

OPEN HEALTH CARE CLINIC
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2023

Table of Contents

Independent Auditors' Report	1-3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities and Changes in Net Assets	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8-15
Supplementary Information	
Schedule of Expenditures of Federal Awards	16-17
Notes to Schedule of Expenditures of Federal Awards	18
Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer	19
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 <i>Government Auditing Standards</i>	20-21
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	22-24
Schedule of Findings and Questioned Costs	25
Schedule of Prior Year Audit Findings	26
Independent Accountant's Report on Applying Statewide Agreed-Upon Procedures	27-35



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
HIV/AIDS Alliance for Region Two, Inc. dba Open Health Care Clinic
Baton Rouge, LA

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of HIV/AIDS Alliance for Region Two, Inc. dba Open Health Care Clinic (a nonprofit organization) (hereafter Open Health Care Clinic), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (hereafter financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Open Health Care Clinic as of December 31, 2023, and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Open Health Care Clinic and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Open Health Care Clinic's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Open Health Care Clinic's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as, evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Open Health Care Clinic's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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.

The accompanying Schedule of Compensation, Benefits, and Other Payments to the CEO, and the Statewide Agreed Upon Procedures are not a required part of the financial statements, but are supplementary information required by Louisiana State Law. 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. We have applied certain limited procedures, which are described in the Independent Accounts' Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2024, on our consideration of Open Health Care Clinic'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 solely 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 effectiveness of Open Health Care Clinic's 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 Open Health Care Clinic's internal control over financial reporting and compliance.



Daigrepoint & Brian, APAC
Baton Rouge, LA

June 26, 2024

**OPEN HEALTH CARE CLINIC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023**

ASSETS

Current Assets	
Cash	\$ 4,643,820
Accounts Receivable, net	
Grants	4,650,020
Patient Service Fees	755,130
340B Pharmacy	1,190,905
Inventory	215,884
Prepaid Expenses	326,064
Total Current Assets	<u>11,781,823</u>
Property and Equipment, net	10,427,520
Right of Use Asset - Operating	<u>2,091,202</u>
Total Assets	<u><u>\$ 24,300,545</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 2,215,102
Notes Payable, Current Portion	136,289
Lease Liability - Operating, Short Term	845,948
Other Current Liabilities	1,025,851
Total Current Liabilities	<u>4,223,190</u>
Notes Payable, Net of Current Portion	4,714,508
Lease Liability - Operating, Net of Short Term	<u>1,245,254</u>
Total Liabilities	10,182,952
Net Assets Without Donor Restrictions	<u>14,117,593</u>
Total Liabilities and Net Assets	<u><u>\$ 24,300,545</u></u>

See accompanying notes and independent auditors' report.

**OPEN HEALTH CARE CLINIC
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023**

REVENUES

Governmental Grants	\$ 24,952,208
340B Drug Program	24,642,550
Fees for Services	6,111,507
Donations and Grants	3,121,592
Housing Income	80,865
Other Income	328,538
Total Revenues	<u>59,237,260</u>

EXPENSES

Program Expenses	
340B Drug Program	17,674,558
Housing and Supportive Services	966,157
Community Health	744,048
Health Insurance Program	17,556,244
Medical Services	12,755,972
Ryan White Part A/MAI	1,668,563
General and Administrative	6,616,516
Total Expenses	<u>57,982,058</u>

CHANGE IN NET ASSETS

	1,255,202
Net assets - Beginning of Year	<u>12,862,391</u>
Net assets - End of Year	<u><u>\$ 14,117,593</u></u>

See accompanying notes and independent auditors' report.

