

**RAPIDES PRIMARY HEALTH
CARE CENTER, INC.**

AUDITED FINANCIAL STATEMENTS

**FEBRUARY 28, 2013
(WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2012)**

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
February 28, 2013
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rapides Primary Health Care Center, Inc.
Alexandria, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Rapides Primary Health Care Center, Inc., (a nonprofit organization), which comprise the statement of financial position as of February 28, 2013, and the related statements of activities, cash flows, and functional expenses 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

Our responsibility is to express an opinion on these financial statements based on our audit. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 Rapides Primary Health Care Center, Inc., as of February 28, 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

We have previously audited Rapides Primary Health Care Center, Inc.'s 2012 financial statements, and our report dated September 14, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended February 29, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other-Matters

Other Information

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, 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 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 08, 2013, on our consideration of Rapides Primary Health Care Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rapides Primary Health Care Center, Inc.'s internal control over financial reporting and compliance.

Banks, Finley, White & Co.

Ridgeland, Mississippi
August 08, 2013

EXHIBIT I

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Statement of Financial Position
February 28, 2013
(With Summarized Financial Information for 2012)

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current Assets:		
Cash	\$ 227,208	\$ 22,982
Patient care receivables, less allowance of \$409,555 for doubtful accounts	1,274,875	1,293,802
Grants receivable	96,454	96,454
Employee advances	5,630	1,748
Investment in LPCA (Note 7)	-	100,000
Total Current Assets	<u>1,604,167</u>	<u>1,514,986</u>
Fixed Assets:		
Land	68,027	68,027
Building and improvements	3,367,077	3,248,009
Furniture and equipment	1,113,597	925,544
Vehicles	25,740	25,740
Total Fixed Assets	<u>4,574,441</u>	<u>4,267,320</u>
Less: Accumulated depreciation	<u>(1,256,655)</u>	<u>(1,197,855)</u>
Net Fixed Assets	<u>3,317,786</u>	<u>3,069,465</u>
Other Assets:		
Deposits	<u>1,000</u>	<u>1,000</u>
TOTAL ASSETS	<u>\$ 4,922,953</u>	<u>\$ 4,585,451</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 7,999	\$ 24,970
Payroll taxes payable	21,814	18,072
Other payroll deductions payable	44,927	22,686
Salaries payable	24,290	34,874
Accrued annual leave	20,320	35,011
Bank line of credit	101,216	142,438
Current portion of long term debt	-	43,669
Total Current Liabilities	<u>220,566</u>	<u>321,720</u>
Long-Term Liabilities		
Notes payable	-	50,342
Total Long-Term Liabilities	<u>-</u>	<u>50,342</u>
Total Liabilities	<u>220,566</u>	<u>372,062</u>
Net Assets:		
Unrestricted		
Undesignated (Operating)	1,649,391	1,408,714
Fixed assets	2,956,542	2,708,221
Temporarily restricted	96,454	96,454
Total Net Assets	<u>4,702,387</u>	<u>4,213,389</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,922,953</u>	<u>\$ 4,585,451</u>

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

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Statement of Activities
For the Year Ended February 28, 2013
(With Summarized Financial Information for 2012)

	<u>Current Unrestricted</u>	
	<u>2013</u>	<u>2012</u>
SUPPORT AND REVENUES (Note 2)		
Support:		
Federal grants and contracts	\$ 667,755	\$ 695,314
Other local support	<u>38,607</u>	<u>354,207</u>
Total Support	<u>706,362</u>	<u>1,049,521</u>
Revenue:		
Health care services, net of charity, bad debts and contractual adjustments of \$(117,672)	1,745,866	1,946,761
Interest income	211	267
Other income	<u>8,345</u>	<u>9,332</u>
Total Revenue	<u>1,754,422</u>	<u>1,956,360</u>
TOTAL SUPPORT AND REVENUES	<u>2,460,784</u>	<u>3,005,881</u>
EXPENSES		
Program Services		
Medical services	1,259,741	1,235,437
Dental services	<u>420,687</u>	<u>426,237</u>
Total Program Services	<u>1,680,428</u>	<u>1,661,674</u>
Supporting Services		
Management and general	<u>758,953</u>	<u>730,990</u>
Total Supporting Services	<u>758,953</u>	<u>730,990</u>
TOTAL EXPENSES	<u>2,439,381</u>	<u>2,392,664</u>
Change in net Assets	21,403	613,217
Net Assets, Beginning of Year	<u>4,213,389</u>	<u>3,600,172</u>
Other changes in net assets		
Gain on sale of investment	<u>467,595</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 4,702,387</u>	<u>\$ 4,213,389</u>

