

ST. GABRIEL HEALTH CLINIC, INC.

AUDITED FINANCIAL STATEMENTS

**FEBRUARY 28, 2022
(With Summarized Financial
Information for 2021)**

ST. GABRIEL HEALTH CLINIC, INC.
February 28, 2022
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BROWN, EWING & CO.
P. A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
St. Gabriel Health Clinic, Inc.
St. Gabriel, Louisiana

Opinion

We have audited the accompanying financial statements of St. Gabriel Health Clinic, Inc. (a nonprofit organization), which comprise the statement of financial position as of February 28, 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Gabriel Health Clinic, Inc. as of February 28, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 St. Gabriel Health Clinic, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 St. Gabriel Health Clinic, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 St. Gabriel Health Clinic, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Gabriel Health Clinic, Inc.'s ability to continue as a going concern for a reasonable period of time.

Report on Summarized Comparative Information

We have previously audited St. Gabriel Health Clinic, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended February 28, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other-Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages is presented for purposes of additional analysis and is not a required part of the financial statements. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022, on our consideration of St. Gabriel 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 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 St. Gabriel Health Clinic, Inc.'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 St. Gabriel Health Clinic, Inc.'s internal control over financial reporting and compliance.

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.


Ridgeland, Mississippi
October 17, 2022

ST. GABRIEL HEALTH CLINIC, INC.
Statement of Financial Position
February 28, 2022
(With Summarized Financial Information for 2021)

EXHIBIT I

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and cash equivalents	\$ 836,235	\$ 335,833
Patient care receivables, less allowance of \$(402,662) for doubtful accounts	81,761	70,207
Grants and contracts receivable	59,625	100,000
Prepaid expenses	37,071	19,209
Total Current Assets	<u>1,014,692</u>	<u>525,249</u>
Fixed Assets:		
Land	15,000	15,000
Building and improvements	766,882	766,882
Furniture and equipment	546,872	510,355
Vehicles	108,758	108,758
Total Fixed Assets	1,437,512	1,400,995
Less: Accumulated depreciation	(1,043,794)	(983,931)
Net Fixed Assets	<u>393,718</u>	<u>417,064</u>
OTHER ASSETS		
Deposits	<u>6,000</u>	<u>6,000</u>
TOTAL ASSETS	<u>\$ 1,414,410</u>	<u>\$ 948,313</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 9,978	\$ 87,506
Judgments payable	-	11,156
Salaries payable	39,723	27,628
Payroll taxes payable	2,016	1,421
Refundable advance	165,573	61,406
Notes payable, current portion	11,454	10,923
Total Current Liabilities:	<u>228,744</u>	<u>200,040</u>
Long-Term Liabilities		
Notes payable	130,896	188,542
Less: current portion	(11,454)	(10,923)
Total Long-Term Liabilities	<u>119,442</u>	<u>177,619</u>
Total Liabilities	<u>348,186</u>	<u>377,659</u>
Net Assets without donor restrictions		
Unrestricted		
Undesignated (operating)	821,630	570,654
Net assets with donor restrictions	244,594	-
Total Net Assets	<u>1,066,224</u>	<u>570,654</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,414,410</u>	<u>\$ 948,313</u>