**OPEN HEALTH CARE CLINIC
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	340B	Housing & Supportive Services	Community Health	Health Insurance Program	Medical Services	Ryan White Part A/MAI	General & Administrative	Total
Bad Debt	\$ -	\$ 175	\$ -	\$ -	\$ 111,411	\$ -	\$ -	\$ 111,586
Clinic Expenses	3,051	21,724	116,515	8	766,946	18,781	25,538	952,563
Contract Labor	-	-	44,543	-	-	-	34,612	79,155
Depreciation	-	-	-	-	-	-	968,006	968,006
Direct Assistance & Programs	17,554,496	495,148	3,099	16,932,440	665,824	773,613	1,698	36,426,318
Facilities	4,000	5,391	1,928	1,306	157,317	1,981	360,441	532,364
Insurance	-	34,205	-	-	8,218	-	287,425	329,848
Interest Expense	-	-	-	-	-	-	317,875	317,875
Other Expenses	61,260	2,787	18,650	49,007	711,010	64,800	524,601	1,432,115
Payroll Taxes & Benefits	3,352	50,652	81,393	100,236	1,305,665	149,813	502,809	2,193,920
Professional Services	2,283	2,024	1,768	494	593,588	757	924,791	1,525,705
Rent Expense	-	32,109	77,885	-	727,180	23,507	109,035	969,716
Salaries and Wages	43,822	320,332	394,786	470,478	7,662,064	633,619	2,538,228	12,063,329
Travel and Meals	2,294	1,610	3,481	2,275	46,749	1,692	21,457	79,558
Total Expenses	\$ 17,674,558	\$ 966,157	\$ 744,048	\$ 17,556,244	\$ 12,755,972	\$ 1,668,563	\$ 6,616,516	\$ 57,982,058

See accompanying notes and independent auditors' report.

**OPEN HEALTH CARE CLINIC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,255,202
<u>Adjustments to reconcile net revenues over expenses to net cash provided by operating activities:</u>	
Depreciation	968,006
Change in allowance for doubtful accounts	24,822
Right of use asset - operating	819,350
Lease liability - operating	(819,350)
(Increase)/decrease in:	
Accounts receivable	256,139
Inventory	91,901
Prepaid expenses	14,316
(Decrease)/increase in:	
Accounts payable	832,286
Other current liabilities	429,149
Net cash provided by operating activities	<u>3,871,821</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of capital assets	<u>(5,242,415)</u>
Net cash used in investing activities	(5,242,415)

CASH FLOWS FROM FINANCING ACTIVITIES

Draws on line of credit	14,021,249
Payments on line of credit	(14,590,213)
Proceeds from notes payable	4,339,373
Payments on notes payable	<u>(183,814)</u>
Net cash provided by financing activities	<u>3,586,595</u>

INCREASE IN CASH 2,216,001

CASH, BEGINNING OF YEAR 2,427,819

CASH, END OF YEAR \$ 4,643,820

SUPPLEMENTAL DISCLOSURE

Cash paid for interest during the year	<u><u>\$ 317,875</u></u>
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See accompanying notes and independent auditors' report.

**OPEN HEALTH CARE CLINIC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

A. SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

HIV/AIDS Alliance for Region Two, Inc. (HAART) dba Open Health Care Clinic (Open Health) is a Louisiana community-based 501(c)3 non-profit, incorporated on February 16, 1995, for the purpose of responding to the threat of the HIV (Human Immunodeficiency Virus) and AIDS (Acquired Immune Deficiency Syndrome) diseases existing in Louisiana, through the development of educational programs, support services, assistance, and financial development. In furtherance of those purposes, the corporation is authorized, but not limited to, purchasing and acquiring property, receiving and administering donations of money, property, or other things of value, rendering charitable assistance to individuals living with, or at risk of acquiring, HIV infection or AIDS or educational work related to the HIV or AIDS threat.

Medical Services

In 2015, the Organization was designated through the Bureau of Primary Health Care as a Federally Qualified Health Center (FQHC), under Section 330(e) of the U.S. Public Health Act, Community Health Centers. The designation comes with annual grant funding in order to ensure access to primary care, oral health, and behavioral health services to low-income and uninsured and under insured persons and families residing in the Baton Rouge and Denham Springs area. This FQHC is operated under the name Open Health Care Clinic (Open Health).

The Organization receives various funding that enables primary care services through the Open Health Care Clinic for uninsured HIV positive persons and early intervention services for those who are newly diagnosed or returning to care. As a federally qualified health center Open Health is required to provide care to all comers, not just those with HIV disease, from birth to death regardless of ability to pay. The organization is required to provide primary care for adults and children, dental services, and behavioral health care services.