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

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Statement of Cash Flows
For the Year Ended February 28, 2013
(With Summarized Financial Information for 2012)

CASH FLOWS USED FOR OPERATING ACTIVITIES:

	2013	2012
Changes in Net Assets	\$ 21,403	\$ 613,217
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	58,800	154,620
Bad debt expense	57,996	64,934
Decrease (increase) in:		
Patient care receivables	(39,069)	(201,516)
Employee advances	(3,882)	2,363
Grants receivable	-	17,918
Increase (decrease) in:		
Accounts payable	(16,973)	(49,140)
Payroll taxes payable	3,742	(1,217)
Other payroll deductions payable	22,245	18,533
Salaries payable	(10,584)	12,110
Accrued annual leave	(14,691)	24,955
Other payables	-	(5,089)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	78,987	651,688
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(307,121)	(1,048,056)
Proceeds from bank line of credit	35,000	201,585
Proceeds from sale of investment	567,595	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	295,474	(846,471)
CASH FLOWS FROM FINANCING ACTIVITIES		
Other financing activities	(3)	-
Principal payment on bank line of credit	(76,221)	(59,147)
Principal payment on long-term debt	(94,011)	(108,447)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(170,235)	(167,594)
NET INCREASE (DECREASE) IN CASH	204,226	(362,377)
CASH, BEGINNING OF YEAR	22,982	385,359
CASH, END OF YEAR	\$ 227,208	\$ 22,982
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid for the period	\$ -	\$ 18,263

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

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
 Schedule of Functional Expenses
 For the Year Ended February 28, 2013
 (With Summarized Financial Information for 2012)

	PROGRAM		SERVICES		SUPPORTING SERVICES		2013 Total Expenses	2012 Total Expenses
	Medical Services	Dental Services	Louisiana Primary Care Association	Total Program Services	Management and General			
Personnel	\$ 721,045	180,656	-	901,701	483,050	\$ 1,384,751	\$ 1,268,390	
Fringe benefits	185,281	46,432	-	231,713	130,640	362,353	309,363	
Travel	25,485	12,119	-	37,604	13,869	51,473	62,369	
Supplies	49,209	43,216	-	92,425	14,721	107,146	72,513	
Equipment rental	3,307	1,653	-	4,960	1,653	6,613	8,133	
Contractual	144,666	70,626	-	215,292	41,944	257,236	253,576	
Accounting and audit	8,713	3,497	-	12,210	3,497	15,707	16,301	
Legal	-	-	-	-	-	-	6,029	
Dues and subscriptions	6,205	2,943	-	9,148	2,943	12,091	13,254	
Utilities	22,721	11,360	-	34,081	10,568	44,649	33,792	
Equipment repairs & maint.	2,057	247	-	2,304	1,221	3,525	3,203	
Building repairs & maint.	7,356	5,078	-	12,434	3,562	15,996	22,917	
Insurance	9,456	4,738	-	14,194	4,718	18,912	23,259	
Staff recruitment	-	-	-	-	2,740	2,740	4,935	
Advertisement & marketing	2,215	1,478	-	3,693	651	4,344	13,328	
Security	1,451	726	-	2,177	726	2,903	3,013	
Training and development	6,099	3,049	-	9,148	3,049	12,197	11,192	
Telephone	20,549	10,274	-	30,823	10,274	41,097	38,976	
Postage	1,548	770	-	2,318	769	3,087	4,487	
Printing	2,518	624	-	3,142	624	3,766	4,280	
Space cost	2,633	1,316	-	3,949	2,859	6,808	5,365	
Interest	-	-	-	-	-	-	18,263	
Bank charges	2,115	1,057	-	3,172	1,057	4,229	4,225	
Waste removal	1,925	1,925	-	3,850	792	4,642	5,317	
Board expenses	2,091	1,046	-	3,137	1,646	4,783	7,620	
Janitorial services	-	-	-	-	-	-	7,260	
Property and other taxes	553	276	-	829	276	1,105	880	
Acquisition of fixed assets	258,632	9,882	38,607	307,121	-	307,121	1,048,056	
Transferred to fixed assets	(258,632)	(9,882)	(38,607)	(307,121)	-	(307,121)	(1,048,056)	
Other	331	474	-	805	7,623	8,428	15,804	
Total expenses before depreciation	1,229,529	405,580	-	1,635,109	745,472	2,380,581	2,238,044	
Depreciation	30,212	15,107	-	45,319	13,481	58,800	154,620	
Total Expenses	\$ 1,259,741	420,687	-	1,680,428	758,953	\$ 2,439,381	\$ 2,392,664	

