



# LUTHER SPEIGHT & COMPANY, LLC

*Certified Public Accountants and Consultants*

## **LOUISIANA PRIMARY CARE ASSOCIATION, INC.**

### **FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED MARCH 31, 2013**

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 OCT 30 2013

1

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.**

Baton Rouge, Louisiana

**TABLE OF CONTENTS**

March 31, 2013

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1 - 2</b>
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	<b>3</b>
Statement of Activities	<b>4</b>
Statement of Functional Expenses	<b>5</b>
Statement of Cash Flows	<b>6</b>
Notes to Financial Statements	<b>7 - 16</b>
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Expenditures of Federal Awards	<b>17</b>
Notes to Schedule of Expenditures of Federal Awards	<b>18</b>
<b>Independent Auditors' 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</b>	<b>19 - 20</b>
<b>Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133</b>	<b>21 - 23</b>
<b>Schedule of Findings and Questioned Costs</b>	<b>24 - 25</b>
<b>Schedule of Status of Prior Year Findings</b>	<b>26</b>

---



# LUTHER SPEIGHT & COMPANY, LLC

*Certified Public Accountants and Consultants*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Louisiana Primary Care Association, Inc.

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

We have audited the accompanying financial statements of the Louisiana Primary Care Association, Inc. (the Association) (a nonprofit organization), which comprise the statement of financial position as of March 31, 2013 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of March 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2013, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.



Luther Speight & Company CPAs

Baton Rouge, Louisiana  
September 4, 2013

LOUISIANA PRIMARY CARE ASSOCIATION, INC

Baton Rouge, Louisiana

Statement of Financial Position

For the year ended March 31, 2013

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 895,809
Receivables:	
Members	62,098
Grants	70,631
Interest	56
Related party	13,168
Prepaid expenses	10,410
Deposits	<u>2,500</u>
Total current assets	1,054,672

**PROPERTY AND EQUIPMENT -net** 51,624

**OTHER**

Restricted cash	4,886,047
Restricted notes receivable	<u>4,010,067</u>
Total assets	<u><u>10,002,410</u></u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	92,742
Accrued liabilities	<u>10,156</u>
Total liabilities	<u>102,898</u>

**NET ASSETS**

Unrestricted	1,062,596
Temporarily restricted	<u>8,836,916</u>
Total net assets	<u>9,899,512</u>
Total liabilities and net assets	<u><u>\$ 10,002,410</u></u>

The accompanying notes are an integral part of this financial statement

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

Statement of Activities

For the year ended March 31, 2013

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND SUPPORT</b>			
Grants	\$ 800,670	\$ 220,000	\$ 1,020,670
Member dues	167,392	-	167,392
Conferences	112,975	-	112,975
Interest	1,019	52,668	53,687
Other	138,161	-	138,161
Restrictions:			
Assets released from restrictions	7,732,230	(7,732,230)	-
Total revenues and support	<u>8,952,447</u>	<u>(7,459,562)</u>	<u>1,492,885</u>
<b>EXPENSES</b>			
Supporting services	8,453,572	-	8,453,572
Management and general	368,928	-	368,928
Total expenses	<u>8,822,500</u>	<u>-</u>	<u>8,822,500</u>
Increase (decrease) in net assets	129,947	(7,459,562)	(7,329,615)
<b>NET ASSETS</b>			
Beginning of year	<u>932,649</u>	<u>16,296,478</u>	<u>17,229,127</u>
End of year	<u>\$ 1,062,596</u>	<u>\$ 8,836,916</u>	<u>\$ 9,899,512</u>