The organization has a wholly-owned subsidiary, Caring Clinic of Louisiana, chartered in Louisiana in 2007 as a Limited Liability Company (LLC). Medical services under the name of Caring Clinic were discontinued in 2017, although the LLC remains active and in good standing with the Louisiana Secretary of State's office.

340B Drug Program

Open Health and Caring Clinic of Louisiana are both registered as eligible entities in the 340B Drug Pricing Program, administered by HHS/HRSA's Office of Pharmacy Affairs, and employs three contract pharmacies to manage and dispense medications to eligible patients. The medications are available for purchase at a discounted price, resulting in net revenue to the entities based on these savings.

In 2022 the organization opened an in-house pharmacy under the 340B drug program at its main health clinic in mid-city Baton Rouge.

**OPEN HEALTH CARE CLINIC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Community Health

Open Health provides HIV Counseling, Testing and Referral (CTR) services, prevention materials availability and evidence-based interventions with funding from CDC received through the state health department. State funds also support a Wellness Center targeting persons needing testing and treatment for sexually-transmitted infections (STI's) and Pre- and Post-Exposure Prophylaxis (PrEP and PEP) to prevent contracting HIV disease.

Housing and Supportive Services

The Organization receives two types of grant funding from the Department of Housing and Urban Development (HUD). They are 1) Housing Opportunities for People with AIDS (HOPWA), funded through the City of Baton Rouge-Parish of East Baton Rouge, and 2) Supportive Housing Program (SHP), funded directly by HUD and coordinated through the Louisiana Housing Corporation. The HOPWA grant funds are used to prevent homelessness among persons with AIDS and are used for Project-based housing assistance, Acquisition and Rehabilitation and Supportive Services. SHP funds are used to assist homeless persons including special populations and the chronically homeless. The Organization has two SHP grants which are used for permanent housing assistance and supportive services to help ensure clients remain housed in order to thrive.

The Organization has used HOPWA and Neighborhood Stabilization Program (NSP) funds for the acquisition of land and buildings, reflected on the balance sheet net of depreciation, consisting of eight single family homes and a ten-unit apartment complex.

The Organization also receives Ryan White Part A funding which is used to provide non-medical case management, pharmaceutical assistance, medical transportation, and other services. This program is administered in the nine-parish Metropolitan Statistical Area (MSA) by the City of Baton Rouge-Parish of East Baton Rouge's Department of Human and Developmental Services.

Health Insurance Program

The Organization's largest grant funded contract is to administer a Ryan White Part B program for the Louisiana Department of Health. The program assists persons statewide who are living with HIV by purchasing health insurance policies to cover their cost of care and also assists with patient responsibility cost-shares associated with the insurance coverage.

Basis of Accounting

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

Financial Statement Presentation

The financial statements are presented on a consolidated basis with the Caring Clinic of Louisiana, LLC (Caring Clinic), a wholly owned subsidiary of the Organization. The Caring Clinic has not had any activity since 2017.

**OPEN HEALTH CARE CLINIC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, Open Health considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Open Health extends credit to patients and third parties in the normal course of business. Accounts receivable arising from grants are recorded at their net realizable value while accounts receivable from patient service fees are recorded at their original amount less contractual adjustments and an allowance for doubtful accounts. These contractual adjustments and allowance for doubtful accounts are based on management's estimates, historical experience and a review of all outstanding amounts on an ongoing basis. For the year ended December 31, 2023 the allowance for doubtful accounts was \$687,754. Receivables are written off when deemed uncollectible by management and recoveries, if any, are recorded when received.

Inventory

Inventory consists of prescription medications for the in house pharmacy, office supplies, and various medical supplies. Inventory is valued at cost using the first in first out method.

Net Assets

Open Health reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions are net assets that are not subject to donor-imposed restrictions and are available for use at the organization's discretion.

Net Assets With Donor Restrictions are net assets subject to donor-imposed restrictions that may or will be met, either by actions of the organization, and/or the passage of time. Once the restrictions are met, they are reclassified to net assets without donor restrictions. Open Health does not have any net assets with donor restrictions for the year ended December 31, 2023.