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

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2013

NOTE 1 - ABOUT THE ORGANIZATION

Rapides Primary Health Care Center, Inc., (the "Center"), a non-profit corporation was incorporated in the State of Louisiana on May 19, 1992. The Center was organized to provide efficient and effective health care through the operation of a health delivery system designed to meet the medical needs of the community i.e., early detection diagnosis, and treatment of illness and injuries; to facilitate an understanding of the desirability of initiating a program of preventive medicine; and to generally improve and promote the improvement of the community, civilly and socially. The Center provides comprehensive primary health care to area residents, with particular care for the social-economically disadvantaged. The area served is Central Louisiana. The services are provided through an outpatient Center with a referral program, health education, and limited medical services for hospitalization.

The fiscal year of the Center is March 1 through February 28.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. **Basis of Accounting** - The financial statements of Rapides Primary Health Care Center, Inc., are presented on the accrual basis of accounting.
- B. **Basis of Presentation** - The organization 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.
- C. **Cash and Cash Equivalents** - For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less that are not restricted for specific purposes.
- D. **Donated Property and Equipment** - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.
- E. **Donated Services** - Donated services are recognized as contributions in accordance with FASB Accounting Standards Codification (ASC) 958, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center.
- F. **Functional Expense Allocation** - The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2013

G. Fund Accounting - The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.

H. Property and Equipment - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method. The following estimated useful lives are generally used:

Building	40 years
Furniture and fixtures	5 - 20 years
Equipment	5 - 15 years
Software	3 - 5 years

Expenses for additions, major renewals and betterments are capitalized and expenses for maintenance and repairs are charged to operations as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposal are credited as charged to operations currently.

Asset acquired with a unit cost of \$2,500 is capitalized and depreciated over their estimated useful lives.

Repairs and improvements to real property with a unit cost of \$5,000 are capitalized and depreciated over the estimated remaining life of the real property.

The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition, as well as any disposition proceeds is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding source.

I. Restricted and Unrestricted Revenue and Support - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

J. Employees' Annual Leave - The Center charges annual leave earned by employees which has not been used by them at the end of a period to the period that the leave is earned. At February 28, 2013, employees had \$20,320 in accrued vacation benefits, which are reflected in the financial statements.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2013

K. *Estimates* - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. *Net Patient Service Revenues and Provision for Bad Debt* - Net patient service revenue is reported at the estimated net realized amounts from patients, third-party payors and others for services rendered, including estimated retroactive and prospective adjustments under reimbursements agreements with third-party payors. Third-party payors retain the right to review and propose adjustments to amounts reported by Clinic. Such 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.

The Clinic grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. Additions to the allowance for doubtful accounts are made by means of the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance. The amount of the provision for bad debt is based upon management's assessment of historical expected net collections, business and economic conditions, trends in Federal and state governmental health care coverage, and other collection indicators. Services rendered to individuals when payment is expected and ultimately not received are written off to the allowance for doubtful accounts.

M. *Reclassifications* - Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

NOTE 3 - FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Center in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: the carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

The estimated fair values of the Center's financial instruments, none of which are held for trading purposes, are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$ 227,208	\$ 227,208
Financial liabilities:		
Bank line of credit	\$ 101,216	\$ 101,216

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2013

NOTE 4 - CONCENTRATIONS OF CREDIT RISK ARISING FROM DEPOSITS IN EXCESS OF INSURED LIMITS

The Center maintains its cash balances in one (1) financial institution located in Alexandria, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At February 28, 2013, the Center had no concentration credit risk cash exposure.

NOTE 5 - PATIENT ACCOUNTS RECEIVABLE AND RELATED ALLOWANCE FOR DOUBTFUL ACCOUNTS

Patient accounts receivable, prior to adjustment for the allowance for doubtful accounts, is summarized as follows at February 28, 2013:

<u>Accounts receivable</u>	<u>Amount</u>
Patients	\$ 578,546
Government	<u>1,105,884</u>
	<u>\$ 1,684,430</u>

Allowance for doubtful accounts is summarized as follows at February 28, 2013:

<u>Allowance for doubtful accounts</u>	<u>Amount</u>
Patients	\$ <u>409,555</u>
	<u>\$ 409,555</u>

NOTE 6 - PATIENT SERVICE REVENUE

A summary of patient service revenue, net of contractual adjustments and discounts, is as follows at February 28, 2013.

