

**SOUTHWEST LOUISIANA PRIMARY
HEALTH CARE CENTER, INC.
Opelousas, Louisiana**

**Financial and Compliance Report
June 30, 2011 and 2010**

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

Release Date NOV 09 2011

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Schedule of Functional Expenses	6
Notes to Financial Statements	7 - 13
Supplementary Information	
Schedule of Expenditures of Federal Awards	14
Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	15 - 16
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	17 - 18
Schedule of Findings and Questioned Cost	19 - 20
Summary Schedule of Prior Year Findings and Questioned Costs	21

STEVEN M. DEROUEN, CPA

P.O. BOX 4265
LAKE CHARLES, LA 70606
(337) 513-4915 OFFICE | (337) 513-4737 FAX
steve@sderouencpa.com

Member American Institute of
Certified Public Accountants

Member Louisiana Society of
Certified Public Accountants

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southwest Louisiana Primary Health Care Center, Inc.
Opelousas, Louisiana

I have audited the accompanying statement of financial position of Southwest Louisiana Primary Health Care Center, Inc., (a non-profit organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Southwest Louisiana Primary Health Care Center, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 14, 2011, on my consideration of Southwest Louisiana Primary Health Care 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* and should be read in conjunction with this report in considering the results of my audit.

Board of Directors
Southwest Louisiana Primary Health Care Center, Inc.
Opelousas, Louisiana
Page 2

My audit was conducted for the purpose of forming an opinion on the basic financial statements of Southwest Louisiana Primary Health Care Center, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This 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 basic financial statements taken as a whole.

Steven M. DeBorja, CPA

Lake Charles, Louisiana
October 14, 2011

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Statements of Financial Position
As of June 30,

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 358,647	\$ 83,216
Patient accounts receivable, net	268,476	417,749
Inventory	68,582	75,580
Certificate of deposit	51,989	51,547
Prepaid expenses	3,194	5,376
Other receivables	119,000	120,895
Deposits	405	4,945
Total Current Assets	870,293	759,308
Property, Plant and Equipment		
Furniture and equipment	591,800	610,897
Building and improvements	383,766	445,645
	975,566	1,056,542
Less accumulated depreciation	(632,163)	(635,358)
	343,403	421,184
Land	100,000	25,000
Construction in progress	433,232	31,453
Net Property, Plant and Equipment	876,635	477,637
Other Assets		
Investments - LA Partnership for Choice and Access, LLC	100,000	100,000
Total Assets	\$ 1,846,928	\$ 1,336,945
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 278,496	\$ 76,376
Accrued payroll and related liabilities	62,952	66,718
Line of credit	52,000	-
Loan payable to LPCA	143,646	-
Leases payable - current	2,465	2,608
Total Current liabilities	539,559	145,702
Long Term Liabilities		
Leases payable - long term	10,725	4,361
Total Liabilities	550,284	150,063
Net Assets		
Unrestricted net assets	1,296,644	1,186,882
Total Liabilities and Net Assets	\$ 1,846,928	\$ 1,336,945

See accompanying notes to the financial statements

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Statements of Activities
For the Year Ended June 30,

	2011	2010
Revenue and Support		
Revenue:		
Net patient service revenue	\$ 1,054,139	\$ 1,159,668
Support:		
Grant awards	1,474,486	1,242,861
Interest	687	1,982
Other income	8,403	10,476
Total Support	1,483,576	1,255,319
Total Revenue and Support	2,537,715	2,414,987
Expenses		
Program Services:		
Medical	1,141,006	981,390
Dental	499,841	416,011
Social services	84,573	126,179
Total Program Services	1,725,420	1,523,580
Support Services:		
General and administrative	739,687	624,505
Total Expenses	2,465,107	2,148,085
Change in Net Assets before extraordinary item	72,608	266,902
Extraordinary gain from fire damages, net of insurance proceeds	37,154	-
Net Assets - Beginning of Year	1,186,882	919,980
Net Assets - End of Year	\$ 1,296,644	\$ 1,186,882

