

**Tensas Community Health Center, Inc.**  
**St. Joseph, Louisiana**  
**November 30, 2010**

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.

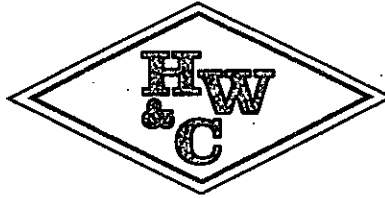
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HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

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CERTIFIED PUBLIC ACCOUNTANTS

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August 29, 2011

**Independent Auditor's Report**

Board of Trustees  
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)**  
**St. Joseph, Louisiana**

as of November 30, 2010 and 2009, 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 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, 2010 and 2009, 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 August 29, 2011, on our consideration of Tensas Community Health Center, Inc.'s internal control over financial reporting and 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Yours truly,

*Hawthorn, Waymouth & Carrell, L.L.P.*

**Tensas Community Health Center, Inc.**  
**Statements of Financial Position**  
**November 30, 2010 and 2009**

**Assets**

	<u>2010</u>	<u>2009</u>
<b>Current Assets</b>		
Patient receivables, net of allowance for doubtful accounts of \$129,644 in 2010 and \$120,411 in 2009	\$27,294	\$23,730
Prepaid expenses	1,333	
Grants receivable	<u>101,174</u>	<u>          </u>
<u>Total current assets</u>	129,801	23,730
<b>Property, Plant and Equipment,</b> net of accumulated depreciation	<u>551,003</u>	<u>29,759</u>
<u>Total assets</u>	<u>680,804</u>	<u>53,489</u>

**Liabilities and Net Assets (Deficit)**

<b>Current Liabilities</b>		
Managed overdraft	15,396	13,782
Current portion of note payable	22,251	
Accounts payable	216,575	83,502
Retainage payable	11,975	
Accrued liabilities	22,195	67,988
Deferred grant revenue	<u>60,733</u>	<u>60,733</u>
<u>Total current liabilities</u>	349,125	226,005
<b>Long-Term Liabilities</b>		
Long-term portion of notes payable	<u>13,255</u>	<u>          </u>
<u>Total liabilities</u>	362,380	226,005
<b>Net Assets (Deficit)</b>		
Unrestricted (deficit)	<u>318,424</u>	<u>(172,516)</u>
<u>Total liabilities and net assets (deficit)</u>	<u>680,804</u>	<u>53,489</u>

The accompanying notes are an integral part of these statements.

**Tensas Community Health Center, Inc.**  
**Statements of Activities**  
**Years Ended November 30, 2010 and 2009**

<b>UNRESTRICTED</b>	<b><u>2010</u></b>	<b><u>2009</u></b>
<b>Revenue and Other Support</b>		
Grants and contracts	\$1,114,063	\$420,054
Patient services	149,880	139,763
In-Kind contributions	89,000	89,000
Miscellaneous revenue	<u>9,146</u>	<u>17,206</u>
<b><u>Total revenue and other support</u></b>	<b><u>1,362,089</u></b>	<b><u>666,023</u></b>
<b>Expenses</b>		
Program	670,551	531,595
Management and general	<u>200,598</u>	<u>230,769</u>
<b><u>Total expenses</u></b>	<b><u>871,149</u></b>	<b><u>762,364</u></b>
<b>Increase (Decrease) in Net Assets</b>	490,940	(96,341)
<b>Net Assets (Deficit), beginning of period</b>	<u>(172,516)</u>	<u>(76,175)</u>
<b>Net Assets (Deficit), end of period</b>	<u><u>318,424</u></u>	<u><u>(172,516)</u></u>

The accompanying notes are an integral part of these statements.

**Tensas Community Health Center, Inc.**  
**Statements of Functional Expenses**  
**Years Ended November 30, 2010 and 2009**

<b>Expenses</b>	<b>November 30, 2010</b>			<b>November 30, 2009</b>		
	<b>Management</b>			<b>Management</b>		
	<b>Program</b>	<b>and General</b>	<b>Total</b>	<b>Program</b>	<b>and General</b>	<b>Total</b>
Salaries and wages	\$289,631	\$75,526	\$365,157	\$238,529	\$69,622	\$308,151
Payroll taxes and benefits	58,857	15,345	74,202	54,749	15,975	70,724
Professional services	167,000	31,672	198,672	101,571	38,801	140,372
Ancillary services	6,670		6,670	4,627		4,627
Supplies	32,705	9,473	42,178	16,959	5,783	22,742
Insurance		1,663	1,663		77	77
Recruitment/advertising		10,777	10,777			
Travel, conference and meetings	7,997	5,331	13,328	14,657	9,771	24,428
Administrative		26,650	26,650	6,410	14,541	20,951
Bad debts	7,466		7,466	16,596		16,596
Interest		1,461	1,461		53,227	53,227
Depreciation	29,630	4,295	33,925	8,602	2,867	11,469
Rent	<u>70,595</u>	<u>18,405</u>	<u>89,000</u>	<u>68,895</u>	<u>20,105</u>	<u>89,000</u>
	<u>670,551</u>	<u>200,598</u>	<u>871,149</u>	<u>531,595</u>	<u>230,769</u>	<u>762,364</u>

The accompanying notes are an integral part of these statements.