	<u>Amount</u>
Patient Service Revenue	\$ 1,863,538
Less: contractual adjustments under third-party reimbursement program and discounts	(59,677)
Provision for bad debts	<u>(57,995)</u>
Total Contractual adjustment and bad debt	<u>(117,672)</u>
Net Patient Service Revenue	<u>\$ 1,745,866</u>

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2013

NOTE 7 - SALE OF INVESTMENT

During fiscal year 2013, Rapides Primary Health Care Center, Inc., sold its entire investment in Louisiana Partnership for Choice and Access, TLC (LPCA, LLC) purchased in Fiscal year 2011. ORPHIC purchased 100 Company Units for \$100,000. LPC and A, LLC is a for profit entity that owns 49% of Louisiana Healthcare Connection (a joint venture with Centene Corporation). Louisiana Healthcare Connection was established as a provider services network to assist the State of Louisiana in capping the cost of service delivery, maintain patient base and create a pool of revenue from which to cover the cost of uncompensated care patients receiving healthcare at Federally Qualified Health Centers.

RPHCC investment represents a 5.16% interest in the Louisiana Partnership for Choice and Access, LLC. RPHCC proceeds from the sale of the investment totaled \$567,595, thus a net return on the investment is \$467,595.

NOTE 8 - FIXED ASSETS

The following is a summary schedule of fixed assets and related accumulated depreciation carried in the general property fund.

<u>Assets</u>	Balance at 03/01/12	Additions	Deletions	Balance at 2/28/13
Land	\$ 68,027	-	-	\$ 68,027
Buildings and Improvements	3,248,009	119,068	-	3,367,077
Furniture and Equipment	831,046	155,877	-	986,923
Computer software	94,498	32,176	-	126,674
Motor vehicle	25,740	-	-	25,740
Construction in progress	-	-	-	-
Total	4,267,320	307,121	-	4,574,441
Less: Accumulated Depreciation	<u>(1,197,855)</u>	<u>(58,800)</u>	-	<u>(1,256,655)</u>
Net Fixed Assets	<u>\$ 3,069,465</u>	<u>248,321</u>	-	<u>\$ 3,317,786</u>

Depreciation expense for the year ended February 28, 2013 totaled \$58,800.

NOTE 9 - CORPORATE INCOME TAXES

The corporation is exempt from corporate Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from Louisiana income taxes. Therefore, no provision has been made for Federal or Louisiana corporate income taxes in the accompanying financial statements.

The Organization has adopted recently issued accounting principles related to uncertain tax positions for the year ended February 28, 2013, and has evaluated its tax positions taken for all open tax years. Currently, the 2010, 2011 and 2012 tax years are open and subject to examination by the Internal Revenue Service; however, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions.

Based on the evaluation of the Organization's tax positions, management believes all positions taken would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended February 28, 2013.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2013

NOTE 10 - RETIREMENT PLAN

The Center has a Simple IRA plan that was established on August 28, 2002. The Plan is a tax-deferred retirement plan where each employee establishes an IRA account. Both the employee and employer contributions are deposited in the account. The Center makes matching contributions up to three (3) percent of an employee's compensation. For the year ended February 28, 2013, the Center incurred \$23,189 in pension expense, which is recorded in employees benefits.

NOTE 11 - COMMITMENT AND CONTINGENCIES

A. Annual Leave

The cost of employee's unused annual leave at February 28, 2013 in the amount of \$20,320 is included in the financial statements. See Note 2.J. above.

NOTE 12 - SUMMARY OF FUNDING AND SUPPORT

Rapides Primary Health Care Center's operations are funded through restricted grants from the U. S. Department of Health and Human Services. Other grants and contracts are received from state and local government agencies. The grants and contracts for the current period are shown below.

Source	Grant Number	Period	Amount
U. S. Dept. of HHS	H80CS00244 (Section 330)	3/1/12- 2/28/13	\$ 667,755
Louisiana Primary Care Association, Inc.	N/A	3/1/12-2/28/13	<u>38,607</u>
TOTAL			<u>\$ 706,362</u>

NOTE 13 - BANK LINE OF CREDIT

RPHCC has available an unsecured line-of-credit agreement dated June 10, 2012, which is renewable with Capital One Bank in which RPHCC may borrow up to \$150,000. Borrowing under the line bears an interest rate of 3.250%. As of February 28, 2013 the outstanding balance on the line-of-credit was \$101,216.

