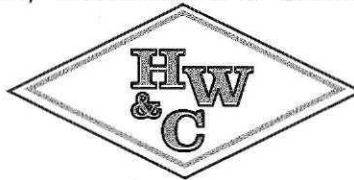


Tensas Community Health Center, Inc.
St. Joseph, Louisiana
November 30, 2012

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



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August 27, 2013

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., as of and for the years ended November 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Tensas Community Health Center, Inc.'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 audit 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 the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Tensas Community Health Center, Inc., as of November 30, 2012 and 2011, and the changes in its net assets, and 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 August 27, 2013, 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 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 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 is fairly stated in all material respects in relation to the financial statements as a whole.

Yours truly,

Huntler, Wymouth & Carroll, LLP

Tensas Community Health Center, Inc.
Statements of Financial Position
November 30, 2012 and 2011

Assets

	2012	2011
Current Assets		
Patient receivables, net	\$ 66,215	\$ 67,096
Prepaid expenses	3,553	2,997
Grants receivable	29,778	16,755
Total current assets	99,546	86,848
Property and Equipment, net	980,499	991,447
Total assets	\$ 1,080,045	\$ 1,078,295

Liabilities and Net Assets

Current Liabilities		
Managed overdraft	\$ 36,596	\$ 52,093
Line of credit	-	20,210
Current portion of notes payable	18,770	13,648
Current portion of capital lease payable	5,840	-
Accounts payable	118,714	119,221
Retainage payable	-	34,798
Accrued liabilities	34,283	25,477
Deferred grant revenue	-	60,733
Total current liabilities	214,203	326,180
Noncurrent Liabilities		
Long-term portion of capital lease payable	52,560	-
Total liabilities	266,763	326,180
Net Assets, unrestricted	813,282	752,115
Total liabilities and net assets	\$ 1,080,045	\$ 1,078,295

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

Tensas Community Health Center, Inc.
Statements of Activities
Years Ended November 30, 2012 and 2011

	Unrestricted	
	2012	2011
Revenue and Other Support		
Grants and contracts	\$ 720,118	\$ 957,243
Net patient service revenue	419,436	289,803
In-kind contributions	89,000	89,000
Miscellaneous revenue	1,083	66,302
Total revenue and other support	1,229,637	1,402,348
Expenses		
Program	936,112	779,601
Management and general	232,358	189,056
Total expenses	1,168,470	968,657
Increase in Net Assets	61,167	433,691
Net Assets, beginning of period	752,115	318,424
Net Assets, end of period	\$ 813,282	\$ 752,115

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

Tensas Community Health Center, Inc.
Statements of Functional Expenses
Years Ended November 30, 2012 and 2011

Expenses	November 30, 2012			November 30, 2011		
	Management		Total	Management		Total
	Program	and General		Program	and General	
Salaries and wages	\$ 372,753	\$ 88,079	\$ 460,832	\$ 279,006	\$ 76,198	\$ 355,204
Payroll taxes and benefits	78,173	20,381	98,554	59,414	15,490	74,904
Professional services	272,044	17,907	289,951	270,987	18,217	289,204
Ancillary services	2,510	-	2,510	3,706	-	3,706
Supplies	49,632	13,268	62,900	23,166	13,554	36,720
Insurance	-	4,731	4,731	-	1,152	1,152
Recruitment/advertising	-	2,837	2,837	-	1,149	1,149
Travel, conferences, and meetings	4,058	2,705	6,763	6,226	4,151	10,377
Administrative	-	56,401	56,401	-	35,860	35,860
Bad debts	21,500	-	21,500	22,332	-	22,332
Interest	-	2,419	2,419	-	3,328	3,328
Depreciation	64,847	5,225	70,072	44,169	1,552	45,721
Rent	70,595	18,405	89,000	70,595	18,405	89,000
Total expenses	<u>\$ 936,112</u>	<u>\$ 232,358</u>	<u>\$ 1,168,470</u>	<u>\$ 779,601</u>	<u>\$ 189,056</u>	<u>\$ 968,657</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, 2012 and 2011