Revenue Recognition

Revenue from grants and contracts are recognized according to the specific agreement. Generally, revenues from grants are recognized in the period of the grant awarded. Revenue from cost reimbursement contracts are earned when costs are incurred and services are provided.

Revenues from the 340B drug program and fees for medical and other services are recognized when the performance obligations are met. As it relates to the 340B drug program revenue is recognized as the prescription is provided to customers. The performance obligations as it relates to the fees for medical and other services are satisfied at the time the services are rendered. Open Health does not have any activity that would give rise to variable consideration.

**OPEN HEALTH CARE CLINIC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

Open Health allocates its expenses on a functional basis between program services or general and administrative. Expenses that can be identified with a specific program are allocated directly to programs according to their natural expense classification. Other expenses are allocated between programs or general and administrative based on management’s best estimate of time, percentage, or square footage used, among other factors.

Tax-exempt Status

Open Health is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Open Health files Form 990 in the U.S. federal jurisdiction. The organization is no longer subject to federal information return examinations by tax authorities beyond three years from the filing of those returns.

Open Health follows the provisions of 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.

Advertising

Open Health follows the policy of charging the costs of advertising to expense as incurred. Advertising expense amounted to \$263,155 for the year ended December 31, 2023.

Subsequent Events

In preparing these consolidated financial statements Open Health has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors’ report, which is the date the consolidated financial statements were available to be issued.

B. 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 provided over the estimated useful lives of assets which ranges from 3 to 27.5 years.

Property and equipment, related service lives, and accumulated depreciation as of December 31, 2023 are as follows:

Buildings & Improvements	15-27.5 years	\$ 10,808,724
Machinery & Equipment	3-7 years	1,532,129
Furniture & Fixtures	5-7 years	1,013,700
Vehicles	5 years	735,278
		<u>14,089,831</u>
Accumulated Depreciation		<u>(3,662,311)</u>
		<u><u>\$ 10,427,520</u></u>

Depreciation expense was \$968,006 for the year ended December 31, 2023.

**OPEN HEALTH CARE CLINIC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

C. LINE OF CREDIT

Open Health has a line of credit with a regional financial institution for \$1,500,000 at a variable interest rate of LIBOR plus 3% which at year end was 9.04%. At December 31, 2023 the balance on the line of credit was \$0. This line of credit renews annually in May.

Total interest expense as it relates to this line of credit for the year ended December 31, 2023 was \$26,273.

D. CONSTRUCTION LOANS

On October 7, 2022 Open Health entered into a construction loan with a local bank for renovations of a dental clinic. The total amount allowable on this loan is \$1,180,000 and has an interest rate of 4.95%. During the year this loan converted to mortgage loan that is described below.

On October 7, 2022 Open Health entered into a construction loan with a local bank for renovations of an administration building. The total amount allowable on this loan is \$664,000 and has an interest rate of 4.95%. During the year this loan converted to mortgage loan that is described below.

Total interest expense as it relates to these construction loans for the year ended December 31, 2023 was \$27,613.

E. NOTES PAYABLE

On January 27, 2023 Open Health entered into a loan with a local bank for the purchase of a building that includes both clinic and office space. The total amount of this loan was \$3,107,000 and has an interest rate of 7.00%. This loan is paid in 59 monthly installments of \$24,297 and a final balloon payment of all unpaid principal and interest on February 1, 2028. The balance on this loan at December 31, 2023 was \$3,041,111. This loan is secured by the clinic and office space building.

On March 30, 2023 Open Health converted a construction loan with a local bank for renovations of a dental clinic into a mortgage loan. The total amount allowable on this loan was \$1,180,000 and has an interest rate of 4.95%. This loan is paid in 59 monthly installments of \$7,764 and a final balloon payment of all unpaid principal and interest on April 5, 2028. The balance on this loan at December 31, 2023 was \$1,154,687. This loan is secured by the dental clinic.

On July 7, 2023 Open Health converted a construction loan with a local bank for renovations of an administration building into a mortgage loan. The total amount allowable on this loan was \$664,000 and has an interest rate of 4.95%. This loan is paid in 59 monthly installments of \$4,366 and a final balloon payment of all unpaid principal and interest on July 7, 2028. The balance on this loan at December 31, 2023 was \$654,999. This loan is secured by the administration building.

