



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

COMMON GROUND HEALTH CLINIC, INC.
(A Nonprofit Organization)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2020

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Luther Speight & Company, LLC
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Common Ground Health Clinic, Inc.
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Common Ground Health Clinic, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020, 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 Common Ground Health Clinic, Inc. as of December 31, 2020, 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 *Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer* is required by Louisiana Revised Statute 24:513(A)(3) and is presented for purposes of additional analysis and is not a required part of the financial statements. The *Schedule of Expenditures of Federal Awards* is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not part of the basic 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 November 23, 2022 on our consideration of the Common Ground Health Clinic, Inc.'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 Common Ground Health Clinic, Inc.'s internal control over financial reporting and compliance.



Luther Speight & Company CPAs
New Orleans, Louisiana
November 23, 2022

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

ASSETS	
Cash and Cash Equivalents	\$ 237,096
Accounts Receivable, Net	110,787
Prepaid Expenses	1,250
Fixed Assets, Net	261,884
TOTAL ASSETS	<u>\$ 611,017</u>
LIABILITIES & NET ASSETS	
Liabilities	
Accounts Payable	\$ 133,953
Accrued Salaries	178,300
Payroll Tax Liabilities	44,600
TOTAL LIABILITIES	<u>356,853</u>
NET ASSETS	
Without Donor Restrictions	<u>254,164</u>
TOTAL NET ASSETS	<u>254,164</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 611,017</u>

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

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE AND OTHER SUPPORT</u>			
Grants - Governmental	\$ 1,359,193	\$ -	\$ 1,359,193
Contributions	187,700	-	187,700
Patient Revenue, Net	381,923	-	381,923
Miscellaneous Revenue	296,513	-	296,513
Total Revenues and Other Support	2,225,329	-	2,225,329
 <u>EXPENSES</u>			
Health Care	1,697,532	-	1,697,532
Management and General	442,623	-	442,623
Total Expenses	2,140,155	-	2,140,155
 Change in Net Assets	 85,174	 -	 85,174
Net assets, beginning of year	168,990	-	168,990
Net assets, end of year	\$ 254,164	\$ -	\$ 254,164

The accompanying notes are an integral part of these financial statements

**COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Health Care	Management and General	Total
Salaries & Related Expenses	\$ 1,239,262	\$ 138,186	1,377,448
Advertising	1,882	-	1,882
Bad Debt Expense	120,609	40,929	161,538
Biohazard and Trash Removal	12,437	-	12,437
Depreciation	-	8,102	8,102
Equipment Lease/ Rental	8,366	253	8,619
Insurance	39,054	84,092	123,146
Licenses and Membership Dues	16,915	502	17,417
Medical Expenses	81,372	-	81,372
Medical Supplies	25,694	-	25,694
Miscellaneous	126	6,032	6,158
Office Expense	15,816	8,617	24,433
Postage & Delivery	1,634	-	1,634
Professional Services and Fees	23,211	66,295	89,506
Program Development and Outreach	2,314	-	2,314
Rent Expense	101,252	-	101,252
Repairs & Maintenance	345	16,404	16,749
Security	-	34,335	34,335
Training and Development	7,243	-	7,243
Utilities	-	38,876	38,876
	<u>\$ 1,697,532</u>	<u>\$ 442,623</u>	<u>\$ 2,140,155</u>

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

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 85,174
Adjustments to reconcile net income to net cash:	
Depreciation Expense	8,102
Changes in assets and liabilities	
Decrease in Receivables	(61,443)
Increase in Prepaid Expenses	14,983
Increase in Accounts Payable	25,574
Decrease in Accrued Salaries	157,402
Decrease in Payroll Liabilities	36,421
Net Cash Used by Operating Activities	<u>266,213</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Fixed Assets	<u>(108,935)</u>
Net Cash Used by Investing Activities	<u>(108,935)</u>

Net change in cash and cash equivalents 157,278

Cash and cash equivalents - beginning of period 79,818

Cash and cash equivalents - end of period \$ 237,096

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

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Nature of Activities

Common Ground Health Clinic (CGHC, or the Clinic) is a 501(c)(3) tax exempt organization. CGHC started in 2005 in New Orleans, Louisiana. CGHC serves to provide quality health care for the greater New Orleans community, as well as develop programs to address community health care needs through collaborative partnerships. In order to assist in meeting its goals and mission of providing services as a primary health care clinic, the Clinic relies primarily on federal, state, and city programs as well as private sources and various grants for on-going financial support for their operations.