**Tensas Community Health Center, Inc.**  
**Statements of Cash Flows**  
**Years Ended November 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Cash Flows From Operating Activities</b>		
Increase (Decrease) in net assets	\$490,940	(\$96,341)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	33,925	11,469
Bad debts	7,466	16,596
Changes in operating assets and liabilities		
(Increase) decrease in		
Accounts receivable	(11,030)	(3,321)
Prepaid expenses	(1,333)	
Grants receivable	(101,174)	
Increase (decrease) in		
Accounts payable	133,073	43,610
Retainage payable	11,975	
Accrued liabilities	<u>(45,793)</u>	<u>(5,967)</u>
<u>Net cash provided (used) by operating activities</u>	<u>518,049</u>	<u>(33,954)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	<u>(555,169)</u>	<u>(1,263)</u>
<u>Net cash (used by) investing activities</u>	<u>(555,169)</u>	<u>(1,263)</u>
<b>Cash Flows From Financing Activities</b>		
Managed overdraft	1,614	13,782
Proceeds from note	51,232	
Principal payments on note	<u>(15,726)</u>	<u>(2,538)</u>
<u>Net cash provided by financing activities</u>	<u>37,120</u>	<u>11,244</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	-	(23,973)
<b>Cash and Cash Equivalents, beginning of period</b>	<u>-</u>	<u>23,973</u>
<b>Cash and Cash Equivalents, end of period</b>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these statements.



**Tensas Community Health Center, Inc.**  
**Notes to Financial Statements**  
**November 30, 2010**

**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.

**Note 2-Summary of Significant Accounting Policies**

A. Basis of Accounting and Presentation

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

Financial statement presentation follows the recommendations of the Accounting for Not-for-Profit Organizations Topic of the FASB Accounting Standards Codification . Under this topic, the Center is required to report 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. These net asset classifications are described as follows:

Unrestricted Net Assets - not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes or locations by action of the Board of Directors.

Temporarily Restricted Net Assets - subject to donor-imposed stipulations that may be fulfilled by actions of the Center to meet the stipulations or become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets - subject to donor-imposed stipulations that they be retained and invested permanently by the Center.

The Center has 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.

C. Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

**Tensas Community Health Center, Inc.**  
**Notes to Financial Statements**  
**November 30, 2010**

**Note 2-Summary of Significant Accounting Policies (Continued)**

**D. Patient Receivables and Allowance for Uncollectible 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 uncollectible 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.

**E. Property and Equipment**

Property and equipment acquisitions are recorded at cost. Expenditures for major additions of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method over 5 years.

**F. Grant Revenue**

Grant revenue is recorded as related expenses are incurred.

**G. Net Patient Revenue**

The Center has a sliding fee plan for patients without any third party payors, whose income levels fall within the sliding fee guidelines.

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

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**

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, 2010**

**Note 2-Summary of Significant Accounting Policies (Continued)**

**H. Income Tax (Continued)**

The Center adopted the accounting guidance related to accounting for uncertainty in 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, 2007.

**I. Advertising Costs**

Advertising costs in the amount of \$2,139 and \$380 were expensed as incurred for the years ended November 30, 2010 and 2009, 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 have no effect on changes in net assets or net assets.

**Note 3-Property and Equipment**

A summary of property and equipment is as follows:

	<u>2010</u>	<u>2009</u>
Computer equipment	\$77,856	\$39,071
Medical equipment	143,752	
Vehicles	<u>18,485</u>	<u>18,485</u>
	240,093	57,556
Less accumulated depreciation and amortization	<u>61,722</u>	<u>27,797</u>
	178,371	29,759
Construction in Progress	299,174	
Land	<u>73,458</u>	_____
Property and equipment, net	<u>551,003</u>	<u>29,759</u>

**Tensas Community Health Center, Inc.**  
**Notes to Financial Statements**  
**November 30, 2010**

**Note 4-Notes Payable**

Note payable to Cross Keys Bank, 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.

Note payable to Cross Keys Bank, 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.

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

2011	\$22,251
2012	<u>13,255</u>
<u>Total</u>	<u>35,506</u>

**Note 5-Economic Dependency**

The Center depends significantly on a federal grant to carry-out its program activities. If significant budget cuts are effected at the Federal level, the amount of the 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 6-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 collectibility 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 Center.