**OPEN HEALTH CARE CLINIC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

E. NOTES PAYABLE (CONTINUED)

The maturities on these loans for the next 5 years are as follows:

December 31, 2024	\$ 136,289
December 31, 2025	145,810
December 31, 2026	155,081
December 31, 2027	164,958
December 31, 2028	<u>4,248,659</u>
	<u>\$ 4,850,797</u>

F. LEASES

Open Health has several multiyear operating leases for clinic space in Baton Rouge and Denham Springs that apply to Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). These leases have monthly payments ranging from approximately \$3,200 to \$36,000 and expire at various times between 2024 and 2027. While the lease arrangements do not state an explicit rate, a discount rate of 3.10% was determined using financing arrangements available to the company at the date of adoption.

Open Health has a right of use asset related to these clinics in the amount of \$2,091,202. Lease expense related to these leases was \$898,056 for the year ending December 31, 2023.

Future payments on operating leases as of December 31, 2022 is as follows:

December 31, 2024	\$ 898,398
December 31, 2025	682,952
December 31, 2026	540,096
December 31, 2027	<u>61,388</u>
Total Lease Payments	2,182,834
Present Value Discount	<u>(91,632)</u>
Net Lease Liability	<u>\$ 2,091,202</u>

As of December 31, 2023 the weighted average of the remaining lease terms were 2.66 years and the weighted average discount rate was 3.10%.

Open Health also leases office and clinic space on a month-to-month basis that do not apply to Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). Total rent expense for these leases was \$71,659 for the year ending December 31, 2023.

G. ECONOMIC DEPENDENCY

Open Health derives the majority of its revenues from governmental sources as earned revenue or grants, the loss of which could have a material adverse effect on the operations of the organization. During the year ended December 31, 2023 revenue derived from governmental sources accounted for 42% of total revenue.

**OPEN HEALTH CARE CLINIC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

H. CONCENTRATIONS

Financial instruments which subject Open Health to concentrations of credit risk consist of cash deposits held with local banks. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. Open Health maintains cash in local and regional financial institutions which often exceed the FDIC limits. Management does not believe that it is exposed to any significant credit risk on uninsured amounts.

Concentrations of revenues and accounts receivable greater than or equal to 10% for the year ended December 31, 2023 are as follows:

	Revenue	Accounts Receivable
Health Insurance Program	31%	48%
340B Pharmacy	42%	18%
Patient Service Fees	10%	11%

I. RISKS AND UNCERTAINTIES

Grants

Open Health receives federal and state contracts for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the agency for expenditures disallowed under terms of the contract. It is the opinion of management that Open Health’s compliance with the terms of contracts will result in negligible, if any, disallowed costs.

Risk Management

Open Health is exposed to various risks of loss related to torts, claims, theft, and damage in the normal course of its business and programs. Open Health has purchased various insurance policies to cover such risks. Management is not aware of any pending claims or losses that would have a material effect on its operations or financial position.

J. PAID TIME OFF

Paid time off is earned at varying rates from two to six weeks per year depending on length of service. A maximum of six weeks paid time off could be carried over at each employee’s anniversary date. The amount accrued for paid time off at December 31, 2023 is \$373,676.

K. SIGNIFICANT DONATIONS

During the year, Open Health received a donation bequeathed from the Succession of Angelina Wilson totaling \$3,000,000. Future donations from the Succession of Angelina Wilson are anticipated, although the amounts and timing are uncertain.

**OPEN HEALTH CARE CLINIC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

L. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects Open Health’s financial assets available for general expenditures within one year of the date of the consolidated statement of financial position.

Financial Assets at Year End	
Cash	\$ 4,643,820
Accounts Receivable, Net	6,596,055
Available Line of Credit	<u>1,500,000</u>
	<u>\$ 12,739,875</u>

As part of Open Health’s liquidity management cash is kept in various checking and savings accounts that can be accessed to meet daily needs of the organization. In addition, Open Health has a \$1,500,000 line of credit it could draw upon in the event of an unanticipated liquidity need.