The Clinic was founded on September 9, 2005, just days after Hurricane Katrina. The Clinic became a registered 501(c)(3) tax exempt organization in April 2006. During 2018, the Clinic lost their 501(c)(3) tax exempt status due to late filing of the 2015, 2016, and 2017 Form 990 filings required by the Internal Revenue Service. The Clinic subsequently filed the 990s and requested retroactive reinstatement of their 501(c)(3) tax exempt status.

In 2013, the Clinic launched the Old Algiers Harvest Fresh Market in collaboration with several partnering organizations and was awarded Federally Qualified Health Center (FQHC) status.

The clinic is governed by a Board of Directors, all of whom serve a term of one, two, or three years.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recorded when incurred. Contributions are recognized when received or unconditionally promised. In-kind donations are recognized at their fair market value when received.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. Summary of Significant Accounting Policies (continued)

Basis of presentation

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, which established standards for external financial reporting by not-for-profit organizations, the organization classifies resources for accounting and reporting purposes into two net asset categories which are with donor restrictions and without donor restrictions. A description of these two net asset categories is as follows:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Clinic are included in this category. The Clinic has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Clinic and therefore, their policy is to record those net assets as unrestricted.
- Net assets with donor restrictions include funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

At December 31, 2020, the Clinic did not have any net assets with donor restrictions.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents

For the purposes of reporting cash flows, cash consists of cash and cash equivalents. The Clinic considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable, net

Patient receivables are recorded net of contractual allowance and bad debt allowances. Management estimates contractual allowances in accordance with the reimbursement rates in the contractual arrangements. Management estimates bad debt allowances based upon management's assessment of historical and expected net collections, business and economic conditions, and other collection indicators. The primary uncertainty lies within uninsured patient receivables and deductibles, co-payments, and other amounts due from individual patients. Patient receivables are written off when deemed uncollectible and recoveries of receivables previously written off are recorded when received. Management recorded a bad debt allowance of \$24,633 as of December 31, 2020.

Property and equipment

Leasehold improvements, furniture, and equipment are recorded as assets and are stated at historical costs, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements, and expenditures that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Leasehold improvements, furniture, and equipment are depreciated over the shorter of the estimated useful life of the asset or the lease term. Depreciation is provided using the straight line method over the estimated useful lives of the assets as follows: leasehold improvements: 5-7 years; furniture and equipment: 3 to 10 years.

Revenue Recognition

Medicare, Medicaid, and patient revenues are reported at the estimated net realizable value amounts for services rendered. Contributions, including promises to give and grants, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. Summary of Significant Accounting Policies (continued)

A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Unconditional contributions, or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor, are recorded as revenue with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Donated Services and Medical Supplies

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Clinic. Donated medical supplies are recorded as received and include medications and related medical supplies donated to the Clinic.

Incentive Revenue

The Clinic receives incentive payments from various pharmacies for the treatment of patients with particular health conditions. Payments are remitted to the Clinic by the pharmacy. The Clinic records the revenue at the time of receipt as that is when they become aware that the patient qualifies for the incentive. Incentive revenues for the year ended December 31, 2020 included in miscellaneous revenue totaled \$42,420.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited based on actual amounts or management's best estimate.

Compensated Absences

The Clinic allows three months compensated sick leave to carry over from any prior fiscal year. Unused compensated absences are paid out to employees on a case-by-case basis solely on management's discretion, and thus are not estimable for financial statement reporting purposes.

Income Taxes

The Clinic is a non-profit corporation that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies as an organization that is not a private foundation as defined in Section 509 (a) of the Code. It is exempt from Louisiana income tax under the Section 121(5) of Title 47 of the Louisiana Revised Statutes. The Clinic paid no federal income tax for the year ended December 31, 2020.