	2012	2011
Cash Flows From Operating Activities		
Increase in net assets	\$ 61,167	\$ 433,691
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	70,072	45,721
Bad debts	(40,537)	61,062
(Increase) Decrease in assets:		
Patient receivables	41,418	(100,864)
Prepaid expenses	(556)	(1,664)
Grants receivable	(13,023)	84,419
Increase (Decrease) in liabilities:		
Accounts payable	(507)	(97,354)
Retainage payable	(34,798)	22,823
Accrued liabilities	8,806	3,282
Deferred grant revenue	(60,733)	-
Net cash provided by operating activities	31,309	451,116
Cash Flows From Investing Activities		
Purchase of property and equipment	(59,124)	(486,165)
Net cash used in investing activities	(59,124)	(486,165)
Cash Flows From Financing Activities		
Change in managed overdraft	(15,497)	36,697
Change in line of credit	(20,210)	20,210
Proceeds from capital lease payable	58,400	-
Proceeds from notes payable	21,184	-
Payments on notes payable	(16,062)	(21,858)
Net cash provided by financing activities	27,815	35,049
Net Change in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents, beginning of year	-	-
Cash and Cash Equivalents, end of year	\$ -	\$ -
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 2,419	\$ 3,328

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

Tensas Community Health Center, Inc.
Notes to Financial Statements
November 30, 2012

Note 1-Nature of Operations

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 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 net assets whose use by the Center has been limited by donors to later periods of time or other specific dates, or for 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, 2012 and 2011, the Center had no temporarily or permanently restricted net assets.

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates that were used. The most significant item on the statements of financial position involving 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 in the period they are determined.

C. Cash and Cash Equivalents

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

D. Patient Receivables

Patient receivables are carried at the original billed amount less contractual adjustments and the allowance for doubtful accounts. The allowance is based on management's estimates, historical experiences, and a review of all outstanding amounts on an ongoing basis. Patient receivables are written off when deemed uncollectible.

Tensas Community Health Center, Inc.
Notes to Financial Statements
November 30, 2012

Note 2-Summary of Significant Accounting Policies (Continued)

D. Patient Receivables (Continued)

Recoveries, if any, are recorded when received. As of November 30, 2012 and 2011, management established an allowance of \$150,169 and \$190,706, respectively.

E. Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the following estimated useful lives of the respective assets:

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

Expenditures for major repairs and improvements that extend the useful lives of property and equipment are capitalized at cost. Expenditures for maintenance and minor repairs are charged to expense as incurred. Amortization of assets under capital lease is included in total depreciation.

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 and has been classified as an organization other than a private foundation.

Tensas Community Health Center, Inc.
Notes to Financial Statements
November 30, 2012

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's income tax returns for 2011, 2010, and 2009 are subject to possible federal and state examination, generally for three years after they are filed.

The Center may be subject to interest and penalties assessed by various taxing authorities. These amounts are expensed when they occur.

I. Advertising

Advertising costs are expensed as incurred and totaled \$1,072 and \$669 for the years ended November 30, 2012 and 2011, respectively.

J. Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation. These reclassifications had no effect on total net assets or the increase in net assets for the year ended November 30, 2011.

Note 3-Property and Equipment

Property and equipment are comprised of the following as of November 30;

	2012	2011
Dental building	\$ 767,143	\$ 776,293
Computer equipment	85,230	77,856
Medical equipment	152,798	152,798
Vehicles	18,485	18,485
Leased dental equipment	58,400	-
Land	75,958	73,458
	1,158,014	1,098,890
Less: accumulated depreciation	177,515	107,443
	\$ 980,499	\$ 991,447

Tensas Community Health Center, Inc.
Notes to Financial Statements
November 30, 2012

Note 3-Property and Equipment (Continued)

Included in total depreciation and accumulated depreciation as of and for the year ended November 30, 2012 is amortization of \$8,343 for assets under capital lease.

Note 4-Line of Credit

The Center had a revolving line of credit with a financial institution, of which \$20,210 was drawn as of November 30, 2011. The line of credit had interest at 8.00% per annum and was secured by patient receivables. The line of credit was converted to a note payable upon maturity in May 2012. See Note 5 for additional information.

Note 5-Notes Payable

	2012	2011
Note payable to a financial institution 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.	\$ -	\$ 13,648
Note payable to a financial institution in the original amount of \$21,184, bearing interest at 7.50% per annum, payable over one year in monthly principal and interest installments of \$1,497, maturing on October 20, 2013, unsecured.	18,770	-
Less: current portion	(18,770)	(13,648)
	\$ -	\$ -

Note 6-Capital Lease Payable

	2012	2011
The Center has acquired equipment under the provisions of a long-term lease, payable to the Tensas Parish Police Jury in the original amount of \$58,400, payable over ten years in annual principal installments of \$5,840, secured by the equipment under the lease.	\$ 58,400	\$ -
Less: current portion	(5,840)	-
	\$ 52,560	\$ -

Following are the aggregate future maturities of the capital lease:

2013	\$	5,840
2014		5,840
2015		5,840
2016		5,840
2017		5,840
Thereafter		29,200
		\$ 58,400

Tensas Community Health Center, Inc.
Notes to Financial Statements
November 30, 2012

Note 7-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 8-Contingencies

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.

