

Tensas Community Health Center, Inc.

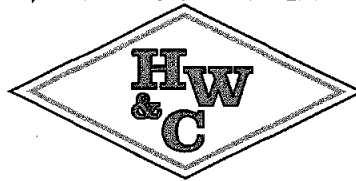
St. Joseph, Louisiana

November 30, 2014

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



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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Tensas Community Health Center (a nonprofit organization), which comprise the statements of financial position as of November 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tensas Community Health Center as of November 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and schedule of compensation, benefits, and other payments to agency head or chief executive officer are presented for purposes of additional analysis and are 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2015, on our consideration of Tensas Community Health Center'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* in considering Tensas Community Health Center's internal control over financial reporting and compliance.



August 13, 2015

Tensas Community Health Center, Inc.
Statements of Financial Position
November 30, 2014 and 2013

Assets

	2014	2013
Current Assets		
Patient receivables, net	\$ 75,571	\$ 103,262
Prepaid expenses	2,363	10,403
Grants and other receivables	65,145	73,153
Total current assets	143,079	186,818
Property and Equipment, net	890,084	961,885
Total assets	\$ 1,033,163	\$ 1,148,703

Liabilities and Net Assets

Current Liabilities		
Managed overdraft	\$ 6,402	\$ 59,689
Accounts payable	166,916	89,091
Current portion of note payable	-	3,121
Current portion of capital lease payable	11,680	5,840
Accrued liabilities	48,643	39,481
Total current liabilities	233,641	197,222
Noncurrent Liabilities		
Long-term portion of capital lease payable	40,880	46,720
Total liabilities	274,521	243,942
Net Assets, unrestricted	758,642	904,761
Total liabilities and net assets	\$ 1,033,163	\$ 1,148,703

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

Tensas Community Health Center, Inc.
Statements of Activities
Years Ended November 30, 2014 and 2013

	Unrestricted	
	2014	2013
Revenue and Other Support		
Grants and contracts	\$ 632,819	\$ 640,383
Net patient service revenue	512,507	483,598
In-kind contributions	89,000	89,000
Miscellaneous revenue	27,526	11,458
Total revenue and other support	1,261,852	1,224,439
Expenses		
Program	1,125,222	889,775
Management and general	282,749	243,185
Total expenses	1,407,971	1,132,960
Change in Net Assets	(146,119)	91,479
Net Assets, beginning of period	904,761	813,282
Net Assets, end of period	\$ 758,642	\$ 904,761

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

Tensas Community Health Center, Inc.
Statements of Functional Expenses
Years Ended November 30, 2014 and 2013

	November 30, 2014			November 30, 2013		
	Program	Management and General	Total	Program	Management and General	Total
Expenses						
Salaries and wages	\$ 461,782	\$ 99,751	\$ 561,533	\$ 360,191	\$ 90,894	\$ 451,085
Payroll taxes and benefits	90,624	23,633	114,257	89,224	23,262	112,486
Professional services	302,617	17,773	320,390	255,596	16,359	271,955
Ancillary services	10,220	-	10,220	4,736	-	4,736
Supplies	46,047	27,280	73,327	47,498	17,801	65,299
Insurance	-	10,253	10,253	-	8,218	8,218
Recruitment/advertising	-	4,335	4,335	-	1,639	1,639
Travel, conferences, and meetings	3,389	2,260	5,649	2,275	1,516	3,791
Administrative	-	60,820	60,820	-	45,836	45,836
Bad debts	86,097	-	86,097	4,217	-	4,217
Interest	-	289	289	-	819	819
Depreciation	53,851	17,950	71,801	54,809	18,270	73,079
Rent	70,595	18,405	89,000	71,229	18,571	89,800
 Total expenses	 <u>\$ 1,125,222</u>	 <u>\$ 282,749</u>	 <u>\$ 1,407,971</u>	 <u>\$ 889,775</u>	 <u>\$ 243,185</u>	 <u>\$ 1,132,960</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, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities		
Change in net assets	\$ (146,119)	\$ 91,479
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	71,801	73,079
Bad debts	77,180	4,217
(Increase) Decrease in assets:		
Patient receivables	(49,489)	(41,264)
Prepaid expenses	8,040	(6,850)
Grants and other receivables	8,008	(43,375)
Increase (Decrease) in liabilities:		
Accounts payable	77,825	(29,623)
Accrued liabilities	9,162	5,198
Net cash provided by operating activities	56,408	52,861
Cash Flows From Investing Activities		
Purchase of property and equipment	-	(54,465)
Net cash used in investing activities	-	(54,465)
Cash Flows From Financing Activities		
Change in managed overdraft	(53,287)	23,093
Payments on capital lease payable	-	(5,840)
Payments on note payable	(3,121)	(15,649)
Net cash provided by (used in) financing activities	(56,408)	1,604
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	\$ 289	\$ 819

