

**IBERIA COMPREHENSIVE  
COMMUNITY HEALTH CENTER, INC.**

**Financial and Compliance Report  
May 31, 2013**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Iberia Comprehensive Community Health Center, Inc.  
New Iberia, Louisiana

### **Report on the Financial Statements**

I have audited the accompanying statements of Iberia Comprehensive Community Health Center, Inc., (a non-profit organization), which comprise the statement of financial position as of May 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iberia Comprehensive Community Health Center, Inc. as of May 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

I have previously audited Iberia Comprehensive Community Health Center, Inc.'s May 31, 2012 financial statements, and my report dated October 3, 2012, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Other Information*

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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*, I have also issued my report dated October 7, 2013, on my consideration of Iberia Comprehensive Community Health Center, Inc.'s internal control over financial reporting and on my 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 my 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* in considering Iberia Comprehensive Community Health Center, Inc.'s internal control over financial reporting and compliance.

Steven M. DeRouen & Associates

Lake Charles, Louisiana  
October 7, 2013

**IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.**  
**New Iberia, Louisiana**  
**Statements of Financial Position**  
**As of May 31, 2013**  
**With Summarized Comparative Totals as of May 31, 2012**

<b>Assets</b>	<b>2013</b>	<b>2012</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 645,379	\$ 211,796
Patient accounts receivable, net	316,332	818,042
Supplies inventory	21,979	29,102
Prepaid expenses	111,359	55,455
Certificates of deposit	113,573	112,613
Other receivables	16,368	21,828
Total Current Assets	1,224,990	1,248,836
<b>Property, Plant and Equipment</b>		
Land and improvements	1,472,042	1,441,342
Building and improvements	7,987,937	7,570,193
Furniture and equipment	2,478,935	2,063,151
Construction in progress	1,131,878	66,520
Less accumulated depreciation	(2,934,776)	(2,322,938)
Total Property and Equipment	10,136,016	8,818,268
<b>Other Assets</b>		
Deposits	991	991
Certificate of deposit	117,883	116,945
Investment - LA Partnership for Choice and Access, LLC	50,454	195,390
Investments - Mortgage Backed Securities	1,517,789	936,091
Total Other Assets	1,687,117	1,249,417
Total Assets	\$ 13,048,123	\$ 11,316,521
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 569,494	\$ 669,387
Accrued payroll and other liabilities	923,138	581,102
Current portion of notes payable	-	623,702
Total Current liabilities	1,492,632	1,874,191
<b>Long Term Liabilities</b>		
Notes payable - net of current portion	-	-
Total Liabilities	1,492,632	1,874,191
<b>Net Assets</b>		
Unrestricted net assets	11,555,491	9,442,330
Total Liabilities and Net Assets	\$ 13,048,123	\$ 11,316,521

See accompanying notes to financial statements.

**IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.**  
**New Iberia, Louisiana**  
**Statements of Activities**  
**For the Year Ended May 31, 2013**  
**With Summarized Comparative Totals for the Year Ended May 31, 2012**

	<b>2013</b>	<b>2012</b>
<b>Revenue and Support</b>		
Grant, public health service	\$ 2,297,181	\$ 2,128,396
Other grants and contracts	739,481	1,717,953
Patients' fees, net	9,591,438	8,767,339
Other sources	390,101	818,215
Gain (loss) from LA Partnership for Choice and Access, LLC	1,279,729	(30,476)
Unrealized gain (loss) on investments	(75,215)	(5,602)
Total Revenue and Support	14,222,715	13,395,825
<b>Expenses</b>		
Program Services	8,633,261	8,895,461
Management and general	3,476,293	3,088,770
Total Expenses	12,109,554	11,984,231
Change in Net Assets	2,113,161	1,411,594
Net Assets - Beginning of Year	9,442,330	8,030,736
Net Assets - End of Year	\$ 11,555,491	\$ 9,442,330

See accompanying notes to financial statements.

**IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.**  
**New Iberia, Louisiana**  
**Statements of Cash Flows**  
**For the Year Ended May 31, 2013**  
**With Summarized Comparative Totals for the Year Ended May 31, 2012**

	<b>2013</b>	<b>2012</b>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 2,113,161	\$ 1,411,594
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	611,837	503,280
Net (gain) loss on long-term investments	(1,204,514)	36,078
Change in allowance for doubtful accounts	111,014	(10,200)
(Increase) decrease in accounts receivable, patients	390,696	(241,324)
(Increase) decrease in supplies inventory	7,123	(698)
(Increase) decrease in prepaid expenses	(55,904)	(17,758)
(Increase) decrease in other receivables	5,460	(3,637)
Increase (decrease) in accounts payable	(99,893)	(163,470)
Increase (decrease) in accrued payroll and other liabilities	342,036	97,440
Other	-	856
	<u>2,221,016</u>	<u>1,612,161</u>
<b>Net Cash Provided (Used) by Operating Activities</b>		
<b>Cash Flows From Investing Activities</b>		
(Purchase) redemption of certificate of deposit	(1,898)	(2,464)
(Purchase) redemption of investments in mortgage backed securities	(656,913)	(54,597)
Proceeds from sale of LA Partnership for Choice and Access, LLC	1,424,665	-
Payments on construction in progress	(1,488,429)	(720,293)
Fixed asset acquisitions	(441,156)	(1,337,399)
	<u>(1,163,731)</u>	<u>(2,114,753)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>		
<b>Cash Flows From Financing Activities</b>		
Proceeds on short-term debt	-	361,552
Principal payments on loans	(623,702)	(73,951)
	<u>(623,702)</u>	<u>287,601</u>
<b>Net Cash Provided (Used) by Financing Activities</b>		
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	433,583	(214,991)
Cash and Cash Equivalents - Beginning of Year	<u>211,796</u>	<u>426,787</u>
Cash and Cash Equivalents - End of Year	<u>\$ 645,379</u>	<u>\$ 211,796</u>
<b>Supplemental Disclosure:</b>		
Interest paid	<u>\$ 11,120</u>	<u>\$ 19,438</u>

See accompanying notes to financial statements.

**IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.**  
**New Iberia, Louisiana**  
**Statements of Functional Expenses**  
**For the Year Ended May 31, 2013**  
**With Summarized Comparative Totals for the Year Ended May 31, 2012**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>	
		<u>General and Administrative</u>	<u>2013</u>	<u>2012</u>	
Salaries	\$ 5,018,152	\$ 1,856,029	\$ 6,874,181	\$ 6,748,173	
Fringe benefits	373,446	138,124	511,570	562,718	
Payroll taxes	363,485	134,439	497,924	485,224	
Consultants and contractual services	1,020,441	659,301	1,679,742	1,557,953	
Supplies	967,037	117	967,154	1,129,778	
Dues and subscriptions/printing	-	43,764	43,764	45,725	
Maintenance and repairs	122,242	45,213	167,455	174,918	
Insurance	-	95,564	95,564	84,005	
Travel and seminars	81,839	6,992	88,831	111,832	
Occupancy	78,159	28,908	107,067	103,670	
Interest	-	11,120	11,120	19,438	
Legal and professional	-	81,555	81,555	94,539	
Telephone	77,079	28,508	105,587	96,272	
Advertising and promotion	83,522	-	83,522	59,134	
Miscellaneous	1,219	137,605	138,824	121,632	
Service charges	-	36,625	36,625	36,011	
Recruitment cost	-	7,232	7,232	49,929	
Total expenses before depreciation	<u>8,186,620</u>	<u>3,311,097</u>	<u>11,497,717</u>	<u>11,480,951</u>	
Depreciation and amortization	<u>446,641</u>	<u>165,196</u>	<u>611,837</u>	<u>503,280</u>	
Total expenses	<u>\$ 8,633,261</u>	<u>\$ 3,476,293</u>	<u>\$ 12,109,554</u>	<u>\$ 11,984,231</u>	

See accompanying notes to financial statements.



**IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.**  
**Notes to Financial Statements**  
**May 31, 2013**

**NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Iberia Comprehensive Community Health Center, Inc. (a nonprofit corporation) was incorporated April 26, 1985 to provide comprehensive health care to area residents, with particular emphasis on the socio-economically disadvantaged. The Organization is a federally qualified health center (FQHC).

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and applicable state codes. Accordingly, no provision for federal and state income taxes is included in the financial statements.