See accompanying notes to the financial statements

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Statements of Cash Flows
For the Year Ended June 30,

	2011	2010
Cash Flows From Operating Activities		
Change in net assets	\$ 109,762	\$ 266,902
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	58,652	63,451
Extraordinary gain from fire damages, net of insurance proceeds	(37,154)	-
Changes in operating assets and liabilities:		
Change in allowance for doubtful accounts	(81,265)	(54,555)
(Increase) decrease in accounts receivable	221,664	(59,813)
(Increase) decrease in other receivable	60,895	(120,895)
(Increase) decrease in inventory	6,998	(34,060)
(Increase) decrease in prepaid expenses	2,182	(561)
(Increase) decrease in deposits	4,540	(4,540)
Increase (decrease) in accounts payable	202,120	(3,410)
Increase (decrease) in accrued liabilities	(3,766)	20,577
	<u>544,628</u>	<u>73,096</u>
Net Cash Provided (Used) by Operating Activities		
Cash Flows From Investing Activities		
Redemption of certificate of deposit	-	77,871
Purchase of certificate of deposit	(442)	(721)
Purchase of investments	-	(100,000)
Payments on construction in progress	(401,779)	(31,453)
Fixed asset acquisitions	(58,261)	(45,890)
	<u>(460,482)</u>	<u>(100,193)</u>
Net Cash Provided (Used) by Investing Activities		
Cash Flows From Financing Activities		
Proceeds on short-term debt	195,646	-
Principal payments on capital leases	(4,361)	(5,044)
	<u>191,285</u>	<u>(5,044)</u>
Net Cash Provided (Used) by Financing Activities		
Net Increase in Cash and Cash Equivalents	275,431	(32,141)
Cash and Cash Equivalents - Beginning of Year	<u>83,216</u>	<u>115,357</u>
Cash and Cash Equivalents - End of Year	<u>\$ 358,647</u>	<u>\$ 83,216</u>
Supplemental Disclosure:		
Interest paid	<u>\$ 5,813</u>	<u>\$ 4,551</u>

See accompanying notes to the financial statements

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Schedule of Functional Expenses
For the Year Ended June 30, 2011

	Program Services				Supporting Services	Total	
	Medical Services	Dental Services	Social Services	Total	General and Administrative	2011	2010
Salaries	\$ 390,974	\$ 374,738	\$ 76,177	\$ 841,889	\$ 396,521	\$ 1,238,410	\$ 1,102,311
Fringe benefits	4,144	1,245	2,721	8,110	14,328	22,438	24,238
Payroll taxes	32,836	27,340	5,675	65,851	30,741	96,592	88,646
Consultants and contractual services	552,838	2,217	-	555,055	25,604	580,659	484,709
Supplies	20,157	50,422	-	70,579	14,375	84,954	52,501
Dues and subscriptions	55	-	-	55	11,222	11,277	11,007
Maintenance and repairs	16,074	2,953	-	19,027	43,850	62,877	73,808
Telephone	6,327	1,239	-	7,566	17,149	24,715	20,530
Postage	79	-	-	79	1,923	2,002	2,097
Insurance	13,313	-	-	13,313	15,185	28,498	26,194
Travel and seminars	5,743	1,828	-	7,571	19,252	26,823	20,498
Utilities	4,133	8,092	-	12,225	12,881	25,106	20,995
Interest and bank charges	820	432	-	1,252	11,732	12,984	7,041
Legal and professional	16,023	192	-	16,215	48,250	64,465	38,605
Miscellaneous	2,122	-	-	2,122	15,146	17,268	12,463
Advertising and promotion	9,584	-	-	9,584	8,389	17,973	25,137
Total expenses before depreciation, bad debts and loss on disposal of equipment	1,075,222	470,698	84,573	1,630,493	686,548	2,317,041	2,010,780
Depreciation and amortization	5,513	-	-	5,513	53,139	58,652	63,451
Bad debt expense	60,271	29,143	-	89,414	-	89,414	73,854
Total expenses	\$ 1,141,006	\$ 499,841	\$ 84,573	\$ 1,725,420	\$ 739,687	\$ 2,465,107	\$ 2,148,085