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

ST. GABRIEL HEALTH CLINIC, INC.
Statement of Operations and Changes In Net Assets
For the Year Ended February 28, 2022
(With Summarized Financial Information for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022	2021
SUPPORT AND REVENUES (Note 2)				
Support:				
Grants and contracts	\$ 1,794,706	\$ 250,000	\$ 2,044,706	\$1,901,227
Net assets released from restrictions				
Satisfaction of program requirements	<u>5,406</u>	<u>(5,406)</u>	<u>-</u>	<u>\$ -</u>
Total Support	<u>1,800,112</u>	<u>244,594</u>	<u>2,044,706</u>	<u>1,901,227</u>
Revenue:				
Health care services, net of charity, bad debts and contractual adjustments of \$(495,684)	1,103,723	-	1,103,723	952,048
Forgiveness of debt income	46,518	-	46,518	-
Other income	<u>33,881</u>	<u>-</u>	<u>33,881</u>	<u>(1,857)</u>
Total Revenue	<u>1,184,122</u>	<u>-</u>	<u>1,184,122</u>	<u>950,191</u>
TOTAL SUPPORT AND REVENUES	<u>2,984,234</u>	<u>244,594</u>	<u>3,228,828</u>	<u>2,851,418</u>
EXPENSES				
Program Services				
Health care services	<u>1,818,450</u>	<u>-</u>	<u>1,818,450</u>	<u>1,684,881</u>
Total Program Services	<u>1,818,450</u>	<u>-</u>	<u>1,818,450</u>	<u>1,684,881</u>
Supporting Services				
Management and general	<u>814,808</u>	<u>-</u>	<u>814,808</u>	<u>712,463</u>
Total Supporting Services	<u>814,808</u>	<u>-</u>	<u>814,808</u>	<u>712,463</u>
TOTAL EXPENSES	<u>2,633,258</u>	<u>-</u>	<u>2,633,258</u>	<u>2,397,344</u>
Change in Net Assets	350,976	244,594	595,570	454,074
Net Assets, Beginning of Year	470,654	100,000	570,654	116,580
Prior period adjustment	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net Assets, as restated	<u>470,654</u>	<u>-</u>	<u>470,654</u>	<u>116,580</u>
NET ASSETS, END OF YEAR	<u>\$ 821,630</u>	<u>\$ 244,594</u>	<u>\$ 1,066,224</u>	<u>\$ 570,654</u>

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

ST. GABRIEL HEALTH CLINIC, INC.
Statement of Functional Expenses
For the Year Ended February 28, 2022
(With Summarized Financial Information for 2021)

	Health Care Services	Total Program Services	Management and General	2022	2021
Personnel	\$ 1,156,892	1,156,892	319,271	\$ 1,476,163	\$ 1,293,629
Fringe benefits	176,223	176,223	816	177,039	158,013
Travel	30,888	30,888	6,456	37,344	27,779
Supplies	196,436	196,436	48,076	244,512	204,779
Equipment rental	-	-	7	7	114
Contractual	80,624	80,624	81,017	161,641	162,151
Bad debt expense	-	-	-	-	-
Legal and accounting	-	-	35,995	35,995	40,091
Dues and subscriptions	900	900	11,187	12,087	28,595
Printing	-	-	-	-	2,500
Repairs and maintenance	-	-	103,579	103,579	114,472
Insurance	-	-	41,548	41,548	32,648
Staff recruitment	-	-	1,059	1,059	792
Advertisement	23,411	23,411	-	23,411	17,186
Utilities	4,857	4,857	10,733	15,590	23,774
Continuing education	18,597	18,597	11,650	30,247	30,925
Communications	28,132	28,132	21,856	49,988	55,397
Licenses and fees	-	-	7,634	7,634	8,433
Janitorial	20,264	20,264	17,926	38,190	26,261
Space cost	72,000	72,000	-	72,000	72,000
Interest	-	-	11,617	11,617	12,781
Bank charges	-	-	2,748	2,748	1,181
Moving expenses	-	-	5,438	5,438	5,964
Board expenses	-	-	3,390	3,390	3,014
Disposal services	9,181	9,181	-	9,181	11,563
Other	45	45	12,725	12,770	12,293
Total expenses before depreciation	1,818,450	1,818,450	754,728	2,573,178	2,346,335
Depreciation	-	-	60,080	60,080	51,009
Total Expenses	<u>\$ 1,818,450</u>	<u>1,818,450</u>	<u>814,808</u>	<u>\$ 2,633,258</u>	<u>\$ 2,397,344</u>