**Method of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles.

**Accounting 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 and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, the Organization considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

**Property and Equipment**

Property and equipment is stated at cost. It is the Organization's policy to capitalize expenditures for these items in excess of \$1,000. Repairs and maintenance are charged to operations when incurred. Depreciation of property and equipment is computed principally by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building & improvements	15 - 30
Equipment, furniture and fixtures	3 - 10
Land improvements	20

**IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.**  
**Notes to Financial Statements (Continued)**  
**May 31, 2013**

**NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Advertising Expense**

The Organization expenses the cost of advertising as the expense is incurred. For the year ended May 31, 2013, the cost totaled \$83,522.

**Accounts Receivable**

The Organization records accounts receivable at the time of service according to fees developed from cost data of this and similar organizations. These amounts are often reduced because of the patients' inability to pay or because of disallowances and reductions from third party payers.

**Bad Debts**

The Organization uses the allowance method in accounting for its un-collectible accounts. The allowance account consists of an estimate of uncollectible accounts and a general reserve. Management's evaluation of the adequacy of the allowance is based on a continuing review of all accounts and includes a consideration of past patient history, any adverse situations that might affect the patient's ability to repay, and current economic conditions. Amounts charged-off that are subsequently recovered are recorded as income.

**Major Funding Source**

The Organization receives funds from DHHS, under section 330 of the Public Health Service Act (42 U.S.C. 254c). In accordance with DHHS policies, all funds disbursed should be in compliance with the specific terms of the grant agreements. DHHS may, at its discretion, request reimbursement for expenses or return of unexpended funds, or both, as a result of non-compliance by the Organization with the terms of the grants. In addition, if the Organization terminates its DHHS grant activities, all unexpended federal funds are to be returned to DHHS.

**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.

**Inventory**

Supply inventories are stated at lower of cost, determined by the FIFO method, or market.

**Functional Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.**  
**Notes to Financial Statements (Continued)**  
**May 31, 2013**

**NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

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

**Grants and Contributions**

Grants and contributions are recognized as income when received. The Board reports grants as temporarily restricted support if they are received with stipulations that limit the use of the funds. When grantor restrictions expire, temporary restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All other support is recognized when earned.

**Risk Management**

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters.

**NOTE 2 - PATIENT ACCOUNTS RECEIVABLE**

Patient accounts receivable are comprised of the following for the year ending May 31, 2013:

Medicare	\$	74,794
Medicaid		95,310
Private		229,838
		399,942
Less allowance for doubtful accounts		(83,610)
		\$ 316,332

**NOTE 3 - COST REPORT RECEIVABLE**

The Organization participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Organization participates in the Medicaid program as a federally qualified health center. Final settlements will be made upon completion of audits by program representatives.

**IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.**  
**Notes to Financial Statements (Continued)**  
**May 31, 2013**

**NOTE 4 - ECONOMIC DEPENDENCY**

The Organization receives a substantial portion of its total support and revenues from the federal government. During the year ended May 31, 2013, Iberia Comprehensive Community Health Center, Inc. recorded \$2,297,181 in grant support from the Department of Health and Human Services. This represents 16.1% of total support and revenues for the year ended May 31, 2013.

**NOTE 5 - FUNCTIONAL ALLOCATION OF EXPENSES**

Expenses were allocated in the accompanying financial statements to program and supporting service functional expense groups. The methods of allocation were based on several factors such as utilization of office space as well as the Organization's estimates of the relative proportion of various staff members' time and effort between program and administrative functions.

**NOTE 6 - CONCENTRATIONS OF CREDIT RISK**

The Organization maintains several bank accounts at various banks, where account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, the Organization maintains deposit balances that exceed federally insured limits. The Organization deposits its cash with high quality financial institutions, and management believes the Organization is not exposed to significant credit risk on those amounts.

The majority of the Organization's patients are located in Iberia Parish Louisiana. The Organization grants credit without collateral to its patients. The mix of receivables from patients and third-party payers as of May 31, 2013 was as follows:

Medicare	24 %
Medicaid	30
Other	46
	100 %

The mix of net patient revenues for the year ended May 31, 2013 was as follows:

Medicare	16 %
Medicaid	48
Other	36
	100 %

**NOTE 7 - ACCRUED VACATION**

The Organization allows employees to carry over unused vacation hours. The accrual is calculated based on the employee's pay rate at the end of the year. At May 31, 2013 accrued vacation totaled \$249,445.

**IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.**  
**Notes to Financial Statements (Continued)**  
**May 31, 2013**

**NOTE 8 – CHARITY CARE**

The Organization provides care to patients who qualify under federal guidelines and other policies of the Organization at fees less than its established rates. The amount of charity care is reduced from the amount of fees for services presented in the statement of activities. The amount of charity care for disclosure purposes should be measured by costs, including direct and indirect costs. Management has calculated the costs associated with providing charity care utilizing the cost to charge ratio obtained from the Medicare cost report data. The amount of costs associated with charity care for the fiscal year ending May 31, 2013 was \$2,508,418.

**NOTE 9 – 401(k) PLAN**

The Organization sponsors a 401(k) Plan covering substantially all of its employees. The employees may elect to make contributions pursuant to a salary reduction agreement upon meeting eligibility requirements. The Organization made matching contributions of \$81,713 for the year ended May 31, 2013.

**NOTE 10 – LINE OF CREDIT**

The Organization has a line of credit with an available limit of \$630,000. Interest accrues and is payable monthly at the 30 day LIBOR rate plus 3.25% on any outstanding balance. The line is secured by the Organization's mortgage backed securities investment account held by the lender. The balance due on this line of credit was \$-0- as of May 31, 2013.

**NOTE 11 – INVESTMENTS**

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

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

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

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

**IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.**  
**Notes to Financial Statements (Continued)**  
**May 31, 2013**

**NOTE 11 – INVESTMENTS (CONTINUED)**

During year ended May 31, 2010, the Organization invested \$251,000 in the Louisiana Partnership for Choice and Access, LLC (LPC&A). The LLC investors are limited to Federally Qualified Health Centers (FQHC) or FQHC look-alike organizations. The LLC investors owned a 49% interest in Healthy Louisiana Choice, Inc. a Louisiana Corporation.

During the year ending May 31, 2013, the LPC&A sold its equity in a joint venture for \$11 million. The Organization had a participation percentage of 12.95, and accordingly, receiving \$1,424,665 from the sale.

The following schedule details activity in the investment in LPC&A for the year ending May 31, 2013:

Investment value on May 31, 2012	\$ 195,390
Gain on investment	1,279,729
Sales proceeds	<u>(1,424,665)</u>
Investment value on May 31, 2013	<u>\$ 50,454</u>

The amortized cost and fair values measured on a recurring basis of investment securities as of May 31, 2013 are as follows:

	Amortized Cost	Fair Value	Unrealized Gain (Loss)
Mortgage-Backed Securities (Level 2 Observable Inputs)	\$ 1,588,014	\$ 1,517,789	\$ (70,225)
Certificate of deposits (Level 2 Observable Inputs)	\$ 231,456	\$ 231,456	\$ -0-
La. Partnership for Choice and Access, LLC (251 units) (Level 3 Cost Basis)	\$ 50,454	\$ 50,454	\$ -0-

**NOTE 12 – FAIR VALUE OF INSTRUMENTS**

The Organization has a number of financial instruments, none of which is held for trading purposes. The Organization estimates that the fair value of all financial instruments at May 31, 2013, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the agency could realize in a current market exchange. The recorded values of cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, and accrued expenses approximate their fair values based on their short-term nature.

**IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.**  
**Notes to Financial Statements (Continued)**  
**May 31, 2013**

**NOTE 13 - CONSTRUCTION IN PROGRESS**

The Organization has one construction project in progress at May 31, 2013. The following is a schedule of that project:

	Estimated Total Costs	Cost Incurred To Date	Estimated Completion Date
Sabine Parish Community Health Center	\$ 1,302,782	\$ 1,131,878	November 2013

**NOTE 14 - PRIOR-YEAR SUMMARIZED INFORMATION**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended May 31, 2012, from which the summarized information was derived.