The accompanying notes are an integral part of this financial statement

LOUISIANA PRIMARY CARE ASSOCIATION, INC

Baton Rouge, Louisiana

Statement of Functional Expenses

For the year ended March 31, 2013

	Supporting Services				Totals
	LPCA Programs	Community Health Corps	Facility Expansion Initiative	Management & General	
Grants to members	\$ -	\$ -	\$ 7,513,530	\$ -	\$ 7,513,530
Salaries	343,086	90,879	-	3,319	437,284
Contracted services	83,889	3,048	99,808	80,678	267,423
Program supplies	106,188	-	-	102,114	208,302
Conferences and staff development	18,043	1,100	-	83,063	102,206
Accounting services	33,238	5,225	6,295	13,787	58,545
Fringe benefits	33,369	12,174	-	11	45,554
Travel	21,356	1,841	-	15,979	39,176
Facility lease	26,461	3,620	-	5,212	35,293
Payroll taxes	23,945	6,573	-	240	30,758
Telephone and online Office	812 7,686	1,255 1,220	- -	14,170 3,297	16,237 12,203
Board meeting	-	-	-	8,822	8,822
Repairs and maintenance	3,865	730	-	3,060	7,655
Bank charges	-	550	500	6,001	7,051
Depreciation	-	-	-	6,746	6,746
Printing and duplicating	386	593	-	4,952	5,931
Insurance	-	367	-	3,402	3,769
Dues and subscriptions	-	-	-	3,329	3,329
Postage	-	171	-	1,535	1,706
Meals and entertainment	-	130	-	1,482	1,612
Publications	-	-	-	284	284
Miscellaneous	907	-	732	7,445	9,084
<b>Total expenses</b>	<b>\$ 703,231</b>	<b>\$ 129,476</b>	<b>\$ 7,620,865</b>	<b>\$ 368,928</b>	<b>\$ 8,822,500</b>

The accompanying notes are an integral part of this financial statement

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

Statement of Cash Flows

For the year ended March 31, 2013

**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$ (7,329,615)
Adjustments for non-cash items:	
Depreciation	6,746
Change in operating assets and liabilities:	
Accounts receivable	(29,746)
Grants receivable	64,291
Interest receivable	1,856
Prepaid expenses	(1,182)
Restricted cash	7,496,945
Accounts payable	3,453
Deferred revenue	-
Accrued liabilities	2,149
	<hr/>
Net cash provided by operating activities	214,897

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property and equipment	(39,324)
Redemption of certificate of deposit	51,000
	<hr/>
Net cash provided by investing activities	11,676

**CASH FLOWS FROM FINANCING ACTIVITIES**

Decrease (increase) in notes receivable - temporarily restricted	103,646
Increase in due from related party	(796)
	<hr/>
Net cash provided (used) by investing activities	102,850
Net increase in cash	329,423

**CASH**

Beginning of year	<hr/> 566,386
End of year	<hr/> <hr/> \$ 895,809

The accompanying notes are an integral part of this financial statement

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.**

Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ORGANIZATION AND OPERATIONS**

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

The Association promotes comprehensive, high quality primary health care to the medically underserved people in Louisiana. The Association represents Louisiana 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 to its member organizations.

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.

**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

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.**  
Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - Continued

**CASH AND 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.

**INVESTMENT VALUATION AND INCOME RECOGNITION**

Financial Accounting Standards Board's ASC 820, Fair Value Measurements (ASC 820), establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the sources of pricing information (inputs) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - Inputs based on unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 -Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 -Inputs that are unobservable and significant to the fair value measurement.

The Association held no investments as of March 31, 2013.

Interest income is recorded on the accrual basis

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.**

Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - Continued

**INCOME TAXES**

The Association accounts for income taxes in accordance with FASB ASC 740-10, Accounting for Uncertainty in Income Taxes. Management believes it has no material uncertain tax positions and, accordingly, has not recognized a liability for any unrecognized tax benefits. The Association's open audit periods are 2008 through 2012.

**ACCOUNTS AND GRANTS RECEIVABLE**

The Association uses the allowance method for doubtful accounts. Management determined that there were no balances recorded that were uncollectible as of March 31, 2013.

**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

Net assets for general use with no restrictions.

Temporarily Restricted Net Assets

Net assets that can be expended currently, but only for a specified purpose designated by the grantor. 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.

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, 2013.

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.**

Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – Continued

**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.

**REVENUES**

The Association receives the majority of its revenues from Federal and State agencies. The Association recognizes contract revenue 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 their 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 or contract.

**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.

**NOTE 2 - FAIR VALUE MEASURES**

The carrying value of receivables, accounts payable, accrued expenses, and deferred revenue approximate fair value due to the short-term nature of these financial instruments. None of these financial instruments are held for trading purposes.

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment is presented in the financial statements at cost less allowances for depreciation. Depreciation is computed using the straight-line method and is allocated over the estimated useful lives of the assets, which is generally five to seven years.

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.**  
Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - PROPERTY AND EQUIPMENT - Continued**

A summary of property and equipment is as follows. The balances from the fiscal year ended March 31, 2012 are presented for comparative purposes:

	<u>2013</u>	<u>2012</u>
Furniture and fixtures	\$ 20,069	\$ 18,403
Equipment	<u>126,165</u>	<u>88,507</u>
Total	146,234	106,910
Less accumulated depreciation	<u>(94,610)</u>	<u>(87,864)</u>
Total	<u>\$ 51,624</u>	<u>\$ 19,046</u>

Depreciation expense was \$6,746 for the fiscal year ended March 31, 2013.