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 for the years ended November 30 was as follows:

	<u>2012</u>	<u>2011</u>
Medicaid	58%	55%
Medicare	5%	8%
Sliding fee/private pay	27%	27%
Commercial insurance	10%	10%

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 each of the years ended November 30, 2012 and 2011 was \$89,000.

Note 11-Related Party Transactions

Payments of \$1,050 were made to the executive director for the rental of property for the year ended November 30, 2011. There were no related party transactions for the year ended November 30, 2012.

Tensas Community Health Center, Inc.
Notes to Financial Statements
November 30, 2012

Note 12-Subsequent Events

The Center evaluated all subsequent events through August 27, 2013, 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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August 27, 2013

**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. as of and for the year ended November 30, 2012, and have issued our report thereon dated August 27, 2013. 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 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 Tensas Community Health Center, Inc.'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 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.

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 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 2012-01.

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

This report is intended solely for the information and use of management, Board of Directors, others within the entity, 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.

Yours truly,

Hawthorn, Wymouth & Carroll, LLP

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



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August 27, 2013

**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 the Center's major federal programs for the year ended November 30, 2012. 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 the Center's management. Our responsibility is to express an opinion on the Center'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 the Center'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, 2012.

Internal Control over Compliance

Management of Tensas Community Health Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Center'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.

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

This report is intended solely for the information and use of management, Board of Directors, others within the entity, 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.

Yours truly,

A handwritten signature in cursive script that reads "Hawthorn, Wymouth + Corwell, LLP". The signature is written in dark ink and is positioned to the right of the "Yours truly," text.

Tensas Community Health Center, Inc.
Schedule of Expenditures of Federal Awards
Year Ended November 30, 2012

<u>Federal Grantor/Pass Through Grantor/ Program Title or Cluster Title</u>	<u>CFDA</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services		
Consolidated Health Centers*	93.224	<u>\$ 532,308</u>
Total expenditures of federal awards		<u>\$ 532,308</u>

*Denotes major program

The accompanying notes are an integral part of this schedule.

Tensas Community Health Center, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended November 30, 2012

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, 2012. 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, 2012.

Note 4-Non-cash Assistance

No federal awards were expended in the form of non-cash assistance during the year ended November 30, 2012.

Tensas Community Health Center, Inc.
Schedule of Current Year Findings and Questioned Costs
Year Ended November 30, 2012

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 No

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

Yes None reported

Noncompliance material to financial statements noted:

Yes No

Federal Awards

Internal control over major programs

* Material weakness(es) identified:

Yes No

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

Yes None reported

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:

Yes No

Identification of major programs:

CFDA Number

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 No

Tensas Community Health Center, Inc.
Schedule of Current Year Findings and Questioned Costs
Year Ended November 30, 2012

Section II - Financial Statement Audit Findings

Noncompliance with State Laws and Regulations

2012-01 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-RS 24:513 (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.

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 the financial statements with the LA Legislative Auditor.

Section III - Federal Award Findings

None.

Tensas Community Health Center, Inc.
Schedule of Prior Year Findings and Questioned Costs
Year Ended November 30, 2012

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: Patient receivables are not properly stated in the 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 patient receivables.

Management's Corrective Action Plan:

The allowance for doubtful accounts will be reviewed on a monthly basis. The contract chief financial officer and chief executive officer 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.

Status: Resolved in current year.

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.

Criteria: LSA-RS 24:513 (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.

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.

Tensas Community Health Center, Inc.
Schedule of Prior Year Findings and Questioned Costs
Year Ended November 30, 2012

Section II - Financial Statement Audit Findings (Continued)

Noncompliance with State Laws and Regulations (Continued)

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

Management's Corrective Action Plan:

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

Status: This finding repeats in the current year.

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.

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 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.

Status: Resolved in current year.

2011-05

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

Condition: The 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 nine months following year-end.

Tensas Community Health Center, Inc.
Schedule of Prior Year Findings and Questioned Costs
Year Ended November 30, 2012

Section III - Federal Award Findings (Continued)

Noncompliance with Federal Laws and Regulations (Continued)

2011-05 (Continued)

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.

Status: Resolved in current year.

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.

Status: Resolved in current year.

Tensas Community Health Center, Inc.
Schedule of Prior Year Findings and Questioned Costs
Year Ended November 30, 2012

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 timecards 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.

Status: Resolved in current year.

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 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.

Status: Resolved in current year.