**Note 7-Commitments**

The Center entered into a contract in 2010 for construction of a building. This contract was in progress at November 30, 2010 with \$477,789 remaining to be expended.

**Tensas Community Health Center, Inc.**  
**Notes to Financial Statements**  
**November 30, 2010**

**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 depends significantly on grant revenue to carry out its program activities. The grant is approved through November 30, 2011. The Center is located in St. Joseph, Louisiana and grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. Revenue from patients and third-party payors was as follows.

	<u>2010</u>	<u>2009</u>
Medicaid	52%	39%
Medicare	10%	31%
Sliding fee/private pay	25%	16%
Third party insurance	13%	14%

**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, 2010 and 2009 was \$89,000, respectively.

**Note 11-Related Party Transactions**

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

**Note 12-Subsequent Events**

The Tensas Community Health Center, Inc. evaluated all subsequent events through August 29, 2011, the date the financial statements were available to be issued. As a result, the Center noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

**Supplementary Information**

**Tensas Community Health Center, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended November 30, 2010**

**Note 1-Basis of Presentation**

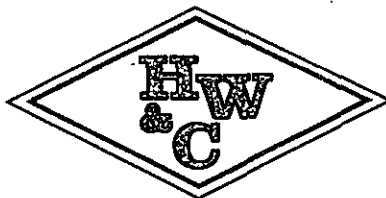
The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Tensas Community Health Center, Inc. and is presented on the budgetary basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the Center's financial statements.

<u>Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Subtotal</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services</b>			
Health Center Cluster*	93.224		\$420,054
Increase Services to Health Centers - ARRA*	93.703	\$114,507	
Capital Improvement Program - ARRA*	93.703	<u>249,174</u>	<u>363,681</u>
 <u>Total U.S. Department of Health and Human Services</u>			 <u>783,735</u>
 <u>Total Expenditures of Federal Awards</u>			 <u>783,735</u>

\*Denotes major programs.

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August 29, 2011

**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, 2010, and have issued our report thereon dated August 29, 2011. 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

In planning and performing our audit we considered Tensas Community Health Center, Inc.'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.

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 reasonable possibility that a material misstatement of the Center'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 2010-01 and 2010-03 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2010-02 and 2010-04.

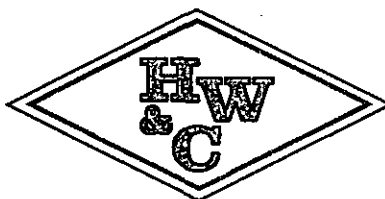
Tensas Community Health Center, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Tensas Community Health Center, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Trustees, 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,  
*Hawthorne, Waymouth & Carroll, R.L.P.*

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August 29, 2011

**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control over  
Compliance In Accordance with OMB Circular A-133**

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

Members of the Board:

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, 2010. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended November 30, 2010. However, the results of our auditing procedures disclosed an instance on 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 item 2010-02.

#### 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 requirements that could have a direct and material effect on a major federal program in order to determine our 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 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 response 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,

*Hawthorn, Weymouth & Carroll, L.L.P.*

**Tensas Community Health Center, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended November 30, 2010**

**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  No

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  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:  
 Yes  No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Federal Program or Cluster</u>
93.243	Health Center Cluster
93.703	Increase Services to Health Center - ARRA
93.703	Capital Improvement Program - ARRA

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 Audit Findings**  
**Year Ended November 30, 2010**

**Findings - Financial Audit Statements**

*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.

*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.

*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 Current Year Audit Findings  
Year Ended November 30, 2010**

**Findings - Financial Audit Statements (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.

*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 31<sup>st</sup> 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.

**Tensas Community Health Center, Inc.**  
**Schedule of Prior Year Audit Findings**  
**Year Ended November 30, 2010**

**Findings - Financial Audit Statements**

*2009-01 Payroll Taxes Not Paid in a Timely Manner*

**Condition:**

Payroll taxes are not being submitted to the Internal Revenue Service in a timely manner.

**Auditor's Recommendation:**

Payroll taxes should be submitted in a timely manner. This is a repeat finding.

**Management's Response:**

Payroll taxes are being submitted in a timely manner. All payroll taxes that were in arrears were brought current by January 20, 2010, and all interest and penalties were paid July 26, 2010. Weekly payroll taxes are current and are paid by electronic deposit. Payroll taxes are paid by accounting personnel on a weekly basis and reviewed by the CEO.

**Status:** This finding was resolved in the current year.

*2009-02 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 receivable balance.

**Status:** This finding repeats in 2010 as finding 2010-01.