Recently Issued Financial Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. On June 3, 2020, FASB issued ASU No. 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) that extended the effective date for certain entities, including the Clinic, to annual reporting periods beginning after December 15, 2021. The Clinic is currently evaluating the effects of this ASU.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 3: Cash and Cash Equivalents

The Clinic maintains its cash in a bank deposit account at a financial institution. The current balance covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC) is \$250,000 for interest bearing accounts and non-interest bearing accounts alike. The bank balances for the Clinic, at times, may exceed federally insured limits. Management has not experienced any losses in the past, and does not believe the Clinic is exposed to a significant amount of credit risk. The Clinic had no uninsured funds as of December 31, 2020.

Note 4: Fixed Assets

Fixed Assets consisted of the following at December 31, 2020:

Asset Category	
Land	\$ 12,000
Leasehold Improvements	287,520
Furniture and Equipement	80,378
Donated Equipment	53,844
Subtotal	433,742
Accumulated Depreciation	(171,858)
Net Property and Equipment	\$ 261,884

Depreciation expense for fiscal year ended December 31, 2020 was \$ 8,102.

Note 5: Grants and Federal Awards

In order to assist in meeting its goals and mission of providing services as a primary care clinic, the Clinic has applied for and has been awarded various grants from both governmental and private programs as described below:

Health Resources and Services Administration (HRSA) Grant – In November 2013, the Clinic was awarded a HRSA grant. This grant is administered by the U.S. Department of Health and Human Services, which reimburses specified operational expenses associated with the care of the Medicare, Medicaid, and uninsured populations. Each year since 2013, the Clinic has received additional awards for the same grant. The current award has a project period through December 31, 2021. The Clinic recognized \$1,359,193 in grant revenue related to this grant during the year ended December 31, 2020.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 6: Patient Revenues

The Clinic provides medical assistance to eligible Medicaid and Medicare recipients and receives reimbursements from the State of Louisiana’s Department of Health and Hospitals and the U.S. Department of Health and Human Services’ Centers for Medicare and Medicaid Services (SMS) for claims submitted in conjunction with those services provided.

As an FQHC, the Clinic receives a fixed rate per encounter for its Medicare, Medicaid, and the Medicaid Greater New Orleans Community Health Connection (GNOCHC) waiver program (see additional information in Note 9 regarding GNOCHC). The Clinic also has agreements with other third-party payors that provide for payments to the Clinic at amounts different from its established billing rates.

The Medicare intermediary for Medicare patients reimburses for services rendered to Medicare program beneficiaries under an all-inclusive rate for each visit that is subject to audit and retroactive adjustments. Management does not believe that the ultimate outcome of any cost report audit will have a significant impact on the Clinic’s financial statements.

Most of the Clinic’s patients are Greater New Orleans residents insured under third party payer agreements. The mix of revenues from third-party payers for the year ended December 31, 2020 was as follows:

Medicaid	79%
Medicare	7%
Other Insurance	12%
Self Pay	2%
Total	<u>100%</u>

In addition to Medicare, Medicaid, and grant programs, the Clinic also provides healthcare to patients who do not qualify for these programs at a discounted cost. For the year ended December 31, 2020 the Clinic recognized \$ 6,786 in net patient revenues related to these patients.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 7: Leases

The Clinic leases office space had rent and leasing expense related to its medical and administrative space of \$101,252 as of December 31, 2020.

The Clinic leases various types of equipment for its operations, which are included in office expenses. The lease agreements expire between December 2018 and December 2020.

Future minimum lease obligations are as follows for the years ending December 31:

2021	\$ 115,124
2022	36,632
2023	34,136
2024	36,144
2025	24,096
Total	<u>\$ 246,132</u>

Note 8: Commitments and Contingencies

The Clinic is a recipient of several grants and awards of federal, state, and private foundation funds. These grants and awards are governed by various federal, state, and private foundation guidelines, regulations, and contractual agreements.