As discussed in Note 1, the Association receives funding under the Public Health Services Act which places various restrictions 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.

**NOTE 4 - COMPENSATED ABSENCES**

The Association's employees had approximately \$10,156 vested in accrued vacation pay at March 31, 2013. This amount is included in accrued liabilities on the statement of financial position.

**NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist primarily of a grant received from one organization. In January 2008, the Association entered into a Cooperative Endeavor Agreement with the Louisiana Department 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 statewide planning, 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.

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.**  
Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS - Continued**

The program expenditures are made over multiple years.

The funding has been placed in a checking account reflecting a balance of \$1,614,774 at March 31, 2013 and an escrow account with a bank. Funds placed into the escrow account have been invested in an internal trust money market fund reflecting a balance of \$3,271,273 as of March 31, 2013.

Temporarily restricted net assets were as follows.

	<u>Facility Expansion Initiative</u>		<u>Other</u>	<u>Total</u>
	<u>Clinic</u>	<u>Administrative</u>	<u>Grants</u>	
Balance April 1, 2012	16,210,364	73,372	12,742	16,296,478
Grant revenues	-	-	220,000	220,000
Interest Income	-	52,668	-	52,668
Expenses	<u>(7,513,530)</u>	<u>(107,517)</u>	<u>(111,183)</u>	<u>(7,732,230)</u>
Balance March 31, 2013	<u>\$ 8,696,834</u>	<u>\$ 18,523</u>	<u>\$ 121,559</u>	<u>\$ 8,836,916</u>

**NOTE 6 - CONCENTRATIONS**

Financial instruments, which potentially subject the Association to concentrations 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, 2013 were \$2,093,600. The Association does not believe that it is exposed to any significant credit risk on uninsured amounts.

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.**

Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - RETIREMENT PLAN**

The Association sponsors 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. 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 contribution to the plan for the years ended March 31, 2013 was \$11,100.

**NOTE 8 - COMMITMENTS AND CONTINGENCIES**

Grants

The Association receives 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 management that its compliance with the terms of grants will result in negligible, if any, disallowed costs.

Leases

As of March 31, 2013 there are no future obligations under the Association's occupancy lease. The Association will continue to occupy the facility on a month to month basis. Total rental expense for the years ended March 31, 2013 was \$35,000.

The Association also leases office equipment under operating leases at \$309 per month for lease periods of five years. Future annual lease payments of \$3,708 are anticipated by the terms of the lease through March 2015.

**NOTE 9 - 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, 2013, the Association had a receivable of \$13,168 from this related party for management fees.

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.**

Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - UNRESTRICTED GRANT REVENUES**

During the year ended March 31, 2013, the Association received unrestricted grant revenues from organizations to support the Association's goal of providing premium quality primary health care. A schedule of these grant revenues are presented as follows:

U.S Department of Health and Hospitals	
Technical and Non-financial Assistance to Health Centers	\$ 628,332
Health Information Technology Regional Extension Center	114,221
National Association of Community Health Centers	<u>51,838</u>
Total federal support	<u>794,391</u>
Louisiana department of Health and Hospitals	
Tobacco Control Program	-
Louisiana Public Health Institute	
Tabacco Free Living Program	<u>679</u>
Total state support	<u>679</u>
Private Grants	<u>5,600</u>
Total grant support	<u>\$ 800,670</u>

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.**

Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 - NOTES RECEIVABLE**

Four of the Association's Federally Qualified Health Centers (FQHC) participating under the Cooperative Endeavor Agreement (CEA) with the Louisiana Division of Administration took out advances (loans) of their allocated project funds for pre-construction costs. Under the CEA, FQHCs can borrow up to five percent of the total project costs or up to ten percent, if collateral is provided, with approval of the Association's Board of Directors. The loans are executed under a Master Promissory Note with a fixed interest rate and a maturity date of the earlier of the effective date of the project agreement, the first anniversary of the note, or an event of default. Interest is accrued and due at the maturity date. Since the funds disbursed for the loans are temporarily restricted net assets, the notes created are temporarily restricted and will be released from restrictions after the terms are satisfied. At March 31, 2013 the Association had notes outstanding of \$200,483.