See accompanying notes to the financial statements

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Notes to Financial Statements
June 30, 2011 and 2010

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

Nature of Activities

Southwest Louisiana Primary Health Care Center, Inc. (a non-profit, non-stock corporation) was incorporated in the State of Louisiana on May 27, 1992 to provide comprehensive health care to area residents, with particular emphasis on the socio-economically disadvantaged. The Organization is principally funded under a grant from the Office of Public Health Services, a component of the U.S. Department of Health and Human Services (DHHS).

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 accounting principles generally accepted in the United States of America 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 \$500. Repairs and maintenance are charged to operations when incurred. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	10 - 40
Equipment, furniture and fixtures	5 - 20
Vehicles	5

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.

Opelousas, Louisiana

Notes to Financial Statements

June 30, 2011 and 2010

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

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.

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 payors.

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.

Inventory

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

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered.

Advertising Expense

The Organization expenses the cost of advertising as the expense is incurred. For the years ended June 30, 2011 and 2010, the cost totaled \$17,973 and \$25,137, respectively.

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Notes to Financial Statements
June 30, 2011 and 2010

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.

NOTE 2 - PATIENT ACCOUNTS RECEIVABLE

Patient accounts receivable are comprised of the following -for the year ending June 30,:

	<u>2011</u>	<u>2010</u>
Medicare	\$ 99,638	\$ 77,943
Medicaid	150,513	373,127
Private	<u>74,724</u>	<u>95,469</u>
	324,875	546,539
Less allowance for doubtful accounts	<u>56,399</u>	<u>126,016</u>
	<u>\$ 268,476</u>	<u>\$ 417,749</u>

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.

NOTE 4 - ACCRUED VACATION

The Organization allows employees to carry over unused vacation hours, with written permission from the executive director. The accrual is calculated based on the employee's pay rate at the end of the year. At June 30, 2011 and 2010, accrued vacation totaled \$32,772 and \$34,923, respectively.

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.

Opelousas, Louisiana

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 5 - ECONOMIC DEPENDENCY

The Organization receives a substantial portion of its total support and revenues from the federal government. During the years ended June 30, 2011 and 2010, Southwest Louisiana Primary Health Care Center, Inc. recorded \$1,275,558 and \$1,073,404, respectively, in grant support from the Department of Health and Human Services. This represents 50% and 44% of total support and revenues for the years ended June 30, 2011 and 2010.

NOTE 6 - 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 7 - CONCENTRATIONS OF CREDIT RISK

The majority of the Organization's patients are located in south central Louisiana. The Organization grants credit without collateral to its patients. The mix of receivables from patients and third-party payors was as follows:

	<u>2011</u>	<u>2010</u>
Medicare	37 %	7 %
Medicaid	56	89
Other	7	4
	<u>100 %</u>	<u>100 %</u>

The mix of net patient revenues was as follows:

	<u>2011</u>	<u>2010</u>
Medicare	10 %	8 %
Medicaid	64	74
Other	26	18
	<u>100 %</u>	<u>100 %</u>

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 the years ended June 30, 2011 and 2010 was \$340,051 and \$260,489, respectively.

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.

Opelousas, Louisiana

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 9 – RETIREMENT PLAN

The Organization sponsors a 403 (b) Plan. The Organization will contribute up to three percent on eligible wages of eligible employees. All participating employees are 50% vested after 3 years of employment and 100% vested after 5 years of employment. To be eligible, an employee must be employed with the Organization for at least 180 days and work at least 32 hours per week. The 403(b) expense for the fiscal years ended June 30, 2011 and 2010 was \$3,911 and \$3,147, respectively.