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

ST. GABRIEL HEALTH CLINIC, INC.
Statement of Cash Flows
For the Year Ended February 28, 2022
(With Summarized Financial Information for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Changes in Net Assets	\$ 595,570	\$ 454,074
Adjustments to reconcile changes in assets to net cash provided by (used in) operating activities:		
Depreciation expense	59,863	51,009
Prior period adjustment	(100,000)	-
Decrease (increase) in:		
Patient care receivables	(11,555)	56,494
Grants and contracts receivable	40,375	-
Prepaid expenses	(17,862)	(18,612)
Increase (decrease) in:		
Accounts payable	(77,529)	(31,164)
Salaries payable	12,096	(55,733)
Payroll taxes payable	595	-
Judgments payable	(11,156)	(18,005)
Refundable advance	104,167	61,406
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>594,564</u>	<u>499,469</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	<u>(36,516)</u>	<u>(168,085)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(36,516)</u>	<u>(168,085)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal reduction in notes payable	(57,646)	(6,523)
Proceeds from borrowings	-	-
NET CASH (USED IN) FINANCING ACTIVITIES	<u>(57,646)</u>	<u>(6,523)</u>
NET INCREASE IN CASH	500,402	324,861
CASH, BEGINNING OF YEAR	<u>335,833</u>	<u>10,972</u>
CASH, END OF YEAR	<u>\$ 836,235</u>	<u>\$ 335,833</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year for:		
Interest	<u>\$ 11,617</u>	<u>\$ 12,781</u>

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

ST. GABRIEL HEALTH CLINIC, INC.
Notes to the Financial Statements
February 28, 2022

NOTE 1 - ABOUT THE ORGANIZATION

St. Gabriel Health Clinic, Inc. (SGHC), a non-profit corporation, was incorporated in the State of Louisiana as of March 4, 1993. The primary purpose of the Corporation is to deliver primary health services to individuals and families. SGHC provides comprehensive primary health care to area residents, with particular care for the socio-economically disadvantaged. The areas served consist of East Iberville and East Ascension Parishes and the surrounding areas. The services are provided through an outpatient clinic, with a referral program, health education and limited medical services for hospitalization.

The fiscal year of SGHC is March 1 to February 28.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Accounting - The financial statements of St. Gabriel Health Clinic, Inc., are presented on the accrual basis of accounting.
- B. Basis of Presentation - The Organization is required to report information regarding its financial position and operations according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition, the Organization is required to present a statement of functional expenses.
- C. Cash and Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less that are not restricted for specific purposes.
- D. Donated Property and Equipment - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.
- E. Donated Services - Donated services are recognized as contributions in accordance with FASB Accounting Standards Codification 958, Accounting for Contributions Received and Contributions Made, 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 Center.
- F. Expense Allocation - The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Operations and Changes In Net Assets and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

ST. GABRIEL HEALTH CLINIC, INC.
Notes to the Financial Statements
February 28, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- G. Fund Accounting - The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.
- H. Property and Equipment - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Acquisitions in excess of \$5,000 are capitalized. Property, furniture, equipment and buildings are depreciated over their useful lives ranging from 5 to 30 years.
- Acquisition of non-expendable property are treated as expenditures of the program in the period the costs are incurred, and the assets values are reported in fixed assets. Property acquired is considered owned by the Organization while used in the program for which it was purchased or in future authorized programs. However, the federal government has a reversionary interest in property purchased or acquired with federal funds; its disposition as well as the ownership of any proceeds therefrom is subjected to the regulations of the funding source.
- I. Restricted and Unrestricted Revenue and Support - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the Statement of Operations as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.
- J. Employee's Annual Leave - SGHC does not charge annual leave earned by employees which has not been used by them at the end of a period to the period that the leave is earned. It is expensed in the period in which the employees used the leave. See Note 8.
- K. 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.
- L. Patient Service Fees - Revenue for services rendered to patients are recorded at standard rates established by the Organization. The difference between standard rates and the amounts collected from third-party payers and patients qualifying as Poverty Patients is charged as an adjustment to gross revenues.

