

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 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 3/16/11

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DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Louisiana Primary Care Association, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of Louisiana Primary Care Association, Inc. (a non-profit organization), as of March 31, 2010, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Primary Care Association, Inc. as of March 31, 2010, and the results of its operations and 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*, we have also issued our report dated December 29, 2010, on our consideration of Louisiana Primary Care Association, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements 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 has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Daigrepont & Brian APAC

Baton Rouge, Louisiana
December 29, 2010

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2010

ASSETS

Current Assets

Cash and cash equivalents	\$ 333,893
Certificates of deposit	125,000
Accounts receivable	41,407
Grants receivable	59,623
Due from related party	19,520
Prepaid expenses	13,280
Deposits	<u>2,500</u>
Total Current Assets	<u>595,223</u>

Property and Equipment

Furniture and fixtures	18,403
Equipment	<u>69,597</u>
	88,000
Accumulated depreciation	<u>(67,720)</u>
	<u>20,280</u>

Other Assets

Restricted cash	<u>34,911,433</u>
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Total Assets	<u>\$ 35,526,936</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 57,396
Accrued liabilities	<u>14,502</u>
Total Current Liabilities	<u>71,898</u>

Net Assets

Unrestricted	802,028
Temporarily restricted	<u>34,653,010</u>
Total Net Assets	<u>35,455,038</u>

Total Liabilities and Net Assets	<u>\$ 35,526,936</u>
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The accompanying notes are an integral part of this statement.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
 BATON ROUGE, LOUISIANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED MARCH 31, 2010

CHANGES IN UNRESTRICTED NET ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues</u>			
Federal support	\$ 787,067	\$ -	\$ 787,067
Member dues	95,050	-	95,050
Grant income	127,870	-	127,870
Conferences	128,853	-	128,853
Interest	7,613	69,909	77,522
Other income	131,591	-	131,591
Changes in net asset restrictions:			
Released from restrictions	<u>6,961,733</u>	<u>(6,961,733)</u>	<u>-</u>
Total revenues	<u>8,239,777</u>	<u>(6,891,824)</u>	<u>1,347,953</u>
<u>Expenses</u>			
Supporting services	7,626,493	-	7,626,493
Management and general	<u>521,326</u>	<u>-</u>	<u>521,326</u>
Total expenses	<u>8,147,819</u>	<u>-</u>	<u>8,147,819</u>
Increase (decrease) in net assets	<u>91,958</u>	<u>(6,891,824)</u>	<u>(6,799,866)</u>
Net assets - beginning of year	<u>710,070</u>	<u>41,544,834</u>	<u>42,254,904</u>
Net assets - end of year	\$ <u>802,028</u>	\$ <u>34,653,010</u>	\$ <u>35,455,038</u>

The accompanying notes are an integral part of this statement.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2010

	LPCA Programs	Community Health Corps	Emergency Preparedness	Facility Expansion Initiative	Management & General	Total
Accounting services	\$ -	\$ -	\$ -	\$ 4,000	\$ 52,395	\$ 56,395
Bank charges	30	-	-	510	8,646	9,186
Board meeting expense	-	-	-	-	2,522	2,522
Conferences and staff development	8,192	22	-	-	79,284	87,498
Contracted services	26,482	-	13,500	399,187	178,605	617,774
Depreciation	-	-	-	-	11,149	11,149
Dues and subscriptions	-	-	-	-	3,176	3,176
Facility lease	31,544	-	-	-	8,496	40,040
Fringe benefits	43,812	3,841	-	-	7,697	55,350
Grants to members	105,399	-	-	6,436,726	-	6,542,125
Insurance	-	35	798	-	3,909	4,742
Meals and entertainment	-	-	-	-	2,302	2,302
Miscellaneous	11,815	-	-	-	16,252	28,067
Office expense	1,784	541	-	-	10,764	13,089
Payroll taxes	29,829	3,470	-	-	7,085	40,384
Postage	-	-	-	-	2,699	2,699
Printing and duplicating	1,200	711	-	-	5,001	6,912
Publications	-	-	-	-	94	94
Repairs and maintenance	850	3,740	-	-	6,569	11,159
Salaries	372,973	64,125	15,300	-	83,377	535,775
Supplies	-	-	-	-	1,438	1,438
Telephone and online expense	468	142	2,576	-	20,157	23,343
Travel	36,743	3,717	2,431	-	9,709	52,600
	<u>\$ 671,121</u>	<u>\$ 80,344</u>	<u>\$ 34,605</u>	<u>\$ 6,840,423</u>	<u>\$ 521,326</u>	<u>\$ 8,147,819</u>

The accompanying notes are an integral part of this statement.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2010