M. RETIREMENT PLAN

Open Health has adopted a 403(b) retirement plan with a 5% match. Under the provisions of the plan, employees may elect to defer a percentage of their compensation up to a maximum amount established by the IRS. Salary deferrals and the related earnings are 100% vested and non-forfeitable. In 2023 employer contributions to the plan were \$340,677.

**OPEN HEALTH CARE CLINIC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Federal Grantor or Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Continuum of Care Program <i>City of Baton Rouge/Parish of East Baton Rouge</i>	14.267	N/A	\$ 277,545
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	N/A	<u>369,338</u>
Total U.S. Department of Housing and Urban Development			646,883
U.S. Department of Health and Human Services			
PS21 - 2102	93.939	N/A	702,661
Health Center Program	93.224	N/A	1,751,593
Health Center Program - School-Based Service Expansion H2E	93.224	N/A	62,848
Health Center Program - Early Childhood Development H8K	93.224	N/A	34,201
Health Center Program - COVID-19 Bridge Access Program H8L	93.224	N/A	1,200
Health Center Program - CARES Act H8F	93.224	N/A	140,420
Health Center Program - CARES Act H8G	93.224	N/A	163,071
Provider Relief Fund - Period 5 <i>Capital Area Human Services District</i>	93.498	N/A	526,659
Substance Abuse and Mental Health Services Projects of Regional and National Significance <i>City of Baton Rouge/Parish of East Baton Rouge</i>	93.243	SM-17-008	124,310
HIV Emergency Relief Grant Program - Ryan White Part A	93.914	6 H89HA11432- 14-01	1,180,120
HIV Emergency Relief Grant Program - Ryan White Part A MAI	93.914	6 H89HA11432- 15-02	228,745
HIV Emergency Relief Grant Program - Ryan White Part A Ending the HIV Epidemic	93.914	4UT8HA33920-0 4-02	344,407

See accompanying notes to schedule of expenditures of federal awards.

**OPEN HEALTH CARE CLINIC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Federal Grantor or Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Louisiana Department of Health			
Family Planning Services	93.217	62274	65,625
Promoting Integration of Primary and Behavioral Health Care	93.243	310082657	12,940
HIV Care Formula Grants - Ryan White Part B	93.917	2000562141	18,361,244
HIV Prevention Activities-Health Department Based Care and Prevention in the United States (CAPUS)	93.940	2000751189	346,747
STD/HIV Program - Wellness	93.940	2000656844	75,777
STD/HIV Program - Testing	93.940	2000656882	124,721
Preventive Health Services - Sexually Transmitted Diseases	93.977	2000665115	<u>555,565</u>
Total U.S. Department of Health and Human Services			<u>24,802,854</u>
Total Expenditures of Federal Awards			<u><u>\$ 25,449,737</u></u>

See accompanying notes to schedule of expenditures of federal awards.

**OPEN HEALTH CARE CLINIC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Open Health Care Clinic (Open Health) under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of Open Health, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Open Health.

2. Summary of Significant Accounting Policies

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.

3. Indirect Cost Rate

Open Health is reimbursed for actual costs incurred and does not apply an indirect cost rate.

4. Provider Relief Fund

The amount reported on the Schedule for the Provider Relief Fund is based upon a reporting method that is different than those required by general accepted accounting principles. Therefore, the total amounts reported on the Schedule do not coincide with the amounts reported on the face of the Statement of Activities and Changes in Net Assets.

**OPEN HEALTH CARE CLINIC
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO CEO
FOR THE YEAR ENDED DECEMBER 31, 2023**

Chief Executive Officer: Timothy Young

No compensation paid from public funds.