NOTE 14 - CONTINGENCIES

Rapides Primary Health Care Center, Inc. maintains general liability, property, fidelity, managed care professional liability, directors and officers and other insurance coverage in amounts the Center believes to be adequate. The Center requires contracting health care providers to maintain malpractice insurance coverage in amounts customary in the industry.

In the ordinary course of its business, Rapides Primary Health Care Center, Inc. is a party to claims and legal actions by enrollees, providers and others. After consulting with legal counsel, the Center is of the opinion that any liability that may ultimately be incurred as a result of these claims, legal actions, audits or investigations will not have a material adverse effect on the financial position or results of operations of Rapides Primary Health Care Center, Inc.

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to the Financial Statements
February 28, 2013

NOTE 15 - TEMPORARILY RESTRICTED NETS ASSETS

Temporarily Restricted Net Assets consist of the following at February 28, 2013.

<u>Grant Program</u>	<u>Balance at 02/28/12</u>	<u>Current Year Adjustment</u>	<u>Current Year Grant Award</u>	<u>Current Year Cost Incurred</u>	<u>Balance at 02/28/13</u>
HHS Section 330 grant	\$ -	-	453,463	(453,463)	\$ -
Affordable Care Act	-	-	214,292	(214,292)	-
Louisiana Primary Care Assoc.	-	-	38,607	(38,607)	-
State of Louisiana Division of Administration (Roof Repair Grant)	<u>96,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,454</u>
Total	<u>\$ 96,454</u>	<u>-</u>	<u>706,362</u>	<u>(706,362)</u>	<u>\$ 96,454</u>

NOTE 16 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 27.14% of the Center's funding is provided from grants from the U.S. Department of Health and Human Services.

NOTE 17 - SUMMARIZED 2012 FINANCIAL INFORMATION

The statement of activities includes 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 February 29, 2012 from which the summarized information was derived.

NOTE 18 - RELATED PARTY TRANSACTION

During the fiscal year ended February 28, 2013, Rapides Primary Health Care, Inc., received funding in the amount of \$38,607 from the Louisiana Primary Care Association, Inc., to assist with the construction of the Women's Pavilion facility located at the main clinic in Alexandria, LA. Rapides Primary Health Care, Inc., is a member of the Louisiana Primary Care Association.

NOTE 19 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 08, 2013, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
 Schedule of Expenditures of Federal Awards
 For the Year Ended February 28, 2013

Federal Grant/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grant Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Health Resource & Service Administration Direct Program:			
<i>Health Center Cluster Programs:</i>			
Bureau of Primary Health Care			
Consolidated Health Centers	93.224	H80CS00244D0	\$ 453,463
Affordable Care Act (ACA) Grants for New Expanded Services	93.527	H80CS00244D0	<u>214,292</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>667,755</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 667,755</u>

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended February 28, 2013

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes federal grant activity of Rapides Primary Health Care Center, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profits Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

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 of
Rapides Primary Health Care Center, Inc.
Alexandria, Louisiana

We have audited, 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, the financial statements of Rapides Primary Health Care Center, Inc., (a nonprofit organization) which comprise the statement of financial position as of February 28, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 08, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rapides Primary Health Care 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rapides Primary Health Care Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Rapides Primary Health Care 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 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 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rapides Primary Health Care Center, Inc.'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 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 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.

Banko, Friley, White & Co.

Ridgeland, Mississippi
August 08, 2013

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 of
Rapides Primary Health Care Center, Inc.
Alexandria, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Rapides Primary Health Care 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 Rapides Primary Health Care Center, Inc.'s major federal programs for the year ended February 28, 2013. Rapides Primary Health Care 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

Our responsibility is to express an opinion on compliance for each of Rapides Primary Health Care Center, Inc.'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 Rapides Primary Health Care 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Rapides Primary Health Care Center, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Rapides Primary Health Care 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 February 28, 2013.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of Rapides Primary Health Care 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, we considered Rapides Primary Health Care 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, we do not express an opinion on the effectiveness of Rapides Primary Health Care 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.

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.

Bank Finley, White & Co.

Ridgeland, Mississippi
August 08, 2013

RAPIDES PRIMARY HEALTH CARE CENTER, INC.
Auditee's Summary Schedule of Prior Audit Findings
Year Ended February 28, 2013

Rapides Primary Health Care Center, Inc. did not have any audit findings for the year ended February 29, 2012.