Cash Flows From Operating Activities

Changes in net assets	\$ (6,799,866)
<u>Adjustments to reconcile net revenues over expenses to net cash provided by operating activities:</u>	
Depreciation	11,149
Increase in accounts receivable	(41,074)
Decrease in grants receivable	14,724
Increase in prepaid expenses	(2,997)
Decrease in due from related party	95,963
Decrease in accounts payable	(151,578)
Decrease in restricted cash	6,895,078
Decrease in accrued liabilities	(10,770)
Total adjustments	<u>6,810,495</u>
Net cash provided by operating activities	<u>10,629</u>

Cash Flows From Investing Activities

Purchase of property, plant and equipment	(2,377)
Redemption of certificate of deposit	<u>50,000</u>
Net cash provided by investing activities	<u>47,623</u>
Increase in Cash and Cash Equivalents	58,252
Cash and Cash Equivalents, Beginning of Year	<u>275,641</u>
Cash and Cash Equivalents, End of Year	<u>\$ 333,893</u>

The accompanying notes are an integral part of this statement.

1. Summary of Significant Accounting Policies

(a) Organization

The accompanying financial statements include the accounts of the Louisiana Primary Care Association, Inc. (the Association), a nonprofit corporation. The Louisiana Primary Care Association, Inc. is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code.

The Association promotes the provision of comprehensive, high quality primary health care to the medically underserved in Louisiana. The Association is a state association of Section 330 federally funded Community Health Centers that are an integral component of the health care delivery system dedicated to manage health care for individuals most likely to lack access to health services. The Association has assumed a leadership role in providing guidance and assistance to Community Health Centers with all efforts directed to assure these centers remain viable providers of primary health care throughout the state. The Association accomplishes its goals by providing a myriad of support services including:

Member Services

The Association provides governmental relations and legislative advocacy, recruitment and retention, clinical improvement programs, information and public education, and technical assistance.

Facility Expansion Initiative

As a result of funding received through a cooperative endeavor agreement with the Louisiana Division of Administration, the Association will also be facilitating and stimulating construction, expansion, equipping and improvement of Federally Qualified Health Centers in Louisiana.

Conferences, Seminars, and Educational Programs

The Association provides educational programs and workshops to physicians, staff, and governing board members throughout the state.

Management and General

The Association provides management oversight and assistance with general and financial operations as well as technology maintenance.

(b) Net Assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Association 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. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of contributor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets

Unrestricted net assets are for general use with no restrictions.

Temporarily Restricted Net Assets

Temporarily restricted net assets can be expended currently, but only for a specified purpose designated by the grantor. Funds are maintained in a separate account that has been restricted to pay for the expansion and renovation of community health centers, as well as, administrative costs for oversight. Once expended for their restricted purpose, these temporarily restricted net assets are released to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

1. Summary of Significant Accounting Policies - Continued

(b) Net Assets - continued

Permanently Restricted Net Assets

Net assets permanently restricted for future use by the grantor or the board of directors. There are no permanently restricted net assets as of March 31, 2010.

(c) Revenues

The Association receives the majority of its revenues from Federal and State agencies. The Association recognizes contract revenue (up to contract ceiling) from its contracts either on a pro-rata basis over the contract life or to the extent of expenses. Revenue recognition depends on the contract. Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Association with the terms of the grant/contract.

(d) Functional Expenses

The Association allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

(e) Income Taxes

The Association adopted provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, on April 1, 2009. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

(f) Other Accounting Policies

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Cash Equivalents

The Association considers all highly liquid investments, including certificates of deposit with an initial maturity of three months or less, to be cash equivalents.

Accounts and Grants Receivable

The Association uses the allowance method for doubtful accounts. Management has determined that there were no balances recorded that were uncollectible as of March 31, 2010. No collateral is required for accounts receivable and management closely monitors outstanding accounts and charges off to expense any balances that are determined to be uncollectible.

Use of Estimates

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

Subsequent Events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through December 29, 2010, the date the financial statements were available to be issued.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

2. Concentrations

The Association receives 60% of its operating income from Federal and State agencies. Approximately 76% of receivables at March 31, 2010 are from Federal and State agencies. The Association performs substantially all of its activities in the state of Louisiana.

Financial instruments, which potentially subject the Association to concentration of credit risk, consist principally of cash accounts, and certificates of deposit. Cash accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000. Amounts in excess of insured limits at March 31, 2010 were approximately \$687,000. The Association does not believe that it is exposed to any significant credit risk on uninsured amounts.

The Association's restricted cash is participating in the FDIC's Transaction Account Guarantee Program. Under the program, all accounts are fully guaranteed by the FDIC for the entire amount in the account through December 31, 2010. Coverage under the Transaction Account Guarantee Program is in addition to and separate from the coverage available under the FDIC's general deposit insurance rules.