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

Tensas Community Health Center, Inc.
Notes to Financial Statements
November 30, 2014

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, 2014 and 2013, 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, 2014

Note 2-Summary of Significant Accounting Policies (Continued)

D. Patient Receivables (Continued)

Recoveries, if any, are recorded when received. As of November 30, 2014 and 2013, management established an allowance of \$216,141 and \$138,961, 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.

II. Income Tax Status

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

Tensas Community Health Center, Inc.
Notes to Financial Statements
November 30, 2014

Note 2-Summary of Significant Accounting Policies (Continued)

H. Income Tax Status (Continued)

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the Center was to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors. Generally, tax returns may be examined for three years from the filing date and the current and prior three years remain subject to examination as of November 30, 2014.

I. Advertising

Advertising costs are expensed as incurred and totaled \$3,883 and \$1,414 for the years ended November 30, 2014 and 2013, respectively.

J. Functional Expense

The costs of providing various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefitted.

Note 3-Property and Equipment

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

	2014	2013
Dental building	\$ 781,945	\$ 781,945
Computer equipment	85,230	85,230
Medical equipment	192,461	192,461
Vehicles	18,485	18,485
Leased dental equipment	58,400	58,400
Land	75,958	75,958
	1,212,479	1,212,479
Less: accumulated depreciation	322,395	250,594
	\$ 890,084	\$ 961,885

Included in depreciation expense is amortization for assets under capital lease amounting to \$8,343 for the years ended November 30, 2014 and 2013. Included in accumulated depreciation is accumulated amortization for assets under capital lease amounting to \$25,029 and \$16,686 as of November 30, 2014 and 2013, respectively.

Tensas Community Health Center, Inc.
Notes to Financial Statements
November 30, 2014

Note 4-Note Payable

	2014	2013
The Center had an unsecured note payable to a financial institution, bearing interest at 7.50% per annum, that matured on October 20, 2013.	<u>\$ -</u>	<u>\$ 3,121</u>

Note 5-Capital Lease Payable

	2014	2013
The Center 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 in annual principal installments of \$5,840, secured by the equipment under the lease, maturing on December 1, 2021.	\$ 52,560	\$ 52,560
Less: current portion	<u>(11,680)</u>	<u>(5,840)</u>
	<u>\$ 40,880</u>	<u>\$ 46,720</u>

Following are the aggregate future maturities of the capital lease:

2015	\$ 11,680
2016	5,840
2017	5,840
2018	5,840
2019	5,840
Thereafter	<u>17,520</u>
	<u>\$ 52,560</u>

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

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, 2014

Note 7-Contingencies (Continued)

The Center is involved in a claim incidental to its business for which a determination cannot be made of either the likelihood or the amount of potential losses, if any.

Note 8-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>2014</u>	<u>2013</u>
Medicaid	50%	58%
Medicare	10%	6%
Sliding fee/private pay	31%	26%
Commercial insurance	9%	10%

Note 9-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, 2014 and 2013 was \$89,000.

Note 10-Subsequent Events

The Center evaluated all subsequent events through August 13, 2015, 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 Compensation, Benefits, and Other Payments to
Agency Head or Chief Executive Officer
November 30, 2014

Agency Head Name: Jacqueline Schauf, CEO

Salary	\$ 77,717
Benefits - insurance	9,181
Benefits - retirement	-
Car allowance	-
Vehicle provided by agency	-
Per diem	-
Reimbursements	2,512
Travel	2,983
Registration fees	655
Conference travel	1,150
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tensas Community Health Center (a nonprofit organization), which comprise the statement of financial position as of November 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 13, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tensas Community Health Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tensas Community Health Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Tensas Community Health 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 a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2014-002 and 2014-003, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tensas Community Health Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 2014-001.

Tensas Community Health Center's Response to Findings

Tensas Community Health Center's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Tensas Community Health Center's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Purpose of this Report

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



August 13, 2015

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



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**Independent Auditor's Report on Compliance for Each Major Program
And on Internal Control over Compliance Required by OMB Circular A-133**

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

Report on Compliance for Each Major Federal Program

We have audited Tensas Community Health Center'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's major federal programs for the year ended November 30, 2014. Tensas Community Health Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Tensas Community Health Center's major federal programs based on our audit of the types of compliance requirements referred to above. 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'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 on compliance for each major federal program. However, our audit does not provide a legal determination of Tensas Community Health Center's compliance.