The administration of the programs and activities funded by these grants and awards is under the contract and administration of the Clinic and is subject to audit and review by the applicable funding sources. Any grant or award funds found to be not properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

The Clinic participates in the State of Louisiana Patient Compensation Fund (the Fund). The Fund provides for malpractice coverage to the Clinic for claims in excess of \$100,000 and up to \$500,000 per claim. According to state law, medical malpractice liability (exclusive of future medical care awards and litigation expenses) is limited to \$500,000 per occurrence. The Clinic purchased commercial insurance that provides coverage for medical malpractice up to \$2,000,000 in the aggregate in excess of the Fund limits. There were no medical malpractice cases outstanding as of December 31, 2020.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 9: Economic Dependency

The primary source of revenue for the Clinic is federal, state, and local grants and contracts provided through various funding agencies. The continued success of the Clinic is dependent upon the renewal of contracts from current funding sources as well as the Clinic's ability to obtain new funding. The state Medicaid program (GNOCHC) was originally scheduled to end on December 31, 2013 but was extended through June 30, 2016. Starting on July 1, 2016, the State of Louisiana expanded Medicaid which would provide service to the GNOCHC population under the traditional Medicaid model. During the year ended December 31, 2020, the Clinic received 11% of its revenue from the GNOCHC program.

Note 10: Liquidity and Availability of Financial Assets

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	\$ 237,096
Accounts Receivable, Net	<u>110,787</u>
Total	<u>\$ 347,883</u>

Note 11: Defined Contribution Plan

All full-time employees meeting the minimum age and years of service requirements are covered by a defined contribution plan under the provisions of the Internal Revenue Code Section 401(k). Eligible employees who wish to participate are allowed to contribute up to maximum limits imposed by law of their annual compensation. The Clinic makes matching contributions of the employees' contribution up to the first 6% contributed for each participating employee. The Clinic incurred \$109,975 during the year ended December 31, 2020 for administrative costs and matching contributions.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 12: COVID-19 Global Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) spread across multiple countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the United States have declared a state of emergency. It is anticipated that these impacts will continue for some time. As of the date of this report, COVID-19 was still characterized as a pandemic. Future potential impacts may include disruptions to the Organization's operations and the ability for employees to perform their job functions.

Note 13: Subsequent Events

Management evaluated subsequent events as of October 20, 2022, which is the date these financial statements were available to be issued. Management has noted that there are no additional disclosures or adjustments to these financial statements required. No subsequent events have been evaluated for inclusion in the financial statements after this date.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY
HEAD(S)
FOR THE YEARS ENDED DECEMBER 31, 2020

Purpose	Agency Head: Carleetha Smith, Chief Executive Officer
Salary	\$ 111,294
Severance	-
Benefits- Insurance	4,935
Benefits- Retirement	5,613
Benefits- Medicare	1,614
Benefits - Worker's Comp	-
Benefits- Unemployment	-
Cell Phone and iPad Dues	-
Uniforms	-
Per Diem	-
Travel	-
Reimbursements	-
Fuel Usage	-
Conference Travel	-
Continuing Professional Education Fees	-
Housing	-
Unvouchered Expenses	-
Special Meals	-

The accompanying notes are an integral part of these financial statements



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
Common Ground Health Clinic, Inc.
New Orleans, 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 financial statements of Common Ground Health Clinic (a nonprofit organization) (the Clinic), which comprise the statements of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Common Ground Health 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 the Clinic's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clinic'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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item #2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Common Ground Health Clinic, Inc.'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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item #2020-002 and #2020-003.

Common Ground Health Clinic Inc.'s Response to Findings

Common Ground Health Clinic Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Common Ground Health Clinic Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Luther Speight & Company CPAs
New Orleans, Louisiana
November 23, 2022



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE

To the Board of Directors of
Common Ground Health Clinic, Inc.
New Orleans, LA

Report on Compliance for the Major Federal Programs

We have audited Common Ground Health Clinic, Inc.'s (the Clinic) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Clinic's major federal program for the year ended December 31, 2020. The Clinic's major federal program is 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 federal statues, regulations, and the terms and conditions of its federal award applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Clinic's major federal program 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 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). Those standards and the Uniform Guidance 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 Clinic'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 Clinic's compliance.

Opinion on Each Major Federal Program

In our opinion, the Clinic complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2020-003. Our opinion on each major federal program is not modified with respect to these matters.