3. Leases

The Association entered into a lease agreement for the one year ended March 31, 2010. The monthly rental amount is \$2,917. As of March 31, 2010 there are no future obligations under this lease; the Association will continue to occupy the facility on a month to month basis. Total rental expense for the year ended March 31, 2010 was \$35,000.

The Association also leases office equipment under operating leases at \$284 per month for lease periods of five years. Future lease payments that have remaining terms in excess of one year as of March 31, 2010 are as follows:

Year ending March 31, 2011	\$	3,408
Year ending March 31, 2012		3,408
Year ending March 31, 2013		3,408
Year ending March 31, 2014		3,408
Year ending March 31, 2015		<u>1,988</u>
	\$	<u>15,620</u>

4. Property and Equipment

Property and equipment is presented in the financial statements on the basis of cost less allowances for depreciation. Depreciation is computed using the straight-line method and is provided over the estimated useful lives of the assets, which is generally five to seven years. Following is a summary of property and equipment at March 31, 2010:

		<u>2010</u>
Furniture and fixtures	\$	18,403
Equipment		<u>69,597</u>
		88,000
Less: Accumulated depreciation		<u>(67,720)</u>
	\$	<u>20,280</u>

Depreciation expense was \$11,149 for 2010.

As discussed in Note 1, the Association receives funding under Section 330 of the Public Health Services Act with various restrictions placed on items obtained with these funds. According to the Public Health Service grants Policy Statement, title to real and tangible property shall rest in the grantee upon acquisition, subject to the accountability requirements and the Public Health Service's right to transfer title.

NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2010

5. Investments and Fair Value Measurements

The Association carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position.

	<u>Fair Value Measurements Using:</u>	
	<u>Fair Value</u>	<u>Significant Other Observable Inputs (Level 2)</u>
<u>March 31, 2010</u>		
Certificates of deposit	\$ <u>125,000</u>	\$ <u>125,000</u>

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Association uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Association measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The Level 2 input used for the certificates of deposit was cost, which approximates fair value.

6. Compensated Absences

The Association's employees had \$14,502 vested in accrued vacation pay at March 31, 2010.

7. Retirement Plan

Effective September 1, 2004, the Association sponsored a 403 (b) tax-sheltered annuity plan, which covers substantially all full-time employees. Eligible employees are allowed to contribute, on a tax-deferred basis, a portion of their compensation, up to federally designated limits. In order to participate in the plan, eligible employees must make a mandatory contribution of at least 1% of their gross salary. The Association matches this 1% and contributes an additional 3% of the participating employee's gross salary to the plan. Additional contributions may be made at the discretion of the Board of Directors. Employees are vested in the plan at 25% after one year, 50% after two years, 75% after three years and 100% after four years. The Association's contributions to the plan for the year ended March 31, 2010 amounted to \$17,922.

8. Commitments and Contingencies

The Association receives state grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the Association's management that its compliance with the terms of the grant will result in negligible, if any, disallowed costs.

9. Federal Support and Grants

During the year ended March 31, 2010 the Association received unrestricted grant revenues to help support the Association's goal of providing high quality primary health care. These funds originated at the federal, state and local level.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010

9. **Federal Support and Grants - Continued**

Federal support

U.S. Department of Health and Human Services	
Technical and Non-Financial Assistance to Health Centers	\$ 562,018
Health Care and Other Facilities	108,706
National Bioterrorism Hospital Preparedness	35,000
Centers for Disease Control and Prevention Investigations and Assistance	20,826
National Association of Community Health Centers	<u>60,517</u>
	787,067

State and other support

Louisiana Department of Health and Hospitals	
Tobacco Control Program	<u>20,963</u>

<u>Other private grants</u>	<u>106,907</u>
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Total Federal Support and Grant Income \$ 914,937

10. **Temporarily Restricted Net Assets**

Temporarily restricted net assets of \$34,653,010 at March 31, 2010, consisted of grants and funding received from two different sources during the year. The Heinz Foundation provided \$25,000 in funding in a prior year, to support a prescription assistance program initiative. As of March 31, 2010, \$12,258 of the Heinz Foundation funds had been expended for their restricted purpose.

In January 2008, the Association entered into a Cooperative Endeavor Agreement with the Louisiana Division of Administration to act as the program financial manager for a state appropriation of \$41,500,000. The funds were allocated by the state for future use in statewide planning and acquisition and construction of Community Primary Health Care Clinics. The expanded capacity represents buildings and equipment which will allow for a broader population of patients to be served. The program expenditures will be made over multiple years. The appropriation money has been placed in a deposit account with Regions Bank, which is part of the FDIC's Transaction Account Guarantee Program (see footnote 2 for details). During the year ended March 31, 2010, nine clinics received approval for funding and \$6,436,726 was disbursed and released from restriction, along with \$525,007 to cover approved administrative costs.