ST. GABRIEL HEALTH CLINIC, INC.
Notes to the Financial Statements
February 28, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- M. Net Patient Service Revenues and Provision for Bad Debt - Net patient service revenue is reported at the estimated net realized amounts from patients, third-party payors and others for services rendered, including estimated retroactive and prospective adjustments under reimbursements agreements with third-party payors. Third-party payors retain the right to review and propose adjustments to amounts reported by the Clinic. Such adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The Clinic grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. Additions to the allowance for doubtful accounts are made by means of the provision for bad debts. Accounts written off as uncollectible are deducted from allowance. The amount of the provision for bad debt is based upon management's assessment of historical expected net collections, business and economic conditions, trends in Federal and state governmental health care coverage, and other collection indicators. Services rendered to individuals when payment is expected and ultimately not received are written off to the allowance for doubtful accounts.

- N. Allowance for Doubtful Accounts - The Organization provides an allowance for doubtful accounts based upon a review of outstanding patient receivables, historical collection information and existing economic conditions. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

- O. Classification of Net Assets - Net Assets of St. Gabriel Health Clinic are classified based on the presence or absence of donor-imposed restrictions. Net Assets are comprised of two groups as follows:

- a) Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.
- b) Net Assets With Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the organization. Certain restrictions may need to be maintained in perpetuity.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK ARISING FROM DEPOSITS IN EXCESS
OF INSURED LIMITS

The Organization maintains its cash balances in one (1) financial institution located in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At February 28, 2022, the Organization did not have any uninsured cash balances.

ST. GABRIEL HEALTH CLINIC, INC.
Notes to the Financial Statements
February 28, 2022

NOTE 4 - PATIENT RECEIVABLES AND RELATED ALLOWANCE FOR
DOUBTFUL ACCOUNTS

Patient accounts receivable, prior to adjustment for the allowance for doubtful accounts, is summarized as follows at February 28, 2022:

<u>Accounts receivable:</u>	<u>Amount</u>
Patients	\$ 343,940
Government	140,483
	<u>\$ 484,423</u>

Allowance for doubtful accounts is summarized as follows at February 28, 2022:

<u>Accounts receivable:</u>	<u>Amount</u>
Patients	\$ 285,890
All Other	116,772
	<u>\$ 402,662</u>

NOTE 5 - PATIENT SERVICE REVENUE

A summary of patient service revenue, net of contractual adjustments and discounts, is as follows at February 28, 2022:

<u>Patient Service Revenue</u>	<u>Amount</u>
Patient Service Revenue	\$ 1,599,407
Less: Contractual adjustment under third-party reimbursement program and discounts	(208,974)
Provision for bad debts	(286,710)
Net Patient Service Revenue	<u>\$ 1,103,723</u>

NOTE 6 - FIXED ASSETS

The following is a summary schedule of fixed assets and related accumulated depreciation carried in the general property fund.

<u>Assets</u>	
Land	\$ 15,000
Building and improvements	766,882
Furniture and Equipment	546,872
Vehicles	108,758
Total Property and Equipment	1,437,512
Less: Accumulated Depreciation	(1,043,794)
Net Property and Equipment	<u>\$ 393,718</u>

Depreciation expense at February 28, 2022 totaled \$59,863.

ST. GABRIEL HEALTH CLINIC, INC.
Notes to the Financial Statements
February 28, 2022

NOTE 7 - CORPORATE INCOME TAXES

The Organization is exempt from corporate Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes. Therefore, no provision has been made for Federal or state corporate income taxes in the accompanying financial statements.

The Organization has analyzed its tax positions taken for filings with the Internal Revenue. It believes that its tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations, or cash flows. The Organization's federal and state income tax returns for 2019, 2020, and 2021 are subject to examination by the federal, state and local taxing authorities, generally for three years after they are filed.