Common Ground Health Clinic Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Common Ground Health Clinic Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Clinic 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 Clinic'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 the Uniform Guidance, 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 Clinic'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 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 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.

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

Luther Speight & Company CPAs
New Orleans, Louisiana
November 23, 2022

COMMON GROUND HEALTH CLINIC, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEARS ENDED DECEMBER 31, 2020

<u>Federal Grantor</u>	<u>Pass-through Grantor</u>	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Passed through to Subrecipient</u>	<u>Total Federal Expenditures</u>
<u>Department of Health and Human Services Direct Programs</u>						
	Health Center Program Cluster					
	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care Centers)	93.224		\$ 1,359,193	\$ -	\$ 1,359,193
TOTAL FEDERAL EXPENDITURES				<u>\$ 1,359,193</u>	<u>\$ -</u>	<u>\$ 1,359,193</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

COMMON GROUND HEALTH CLINIC, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2020

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures from federal awards of Common Ground Health Clinic, Inc. All federal awards were received directly from Federal agencies.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Clinic and is presented on the accrual basis of accounting.

NOTE 3 – DE MINIMUS COST RATE

During the year ended December 31, 2020, the Clinic did not elect to use the 10% de minimis cost rate.

NOTE 4 – LOAN AND LOAN GUARANTEES

The Clinic did not expend federal awards related to loans or loan guarantees during the year ended December 31, 2020. The Clinic had no loans outstanding at the year ended December 31, 2020.

NOTE 5 – FEDERALLY FUNDED INSURANCE

The Clinic has no federally funded insurance.

NOTE 6 – NONCASH ASSISTANCE

The Clinic did not receive any federal noncash assistance for the year ended December 31, 2020.

NOTE 7 – RECONCILIATION

The federal grant revenues included in the SEFA of the Clinic, are included on the Statements of Activities for the year end December 31, 2020 under the caption Grants – governmental. The Clinic did not receive other state or local grants during the year ended December 31, 2020.

**COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

PART I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Internal Control Over Financial Reporting:

Material weaknesses identified? _____yes X no

Significant deficiencies identified
not considered to be material weaknesses? X yes _____no

Noncompliance material to financial statements noted? X yes _____no

Federal Awards

An unqualified opinion was issued on compliance.

Internal control over major programs:

Material weaknesses identified? _____yes X no

Significant deficiencies identified
not considered to be material weaknesses? _____yes X no

Other matters or instances on
noncompliance required to be reported
in accordance with the Uniform Guidance? X yes _____no

The major programs for the year ended December 31, 2020 were as follows:

Health Center Program Cluster, CFDA #93.224

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

Auditee did not qualify as a low-risk auditee.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020

PART II – FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2020-001 – Clinic Did Not Properly Establish an Allowance For Doubtful Accounts

CRITERIA: The Clinic’s Financial Policy and Procedure Manual states an allowance system shall be used for bad debts and contractual allowances whereby estimates are made each month of the uncollectible amounts to be eventually realized from the charges generated that month. This ensures a proper matching of revenues and expenses and a more accurate stating of net receivables on the balance sheet and net revenues on the income statement. The adequacy of these allowance accounts shall be tested at least quarterly by comparison to the A/R aging and to historical experience.

CONDITION: The Clinic did not properly evaluate the adequacy of the allowance for doubtful accounts and record the proper accrual. Our examination showed that management recorded a direct write-off totaling \$161,539 during 2020.

CAUSE: Management did not follow established accounting procedures.

EFFECT: The Clinic’s financial statements did not properly match revenues and expenditures as required by generally accepted accounting principles.

QUESTIONED COSTS: None

RECOMMENDATION: Management should follow on their stated financial policies and procedures regarding the allowance for doubtful accounts.