NOTE 10 – LINE OF CREDIT

The Organization has a line of credit from a bank for \$100,000. Interest accrues and is payable monthly at a fluctuating rate (currently 4.5% per annum). The line is unsecured and is payable on demand. The balance due on this line of credit was \$52,000 at June 30, 2011.

NOTE 11 – LOAN PAYABLE TO LPCA

The Organization has a promissory advance note from Louisiana Primary Care Association, Inc. (LPCA) for up to \$188,849 at a fixed interest rate of 4.25%. These funds are available to the Center as an advance against a grant that is expected to be awarded by the LPCA for various Center construction projects in progress at June 30, 2011. The loan is unsecured and the balance due on this note is \$143,646 at June 30, 2011.

NOTE 12 – CAPITAL LEASES

The Organization has entered into various lease agreements for financing the acquisition of pieces of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the lower of the present value of the future minimum lease payments or the fair value of the assets. The assets are depreciated over the lesser of their lease terms or their estimated productive lives. The capitalized cost for these leases was \$15,001 and \$26,346 for June 30, 2011 and 2010, respectively.

The accumulated depreciation on this equipment under capital lease was \$1,750 and \$18,161 at June 30, 2011 and 2010, respectively. The following is a schedule of the future minimum lease payments under capital lease, and the present value of the net minimum lease payments at June 30, 2011:

<u>Year Ending June 30,</u>	
2012	\$ 4,092
2013	4,092
2014	4,092
2015	4,092
2016	<u>1,024</u>
Total Minimum Lease Payments	17,392
Less: Amount Representing Interest	<u>4,202</u>
Present Value of Future Minimum Lease Payments	\$ <u>13,190</u>

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.

Opelousas, Louisiana

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 13 – PRIOR YEAR BALANCES

Certain prior year amounts have been reclassified to conform to current year presentation.

NOTE 14 – 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).

The amortized cost and fair value measured on a recurring basis of an investment in a limited liability company as of June 30, 2011 is as follows:

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
La. Partnership for Choice and Access, LLC (100 units) (Level 3 Cost Basis)	\$ 100,000	\$ 100,000	\$ -0-

The amortized cost and fair values measured on a recurring basis of investment securities as of June 30, 2010 are as follows:

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
La. Partnership for Choice and Access, LLC (100 units) (Level 3 Cost Basis)	\$ 100,000	\$ 100,000	\$ -0-

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.

Opelousas, Louisiana

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 14 – INVESTMENTS (Continued)

During the fiscal year ended June 30, 2010, the Organization invested \$100,000 in the Louisiana Partnership of Choice and Access, LLC (LLC). The LLC investors are limited to Federally Qualified Health Centers (FQHC) or FQHC look-alike organizations. The LLC investors will own 49% (directly or indirectly) of Healthy Louisiana Choice, Inc., a Louisiana corporation. The corporation will function as a Medicaid managed care organization servicing Louisiana Medicaid beneficiaries. Earnings or losses for the years presented are insignificant.

NOTE 15 – EXTRAORDINARY GAIN FROM FIRE DAMAGES

On February 1, 2011, the Evangeline Family Medicine clinic (Ville Platt site) was destroyed by a fire. The total loss of buildings, equipment, and inventory totaled \$93,869. The Center received \$72,023 in insurance proceeds in June 2011 and is expecting an additional \$59,000 in insurance proceeds related to this event. The Center recognized an extraordinary gain, net of insurance proceeds received and receivable, of \$37,154 for the year ended June 30, 2011.

NOTE 16 – 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 June 30, 2011, 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, receivables, prepaid expenses, inventory, accounts payable, and accrued expenses approximate their fair values based on their short-term nature. The recorded values of notes payable approximate their fair value, as interest is insignificant.

NOTE 17 – SUBSEQUENT EVENTS

The Organization evaluated its June 30, 2011 financial statements for subsequent events through October 14, 2011, 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.

