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Priority Health Care, Inc.
(a Non-Profit Organization)

Independent Auditor's Report and Financial Statements
For the Year Ended December 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUL 11 2012

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT.....	1-2
STATEMENT OF FINANCIAL POSITION.....	3
STATEMENT OF ACTIVITIES.....	4
STATEMENT OF CASH FLOWS.....	5
NOTES TO FINANCIAL STATEMENTS.....	6-7
SCHEDULE OF FUNCTIONAL EXPENSES.. ..	8
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	9-10
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.....	11-12
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	13
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	14
SCHEDULE OF PRIOR PERIOD AUDIT FINDINGS.....	15
EXIT CONFERENCE.....	16

**Charles F. Dismukes, Jr.
Certified Public Accountant
4328 Delaware Avenue
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Independent Auditor's Report

Board of Directors
Priority Health Care, Inc.

I have audited the accompanying statement of financial position of Priority Health Care, Inc. (a non-profit organization) as of December 31, 2011 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Priority Health Care, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Priority Health Care, Inc. as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated April 16, 2012 on my consideration of Priority Health Care, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the financial statements of Priority Health Care, Inc. taken as a whole. The schedule of functional expenses and the schedule of expenditures of federal awards are presented for the purposes of additional analysis and are not a required part of the financial statements of the organization. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Charles Dismar CPA

Kenner, Louisiana
April 16, 2012

PRIORITY HEALTH CARE, INC.
Statement of Financial Position
As of December 31, 2011

Assets

Current:	
Cash	\$ 61,602
Grant Receivable	87,523
Pharmacy Receivable	<u>123,428</u>
Total Current Assets	272,553

Total Assets	<u>\$ 272,553</u>
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Liabilities and Net Assets

Accounts Payable	\$ 53,898
Payroll Taxes Payable	17,212
Note Payable (Current)	<u>33,261</u>
Total Current Liabilities	104,371

Note Payable (Long-Term)	<u>-</u>
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Total Liabilities	\$ 104,371
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Net Assets

Unrestricted	<u>\$ 168,182</u>
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Total Net Assets	\$ 168,182
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Total Liabilities and Net Assets	<u>\$ 272,553</u>
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The accompanying notes are an integral part of these financial statements.

PRIORITY HEALTH CARE, INC.
Statement of Activities
For the Year Ended December 31, 2011

	<u>Unrestricted</u>
Revenues	
Grant Revenue	\$ 556,026
Pharmacy Revenue	397,557
Other Income	9,390
	<u>962,973</u>
Expenses	
Program Services	800,295
Support Services	51,082
	<u>851,377</u>
Total Expenses	<u>851,377</u>
Change in Net Assets	111,596
Net Assets At Beginning Of Year	56,586
	<u>56,586</u>
Net Assets At End Of Year	<u>\$ 168,182</u>

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

PRIORITY HEALTH CARE, INC.
Statement of Cash Flows
For the Year Ended December 31, 2011

Cash Flows From Operating Activities:

Changes in Net Assets	\$ 111,596
Adjustments to Reconcile Net Revenues over Expenditures to Net Cash Provided by Operating Activities	
Depreciation Expense	-
Changes in Operating Assets and Liabilities	
Decrease in grant receivable	24,497
Increase in pharmacy receivable	(123,428)
Increase in accounts payable	50,897
Increase in salaries payable	<u>6,351</u>
Net Cash Provided by operating Activities	69,913

Cash Flows From Investing Activities:

Purchase/Sale of Assets	<u>-</u>
Net Cash Used by Investing Activities	-

Cash Flows From Financing Activities:

Cash receipts from borrowing(note payable)	30,000
Payment of Debt	<u>(67,812)</u>
Net Cash Used by Financing Activities	<u>(37,812)</u>
Net Cash Increase for Period	32,101
Cash, At Beginning of Period January 1, 2011	<u>29,501</u>
Cash, At End of Period December 31, 2011	<u><u>\$ 61,602</u></u>

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

PRIORITY HEALTH CARE, INC.
Notes to the Financial Statements
For the Year Ended December 31, 2011

1. Summary of Significant Accounting Principles

General – PHC is a non-profit corporation organized under the laws of the State of Louisiana. Its mission is to provide positive community responses to people affected by HIV/AIDS and reduce the spread of HIV/AIDS through education and testing in New Orleans and its surrounding area. The agency's operations are funded primarily through federal and state grants, and private foundations.

Basis of Accounting – PHC's financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

Use of 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.

Property and Equipment – Improvements which significantly extend the useful life of an asset and purchases of equipment are capitalized. The straight line method of depreciation is used for the assets owned by PHC. The estimated useful lives of these assets range from 3 to 27 years.

Income Taxes – PHC has been determined to be tax exempt under Section 501(c) 3 of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Cash – Cash is comprised of cash on hand and in banks.

2. Net Assets – A description of the three types of Net Assets categorizes is described below:

Unrestricted net assets are comprised of funds without donor-imposed restrictions. The revenues received by PHC and expenses incurred are included in this category.

Temporarily restricted net assets include income, gifts, and contributions which have temporary restrictions that have not been met.

Permanently restricted net assets include income, gifts, and contributions which have donor-imposed restrictions to be invested in perpetuity and only the income from those investments can be made available for program operations.

As of December 31, 2011, PHC had unrestricted net assets, however there were no temporarily or permanently restricted net assets.