RESPONSE: See corrective action plan starting on page 30.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020

2020-002 – Timely Submission of Annual Audit Report

- CRITERIA:** Louisiana Revised Statute 24:513 requires that Agencies receiving federal, state, or local government funding from the State of Louisiana submit an independent financial statement engagement to the Louisiana Legislative Auditor’s office within six months from their fiscal year end.
- CONDITION:** The Organization did not complete and submit its independent audit report within the required deadline. We noted the Organization was granted multiple emergency extensions related to COVID-19, but the audit report was not submitted within the extended deadline.
- CAUSE:** The Clinic experienced turnover in a key management position, which caused a delay in the performance, completion, and submission of the annual audit report.
- EFFECT:** Late submission causes the auditee to be put on the non-compliance list and can result in withholding of state and/or federal pass-through funding to the auditee.
- RECOMMENDATION:** The Clinic should implement policies and procedures to ensure timely filing of any and all required reports.
- RESPONSE:** See corrective action plan starting on page 30.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020

PART III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2020-003 – Timely Submission of Federal Audit Clearinghouse Filing

Title and CFDA Number of Federal Program: CFDA 93.224 – Health Center Program Cluster

Federal Award Identification Number and Year: 5 H80CS26580-01-00

Name of Federal Agency: Department of Health and Human Services

CRITERIA: 2 CFR requires that non-Federal entities that expend \$750,000 or more in a year in Federal awards must submit their audited annual financial reports and the data collection form to the Federal Audit Clearinghouse within thirty (30) days after receipt of the auditor’s report, or nine (9) months of the close of the auditee’s fiscal year.

CONDITION: The Clinic did not remit the annual audited financial statements and the data collection form to the Federal Audit Clearinghouse within 9 months after year-end as required by the Uniform Guidance.

CAUSE: The Clinic experienced turnover in a key management position, which caused a delay in the performance, completion, and submission of the annual audit report.

EFFECT: Late submission causes the Clinic to be put on the non-compliance list and can result in withholding of federal pass-through funding.

QUESTIONED COSTS: Unknown

RECOMMENDATION: The Clinic should implement policies and procedures to ensure timely filing of any and all required reports.

RESPONSE: See corrective action plan starting on page 30.

COMMON GROUND HEALTH CLINIC, INC.
STATUS OF PRIOR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020

<u>Finding #</u>	<u>Description</u>	<u>Resolved/Unresolved</u>
2019-001	Clinic Did Not Properly Establish an Allowance For Doubtful Accounts	Unresolved
2019-002	Lack of Reasonable Collection Efforts (Originated in 2016)	Resolved



Corrective Action Plan
November 23, 2022

Common Ground Health Clinic respectfully submits the following corrective action plan for the year ended December 31, 2020.

Audit period:

Fiscal Year January 1, 2020 – December 31, 2020.

The findings from the December 31, 2020 Schedule of Findings and questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule of findings and questioned costs.

2020-001 – Clinic Did Not Properly Establish an Allowance For Doubtful Accounts

Recommendation: Management should follow their stated financial policies and procedures regarding the allowance for doubtful accounts.

Action Taken: We agree with the auditors' comments, and the following action will be taken to improve the situation. The CFO along with the responsible accounting personnel will revisit the allowance procedures created in the financial policies to ensure that the agreed upon written policy and process has been established and is being utilized properly within the daily and monthly accounting process. Resolving finding 2020-001 is expected for the 2022 audit.

Responsible Party: Carleetha Smith, CEO
Lynette Berry, CFO

Estimated Completion Date: December 31, 2022

2020-002 – Timely Submission of Audit Report



Corrective Action Plan (Continued)

Recommendation: The Clinic should implement policies and procedures to ensure timely filing of any and all required reports.

Action Taken: The clinic has taken this recommendation into consideration and has created a policy and procedure for completing and submitting the Clinic's annual audit report. Resolving finding 2020-002 is expected for 2023's audit.

Responsible Party: Carleetha Smith, CEO
Lynette Berry, CFO

Estimated Completion Date: September 2023

2020-003 – Timely Submission of Audit Clearinghouse Filing

Recommendation: The Clinic should implement policies and procedures to ensure timely filing of any and all required reports.

Action Taken: The clinic has taken this recommendation into consideration and has created a policy and procedure for completing and submitting the Clinic's annual audit report to the Federal Audit Clearinghouse. Resolving finding 2020-003 is expected for 2023's audit.

Responsible Party: Carleetha Smith, CEO
Lynette Berry, CFO

Estimated Completion Date: September 2023