NOTE 18 – CONSTRUCTION IN PROGRESS

The Organization has various construction projects in progress at May 31, 2011. The following is a schedule of projects in which the Organization has future obligations:

	<u>Estimated Total Costs</u>	<u>Cost Incurred To Date</u>	<u>Estimated Completion Date</u>
Lafayette Clinic Building	\$ 800,000	\$ 291,602	March 2012

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

<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	H80CS00579	3/1/10 - 2/28/12	\$ 589,904	\$ 589,904
*ARRA-IDS	93.703	H8BCS11908	3/27/09 - 3/26/11	70,520	70,520
*ARRA - New Access Point	93.703	H8ACS11411	3/1/09 - 8/31/11	488,305	488,305
*ARRA-Capital Improvement Grant	93.703	C81CS13886	6/29/2009 - 12/31/2011	126,829	126,829
Total federal assistance				<u>\$ 1,275,558</u>	<u>\$ 1,275,558</u>

*Denotes major program.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Southwest Louisiana Primary Health Care 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 amounts presented in, or used in the preparation of the financial statements.

STEVEN M. DEROUEN, CPA

P.O. BOX 4265
LAKE CHARLES, LA 70606
(337) 513-4915 OFFICE | (337) 513-4737 FAX
steve@sderouencpa.com

Member American Institute of
Certified Public Accountants

Member Louisiana Society of
Certified Public Accountants

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Southwest Louisiana Primary Health Care Center, Inc.
Opelousas, Louisiana

I have audited the financial statements of Southwest Louisiana Primary Health Care Center, Inc. (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued my report thereon dated October 14, 2011. 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 Southwest Louisiana Primary Health Care Center, Inc.'s internal control over financial reporting as a basis for designing our 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 Southwest Louisiana Primary Health Care Center, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Southwest Louisiana Primary Health Care Center, Inc.'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 entity'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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Board of Directors
Southwest Louisiana Primary Health Care Center, Inc.
Opelousas, Louisiana
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest Louisiana Primary Health Care Center, Inc.'s, financial statements are free of material misstatement, 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 Auditing Standards*.

This report is intended solely for the information of the audit committee, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Steven M. DeFover, CPA

Lake Charles, Louisiana
October 14, 2011

STEVEN M. DEROUEN, CPA

P.O. BOX 4265
LAKE CHARLES, LA 70606
(337) 513-4915 OFFICE | (337) 513-4737 FAX
steve@sderouencpa.com

Member American Institute of
Certified Public Accountants

Member Louisiana Society of
Certified Public Accountants

Certified Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Directors
Southwest Louisiana Primary Health Care Center, Inc.
Opelousas, Louisiana

Compliance

I have audited Southwest Louisiana 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 Southwest Louisiana Primary Health Care Center, Inc.'s, major federal programs for the year ended June 30, 2011. Southwest Louisiana 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Southwest Louisiana Primary Health Care Center, Inc.'s, management. My responsibility is to express an opinion on Southwest Louisiana Primary Health Care Center, 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. 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 Southwest Louisiana Primary Health Care 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. My audit does not provide a legal determination of Southwest Louisiana Primary Health Care Center, Inc.'s compliance with those requirements.

In my opinion, Southwest Louisiana Primary Health Care Center, Inc., complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Southwest Louisiana Primary Health Care Center, 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 Southwest Louisiana Primary Health Care Center, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 Southwest Louisiana 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.

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, 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 the audit committee, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Jean M. DeRouen, CPA

Lake Charles, Louisiana
October 14, 2011

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, LA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

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 deficiency 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 deficiency 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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.224	U.S. Department of Health and Human Services, Community Health Center Section 330
93.703	ARRA – IDS
93.703	ARRA – New Access Point
93.703	ARRA – Capital Improvement Grant

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

Auditee qualified as low-risk auditee? ___ Yes x No

A separate management letter was not issued.

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The results of our tests disclosed no instances of non-compliance with the requirements applicable to each major federal program that are required to be reported in accordance with section 510(a) of OMB Circular A-133.

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011

PRIOR YEAR FINDINGS

None