**NOTE 15 - PATIENT SERVICE REVENUE**

Patient service revenue for fiscal years ending May 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Gross patient service revenue	\$12,480,572	\$12,144,768
Contractual allowances and discounts	(2,848,649)	(3,053,549)
Bad debts	<u>(40,485)</u>	<u>(323,880)</u>
Net patient service revenue	<u>\$ 9,591,438</u>	<u>\$ 8,767,339</u>

**NOTE 16 - SUBSEQUENT EVENTS**

The Organization evaluated its May 31, 2013 financial statements for subsequent events through October 7, 2013, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

**IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended May 31, 2013**

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Program Year</u>	<u>Program Receipts</u>	<u>Program Expenses</u>
U. S. Department of Health and Human Services					
Direct Programs:					
Community Health Center Section 330	93.224 *	H80CS00697	6/1/12 - 5/31/13	\$ 1,991,436	\$ 1,991,436
Affordable Care Act - Grants for School Based Health Centers	93.501 *	C12CS21867	7/1/11 - 6/30/13	305,745	305,745
				<hr/>	<hr/>
Total federal assistance				<u>\$ 2,297,181</u>	<u>\$ 2,297,181</u>

**\* Programs considered major.**

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Iberia Comprehensive Community Health Center, Inc., and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Certain costs have been allocated to the federal program in accordance with OMB Circular A-122, *Cost Principles for Non-Profit Organizations*. The amounts presented in this schedule do not differ from the amounts presented in, or used in the preparation of the financial statements.



# STEVEN M. DEROUEN & ASSOCIATES

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND NONCOMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
Iberia Comprehensive Community Health Center, Inc.  
New Iberia, Louisiana

I 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 Iberia Comprehensive Community Health Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2013, 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 my report thereon dated October 7, 2013.

### **Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Iberia Comprehensive Community Health Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Iberia Comprehensive Community Health Center, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Iberia Comprehensive Community Health Center, Inc.'s internal control.

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

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

Board of Directors  
Iberia Comprehensive Community Health Center, Inc.  
New Iberia, Louisiana  
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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Iberia Comprehensive Community Health Center, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

Steven M. DeRouen & Associates

Lake Charles, Louisiana  
October 7, 2013

# STEVEN M. DEROUEN & ASSOCIATES

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Certified Public Accountants

## 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

The Board of Directors  
Iberia Comprehensive Community Health Center, Inc.  
New Iberia, Louisiana

### **Report on Compliance for Each Major Federal Program**

I have audited Iberia Comprehensive 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 Iberia Comprehensive Community Health Center, Inc.'s major federal programs for the year ended May 31, 2013. Iberia Comprehensive 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.

### **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**

My responsibility is to express an opinion on compliance for each of Iberia Comprehensive Community Health Center, Inc.'s major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 Iberia Comprehensive Community Health Center, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Iberia Comprehensive Community Health Center, Inc.'s compliance.

### **Opinion on Each Major Federal Program**

In my opinion, Iberia Comprehensive Community Health Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2013.

Board of Directors  
Iberia Comprehensive Community Health Center, Inc.  
New Iberia, Louisiana  
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## **Report on Internal Control Over Compliance**

Management of Iberia Comprehensive Community Health Center, Inc. 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, I considered Iberia Comprehensive Community Health Center, Inc.'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, I do not express an opinion on the effectiveness of Iberia Comprehensive 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. 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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my 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. However, this report is a matter of public record and its distribution is not limited.

*Steven M. DeRouen & Associates*

Lake Charles, Louisiana  
October 7, 2013

**IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.**  
**Schedule of Findings and Questioned Cost**  
**Year Ended May 31, 2013**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

Financial Statements

Type of auditor’s report issued					Unqualified
Internal control over financial reporting:					
Material weaknesses identified?	___	Yes	_x_	No	
Significant deficiencies identified not considered to be material weaknesses?	___	Yes	_x_	None reported	
Noncompliance material to financial statements noted?	___	Yes	_x_	No	

Federal Awards

Internal control over major programs:					
Material weaknesses identified?	___	Yes	_x_	No	
Significant deficiencies identified not considered to be material weaknesses?	___	Yes	_x_	None reported	
Type of auditor’s report issued on compliance for major programs:					Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	___	Yes	_x_	No	

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.224	US Department of Health and Human Services, Community Health Center Section 330
93.501	US Department of Health and Human Services, Affordable Care Act for School Based Health Centers

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

Auditee qualified as low-risk auditee?  Yes  No

**No Separate Management Letter was Issued**

**SECTION II – FINDINGS**

**None**

**IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended May 31, 2013**

**SECTION III – PRIOR YEAR FINDINGS**

**None**