the due date of May 31.

Management's Response:

The report was not filed with the Louisiana Legislative Auditor by the May 31st deadline. This was the first year that the Tensas Community Health Center, Inc. was required to report to the Louisiana Legislative Auditor and the Center was not aware of this requirement until our annual audit. In the future, our report will be filed with the Louisiana Legislative Auditor by the deadline.

Status: This is a repeat finding in current year.