Two of the Association's FQHC participating under the CEA retained a New Market Tax Credit (NMTC) investor to fund their project. Under the scope of the NMTC, the Association's funding for the projects are made through loans to the FQHC in the total amount of their allocated state contributions. The loans accrue interest at one percent per annum and are payable on an annual basis to the Association. Under the structure of the NMTC, at any time after the seventh anniversary of the NMTC closing date, the Association has the option to put to the FQHC the outstanding balances of the loan in exchange for a one-time payment of \$1,000. At March 31, 2013 the Association had executed two notes under the NMTC guidelines in the amount of \$3,809,584. The notes are temporarily restricted until released from restrictions after the terms are satisfied.

A summary of the Notes Receivables are as follows:

Construction Advances Under New Markets Tax Credit Guidelines	\$ 3,809,584
Pre-Construction Advances	200,483
Total Notes Receivable	<u>\$ 4,010,067</u>

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.**  
Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 - SUBSEQUENT EVENTS**

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 16, 2013, the date the financial statements were available to be issued.

LOUISIANA PRIMARY CARE ASSOCIATION, INC  
 Baton Rouge, Louisiana  
 Schedule of Expenditures of Federal Awards  
 For the year ended March 31, 2013

<u>Grantor/State Pass-through/ Program name Location of Project</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b>Department of Health and Human Services</b>		
Technical and Non-Financial Assistance to Health Centers	93.129	\$ 628,332
ARRA- Health Information Technology Regional Extension Centers Program	93.718	114,221
<b>Corporation for National and Community Service</b>		
ARRA- National Association of Community Health Centers	94.006	<u>51,838</u>
Total Federal Assistance		<u>\$ 794,391</u>

The accompanying note is an integral part of this financial statement

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.**

Baton Rouge, Louisiana

**NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activities of the Louisiana Primary Care Association, Inc. (LPCA) under programs of the federal government for the year ended March 31, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Summary of Significant Accounting Policies.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Accordingly, the expenditures are recognized when incurred rather than when paid.



## LUTHER SPEIGHT & COMPANY, LLC

*Certified Public Accountants and Consultants*

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

To the Board of Directors of  
Louisiana Primary Care Association, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Primary Care Association, Inc. (the Association) (a nonprofit organization), which comprise the statement of financial position as of March 31, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 4, 2013.

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

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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

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

Continued,

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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



Luther Speight & Company CPAs

Baton Rouge, Louisiana  
September 4, 2013



## LUTHER SPEIGHT & COMPANY, LLC

*Certified Public Accountants and Consultants*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A -133

To the Board of Directors of  
Louisiana Primary Care Association, Inc.

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

We have audited Louisiana Primary Care Association, Inc.'s (the Association) 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 the Association's major federal programs for the year ended March 31, 2013. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Continued,

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

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2013.

***Other Matters***

The results of our auditing procedures did not disclose instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

**Report on Internal Control Over Compliance**

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Continued,

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Luther Speight & Co". The signature is fluid and cursive, with a large initial "L" and "S".

Luther Speight & Company CPAs

Baton Rouge, Louisiana  
September 4, 2013

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.**  
Baton Rouge, Louisiana

Schedule of Findings and Questioned Costs  
Fiscal Year Ended March 31, 2013

**Section I - Summary of Auditor's Results**

Financial Statements

An unqualified opinion was issued on the financial statements of the auditee.

Internal control over financial reporting:

Material weakness (es) identified?                     yes     no  
Significant deficiency(s) identified  
not considered to be material weaknesses?         yes     no

Noncompliance material to financial statements noted?         yes     no

Federal Awards

Internal control over major programs.

Material weakness (es) identified?                     yes     no  
Significant deficiency(s) identified  
not considered to be material weaknesses?         yes     no

An unqualified opinion was issued on compliance.

Any audit findings disclosed that are required to be  
Reported in accordance with Circular  
A-133, Section 510(a)?

yes     no

Was a management letter issued

yes     no

The major programs for the year ended December 31, 2012 were as follows:

1. Technical and Non-Financial Assistance to Health Centers - CFDA 93.129

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

Is the auditee a "low-risk" auditee as defined by OMB Circular A-133.     yes     no

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.**  
Baton Rouge, Louisiana

**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended March 31, 2013**

There were no findings or questioned costs identified as a result of our audit of the fiscal year ended March 31, 2013.

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.**  
Baton Rouge, Louisiana

**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended March 31, 2013**

There were no findings reported in the prior year's audit.