Opinion on Each Major Federal Program

In our opinion, Tensas Community Health Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2014.

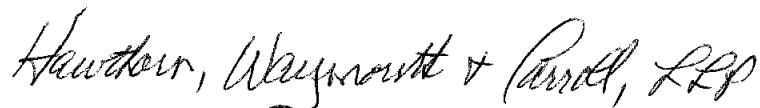
Report on Internal Control Over Compliance

Management of Tensas Community Health Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Tensas Community Health Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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'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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



August 13, 2015

Tensas Community Health Center, Inc.
Schedule of Expenditures of Federal Awards
Year Ended November 30, 2014

<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>590,725</u>
Total expenditures of federal awards		\$ <u><u>590,725</u></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, 2014

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, 2014. 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, 2014.

Note 4-Non-cash Assistance

No federal awards were expended in the form of non-cash assistance during the year ended November 30, 2014.

Tensas Community Health Center, Inc.
Schedule of Findings and Questioned Costs
Year Ended November 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:
Unmodified

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:

Unmodified

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 Number</u>	<u>Federal Program or Cluster</u>
93.224	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 Findings and Questioned Costs
Year Ended November 30, 2014

Section II - Financial Statement Audit Findings

Noncompliance with State Laws and Regulations

2014-001: Filing of Report with Louisiana Legislative Auditor

Condition:

Financial statements were not timely filed with the Louisiana 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.

Cause:

The Center was not ready for the audit in a timely manner.

Effect:

The Center's financial statements were not timely filed.

Auditor's Recommendation:

To comply with state laws and regulations, the Center should close its books sooner so the audit process can be completed prior to the deadline, or an extension should be filed with the Louisiana 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 Louisiana Legislative Auditor.

Significant Deficiencies

2014-002: Cash Reconciliations

Condition:

The operating cash account does not reconcile with the general ledger.

Criteria:

The Center should reconcile all bank accounts to the general ledger on a monthly basis, with any discrepancies being investigated and resolved in a timely manner.

Cause:

The bank reconciliation was not being reconciled to the general ledger.

Effect:

Failure to accurately reconcile cash balances could result in fraudulent transactions or errors going undetected.

Tensas Community Health Center, Inc.
Schedule of Findings and Questioned Costs
Year Ended November 30, 2014

Section II - Financial Statement Audit Findings (Continued)

Significant Deficiencies (Continued)

2014-002: Cash Reconciliations (Continued)

Auditor's Recommendation:

Bank accounts should be reconciled monthly, and the ending cash balance per the reconciliation should agree with the cash balance per the general ledger.

Management's Corrective Action Plan:

This difference occurred when prior period checks were voided improperly in the accounting system. Policies have been since implemented to assure the ending cash balance per the reconciliation will agree with the cash balance per the general ledger and will be reviewed by the CFO.

2014-003: Allowance for Doubtful Accounts

Condition:

Management is not reviewing the allowance for doubtful accounts on a monthly basis.

Criteria:

Management should review the allowance for doubtful accounts on a monthly basis to determine its adequacy.

Cause:

Management is not reviewing the allowance for doubtful accounts.

Effect:

Net accounts receivable are not properly stated for interim review by the Board of Directors.

Auditor's Recommendation:

Management should review the allowance for doubtful accounts monthly and make necessary adjustments to reflect the balance expected to be collected from patients, third-party payers, and others.

Management's Corrective Action Plan:

The CEO and CFO will review the allowance for doubtful accounts monthly and make necessary adjustments to reflect the balance expected to be collected.

Section III - Federal Award Findings

None.

Tensas Community Health Center, Inc.
Schedule of Prior Year Findings and Questioned Costs
Year Ended November 30, 2014

Section II - Financial Statement Audit Findings

Noncompliance with State Laws and Regulations

2013-01 Filing of Report with Louisiana Legislative Auditor

Condition:

Financial statements were not timely filed with the Louisiana 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.

Cause:

The Center was not ready for the audit in a timely manner.

Effect:

The Center's financial statements were not timely filed.

Auditor's Recommendation:

To comply with state laws and regulations, the Center should close its books sooner so the audit process can be completed prior to the deadline, or an extension should be filed with the Louisiana 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 Louisiana Legislative Auditor.

Status: This finding repeats in the current year as finding 2014-001.

Section III - Federal Award Findings

None.