Temporarily restricted net assets were as follows:

	<u>Facility Expansion Initiative</u>		<u>Other</u>	<u>Total</u>
	<u>Clinic</u>	<u>Administrative</u>		
Balance April 1, 2009	\$40,462,500	\$ 1,069,592	\$ 12,742	\$ 41,544,834
Increases:				
Interest	-	69,909	-	69,909
Disbursements:	<u>(6,436,726)</u>	<u>(525,007)</u>	-	<u>(6,961,733)</u>
Balance March 31, 2010	<u>\$34,025,774</u>	<u>\$ 614,494</u>	<u>\$ 12,742</u>	<u>\$ 34,653,010</u>

11. **Related Parties**

Eight of the Association's board members also serve as managers of Louisiana Partnership for Choice and Access, LLC, an entity with nineteen members, each of which is a federally qualified health center in the state of Louisiana. As of March 31, 2010, the Association had a receivable of \$19,520 from this related party representing management fees assessed.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2010

<u>Federal Grantor / Pass-through or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services direct programs:			
National Bioterrorism Hospital Preparedness	93.889		\$ 35,000
Health Care and Other Facilities	93.887		108,706
Technical and Non-Financial Assistance to Health Centers	93.129		<u>562,018</u>
Subtotal Department of Health and Human Services direct programs			<u>705,724</u>
Pass-through programs:			
Centers for Disease Control and Prevention Investigations and Assistance	93.283	LA-307	<u>20,826</u>
Total U.S. Department of Health and Human Services			<u>726,550</u>
ARRA - National Association of Community Health Centers pass-through program	94.006	N/A	<u>60,517</u>
Total expenditures of federal awards			<u>\$ 787,067</u>

See accompanying notes to schedule of expenditures of federal awards.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2010

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Louisiana Primary Care Association, Inc. under programs of the federal government for the year ended March 31, 2010. 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*. Because the Schedule presents only a selected portion of the operations of Louisiana Primary Care Association, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Louisiana Primary Care Association, Inc.

2. Summary of Significant Accounting Policies

(a) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(b) Pass-through entity identifying numbers are presented where available.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

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
Louisiana Primary Care Association, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana Primary Care Association, Inc., (a non-profit organization) as of and for the year ended March 31, 2010, and have issued our report thereon dated December 29, 2010. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana Primary Care Association, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Primary Care Association, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization'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.

Our 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Primary Care Association, Inc.'s financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, the Legislative Auditor, 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.

Daigrepont & Brian APAC

Baton Rouge, Louisiana
December 29, 2010

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' 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

Board of Directors
Louisiana Primary Care Association, Inc.
Baton Rouge, Louisiana

Compliance

We have audited Louisiana Primary Care Association, Inc. (a non-profit organization) 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 Louisiana Primary Care Association, Inc. major federal programs for the year ended March 31, 2010. Louisiana Primary Care Association, 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 Louisiana Primary Care Association Inc.'s management. Our responsibility is to express an opinion on Louisiana Primary Care Association Inc.'s compliance based on our audit.

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 Louisiana Primary Care Association, 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. Our audit does not provide a legal determination of Louisiana Primary Care Association, Inc.'s compliance with those requirements.

In our opinion, Louisiana Primary Care Association, 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 March 31, 2010.

Internal Control Over Compliance

Management of Louisiana Primary Care Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Louisiana Primary Care Association, 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 our 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, we do not express an opinion on the effectiveness of Louisiana Primary Care Association, 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.

Our consideration of the 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, the Legislative Auditor, 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.

Disigreport of Brian Adal

Baton Rouge, Louisiana
December 29, 2010

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED MARCH 31, 2010**

We have audited the financial statements of Louisiana Primary Care Association, Inc., as of March 31, 2010, and for the year then ended, and have issued our report thereon dated December 29, 2010. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of OMB Circular A133. Our audit of the financial statements as of March 31, 2010 resulted in an unqualified opinion.

Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Type of Opinion On Compliance Unqualified Qualified

For Major Programs Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a) Yes No

Was a management letter issued? Yes No

c. Identification of Major Programs:

CFDA Number (s)	Name of Federal Program (or Cluster)
93.129	Technical & Non-Financial Assistance to Health Centers

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

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? Yes No

Finding – Financial Statement Audit

Finding 2010-1

Condition

The Association failed to submit their audit report to the Legislative Auditor's office within six months of their fiscal year end.

Context

This finding has no material effect on the financial statements.

Recommendations

We suggest planning and preparation be made to anticipate circumstances which would delay the report beyond the required filing date.

Management's corrective action plan

The Association will focus on advance and appropriate preparations for future audits to assure timely filing of the audit reports.

Questioned Costs

There are no questioned costs for the year ended March 31, 2010.