3. Grants Receivable

As of December 31, 2011 grants receivable consists of the following:

Mayor's Office of Health Policy	\$87,523
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4. Pharmacy Receivable

As of December 31, 2011 pharmacy receivable consists of the following:

Avita Drugs	\$123,428
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5. Property Lease

Priority Health Care, Incorporated is leasing property at 4700 Wichers Drive, Marrero, Louisiana. The term of this lease is for 3 years beginning May 1, 2010, and ending April 30, 2013. The consideration will be \$5,800 per month. The premises are to be used only for the purposes to support the mission and objectives of **Priority Health care, Incorporated**.

6. Note Payable

On April 8, 2010, Priority Health Care, Incorporated entered into a loan with NewCorp Incorporated for \$150,000. The amount outstanding at December 31, 2011 is \$33,262. The interest rate is 7%.

7. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the corporation through April 16, 2012 the date the report was available for issue, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

SUPPLEMENTAL INFORMATION

PRIORITY HEALTH CARE, INC.
Schedule of Functional Expenses
For the Year Ended December 31, 2011

EXPENSE	PROGRAM SERVICES	SUPPORT SERVICES	FUNDRAISING	TOTAL
PAYROLL EXPENSES	\$281,703	\$ -	\$ -	\$ 281,703
PAYROLL TAXES	31,058	-	-	31,058
BANK SERVICE CHARGES	-	591	-	591
PHARMACY	190,494	-	-	190,494
LAB FEES	182,335	-	-	182,335
INSURANCE	16,440	-	-	16,440
PROFESSIONAL FEES	11,296	-	-	11,296
TRAVEL & ENTERTAINMENT	426	-	-	426
EQUIPMENT	-	3,534	-	3,534
FURNITURE	-	500	-	500
PROGRAM OPERATIONS	40,524	-	-	40,524
BUSINESS EXPENSE	-	1,209	-	1,209
INTEREST EXPENSE	-	3,617	-	3,617
RENT EXPENSE	-	41,375	-	41,375
EMPLOYEE INCENTIVES	-	256	-	256
CONTRACT LABOR	46,019	-	-	46,019
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expense	\$ 800,295	\$ 51,082	\$ -	\$ 851,377

See Independent Auditor's Report

Charles F. Dismukes, Jr.
Certified Public Accountant
4328 Delaware Avenue
Kenner, LA 70065
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**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
Priority Health Care, Inc.

I have audited the financial statements of Priority Health Care, Inc., as of and for the year ended December 31, 2011, and have issued my report thereon dated April 16, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Priority Health Care, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Priority Health Care, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of PHC's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Priority Health Care, Inc.'s financial statements are free of material misstatements, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Audit Standards*.

This report is intended solely for the information and use of management of Priority Health Care, Inc., and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Chad Dione CPA

April 16, 2012

**Charles F. Dismukes, Jr.
Certified Public Accountant
4328 Delaware Avenue
Kenner, LA 70065
(504) 390-1950**

**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**

To the Board of Directors
Priority Health Care, Inc.

Compliance

I have audited the compliance of Priority Health Care, Inc. with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2011. Priority Health Care, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Priority Health Care, Inc.'s management. My responsibility is to express an opinion on Priority Health Care, Inc.'s compliance based on my audit.

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 Priority Health Care, 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. My audit does not provide a legal determination of Priority Health Care, Inc.'s compliance with those requirements.

In my opinion, Priority Health Care, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of Priority Health Care, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Priority Health Care, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Priority Health Care, 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.

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 deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management of Priority Health Care, Inc., and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Chau Dism CPA

April 16, 2012

PRIORITY HEALTH CARE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor/Pass-Through Grantor	Federal CFDA Number	Grant Number (if applicable)	Federal Expenditures
<u>Program Title</u> Ryan White Comprehensive AIDS Resources Emergency (CARE) Act	93.914		\$ 556,026
			<u>\$ 556,026</u>

*See independent auditor's report.

PRIORITY HEALTH CARE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Section I – Summary of Auditors’ Results

1. Type of report issued on the financial statements: **Unqualified.**
2. Did the audit disclose any reportable conditions in internal control: **None Reported.**
3. Were any of the reportable conditions material weaknesses: **Not Applicable.**
4. Did the audit disclose any noncompliance which is material to the financial statements of the organization: **None Reported.**
5. Did the audit disclose any reportable conditions in internal control over major programs: **None Reported.**
6. Were any of the reportable conditions in internal control over major programs material weaknesses: **Not Applicable.**
7. Type of report issued on compliance for major programs: **Unqualified.**
8. Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a): **None Reported.**
9. The following is an identification of major programs: **CFDA # 93914.**
10. The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 520(b) was: **\$500,000.**
11. Did the auditee qualify as a low-risk auditee under OMB Circular A-133, Section 530: **No.**

Section II – Financial Statement Findings

No matters reported.

Section III – Findings and Questioned Costs

No matters reported.

PRIORITY HEALTH CARE, INC.
STATUS OF PRIOR PERIOD AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011

Financial Statement Findings:

None reported

Federal Awards Findings and Questioned Costs:

None Reported

PRIORITY HEALTH CARE, INC.
EXIT CONFERENCE

An exit conference was held with the following in attendance:

PRIORITY HEALTH CARE, INC.

Tamara Pierre, Executive Director

CHARLES DISMUKES, JR., CERTIFIED PUBLIC ACCOUNTANT

Charles Dismukes, Jr., CPA, MBA

Gerald Burton, Jr., MBA

The audit report was discussed. This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor of the State of Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.