Daigrepoint & Brian
Certified Public Accountants

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

To the Board of Directors
HIV/AIDS Alliance for Region Two, Inc. dba Open Health Care Clinic
Baton Rouge, LA

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 consolidated financial statements of HIV/AIDS Alliance for Region Two, Inc. dba Open Health Care Clinic (a non-profit organization) (hereafter Open Health Care Clinic) which comprise the consolidated statement of financial position as of December 31, 2023 and the related consolidated statements of activities and changes in net assets, functional expense, and cash flows for the year then ended, and the related notes to the consolidated financial statements (hereafter financial statements), and have issued our report thereon dated June 26, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Open Health Care Clinic'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 Open Health Care Clinic's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the 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 or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Open Health Care Clinic'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 audits and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Daigrepoint & Brian, APAC
Baton Rouge, LA

June 26, 2024



Daigrepoint & Brian
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Board of Directors
HIV/AIDS Alliance for Region Two, Inc. dba Open Health Care Clinic
Baton Rouge, LA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited HIV/AIDS Alliance for Region Two, Inc.'s dba Open Health Care Clinic (a non-profit organization) (hereafter Open Health Care Clinic) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Open Health Care Clinic's major federal programs for the year ended December 31, 2023. Open Health Care Clinic's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Open Health Care Clinic 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 December 31, 2023.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Open Health Care Clinic and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Open Health Care Clinic's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Open Health Care Clinic's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Open Health Care Clinic's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Open Health Care Clinic's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Open Health Care Clinic's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Open Health Care Clinic's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Open Health Care Clinic's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Daigrepont & Brian APAC". The signature is written in a cursive, flowing style.

Daigrepont & Brian, APAC
Baton Rouge, LA

June 26, 2024

**OPEN HEALTH CARE CLINIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

We have audited the consolidated financial statements of Open Health Care Clinic (Open Health), as of December 31, 2023, and for the year then ended, and have issued our report thereon dated June 26, 2024. 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 the Uniform Guidance.

Identification of Major Programs

Assistance Listing Number(s) - Federal Program or Cluster

14.241 - Housing Opportunities for Persons with AIDS (HOPWA)

93.224 - Health Center Program

93.917 - HIV Care Formula Grants - Ryan White Part B

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Is the auditee a 'low risk' auditee as defined by the Uniform Guidance Yes

Summary of Auditors' Reports

Independent Auditors' Report Opinion Unmodified

Report on Internal Control and Compliance Material to the Financial Statements

Material Weaknesses Identified No

Significant Deficiencies Identified No

Non-Compliance with Provisions of Laws, Regulation, Contracts or Grant Agreements No

Report on Each Major Federal Program and on Internal Control Over Compliance

Material Weaknesses Identified No

Significant Deficiencies Identified No

Type of Opinion on Compliance for Each Major Program

14.241 - Housing Opportunities for Persons with AIDS (HOPWA) Unmodified

93.224 - Health Center Program Unmodified

93.917 - HIV Care Formula Grants - Ryan White Part B Unmodified

Are there findings required to be reported in accordance with the Uniform Guidance No

Findings - Financial Statement Audit

There are no findings for the year ended December 31, 2023.

Questioned Costs

There are no questioned costs for the year ended December 31, 2023.

**OPEN HEALTH CARE CLINIC
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Summary of Prior Audit Findings

There were no findings for the year ended December 31, 2022.

Questioned Costs

There were no questioned cost for the year ended December 31, 2022.



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of HIV/AIDS Alliance for Region Two, Inc. dba
Open Health Care Clinic and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. Open Health Care Clinic's management is responsible for those C/C areas identified in the SAUPs.

Open Health Care Clinic has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: The Organization's policies and procedures address each of the categories noted above as applicable for a nonprofit organization.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions noted as a result of applying this procedure.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions noted as a result of applying this procedure.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
- i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions noted as a result of applying this procedure.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - vi. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- C. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were*

made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No exceptions noted as a result of applying this procedure.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions noted as a result of applying this procedure.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
 - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
- v. Results: No exceptions noted as a result of applying this procedure.

Results: No exceptions noted as a result of applying this procedure.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted as a result of applying this procedure.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or

official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions noted as a result of applying this procedure.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

The Organization is a nonprofit so this procedure does not apply.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

The Organization is a nonprofit so this procedure does not apply.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions noted as a result of applying this procedure.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Results: We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
- C. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

The Organization is a nonprofit so this procedure does not apply.

We were engaged by Open Health Care Clinic to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Open Health Care Clinic and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Daigrepont & Brian, APAC
Baton Rouge, LA

June 26, 2024