NOTE 8 - COMMITMENTS

Annual Leave

The cost of employee's unused annual leave at February 28, 2022 is not included in the financial statements. See Note 2.J. above. If the leave were included in the financial statements, it would affect the financial statements by the amount of the leave by (a) increasing expenses, (b) decreasing the excess of support and revenues over expenses and (c) increasing accrued liabilities.

NOTE 9 - SUMMARY OF FUNDING AND SUPPORT

St. Gabriel Health Clinic, Inc.'s operations are funded primarily through restricted grants from the U. S. Department of Health and Human Services. Other grants and contracts are received from state and local government agencies. The grants and contracts for the current period are shown below.

Source	Grant Number	Period	Amount
U.S. Dept. of HHS (Health Center Cluster)	H80CS00551	3/1/2021-2/28/2022	\$ 1,297,618
U.S. Dept. of HHS - CARES Act Grant	H8DCS34937	3/1/2021-2/28/2022	66,466
U.S. Dept. of HHS - COVID Testing Grant	H8ECS37825	3/1/2021-2/28/2022	2,435
U.S. Dept. of HHS - COVID-19 Grant	H8CCS35812	3/1/2021-2/28/2022	6,019
U.S. Dept. of HHS - American Rescue Plan	H8FCS41203	3/1/2021-2/28/2022	404,668
Louisiana Public Health Institute	N/A	N/A	17,500
Direct Relief	N/A	1/1/2022-12/31/2022	250,000
TOTALS			<u>\$ 2,044,706</u>

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Temporarily restricted net assets result primarily from timing restrictions on a Foundation grant and a HHS grant awarded in a previous fiscal year but designated for use in current and subsequent fiscal years.

The Clinic's temporarily restricted net assets as of February 28, 2022, consisted of the following:

Net Assets With Donor Restrictions	
Operation support for	
future periods	\$ 244,594
Total Net Assets With Donor Restrictions	<u>\$ 244,594</u>

ST. GABRIEL HEALTH CLINIC, INC.
Notes to the Financial Statements
February 28, 2022

NOTE 11 - LONG-TERM NOTES PAYABLE

Mortgage notes payable consist of the following at February 28, 2022:

Note payable to Iberville Bank; interest stated at 5%; due in monthly installments of \$1,605 which includes principal and interest; matures July 2033; secured by real estate	\$ 130,896
Less: Current Portion	<u>(11,454)</u>
Total Long Term Debt	<u>\$ 119,442</u>

Maturities of long-term debt are as follows:

	Principal	Interest	TOTAL
2023	\$ 11,454	7,809	\$ 19,263
2024	12,010	7,253	19,263
2025	12,593	6,670	19,263
2026	13,204	6,059	19,263
2027	13,845	5,418	19,263
Thereafter	<u>67,790</u>	<u>17,284</u>	<u>85,074</u>
Totals	<u>\$ 130,896</u>	<u>\$ 50,493</u>	<u>\$ 181,389</u>

NOTE 12 - LITIGATION

St. Gabriel Health Clinic, Inc. maintains general liability, property, managed care professional liability, directors and officers and other insurance coverage in amounts the Organization believes to be adequate.

In the ordinary course of its business, St. Gabriel Health Clinic, Inc. is a party to claims and legal actions by enrollees, providers and others. After consulting with legal counsel, the Organization is of the opinion that any liability that may ultimately be incurred as a result of these claims, legal actions, audits or investigations will not have a material adverse effect on the financial position or results of operations of St. Gabriel Health Clinic, Inc.

NOTE 13 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 63% of the Organization's support and revenue is provided by direct grants from the U. S. Department of Health and Human Services.

NOTE 14 - GRANT BALANCES AND GRANT CONDITIONS

The Organization has responsibility for expending grant funds in accordance with specified instructions from its funding sources. Any deficits resulting from over expenditures and/or questioned costs are the responsibility of the Organization.

Any unexpended grant funds at the end of the grant period may be refundable or carried over to the following period at the discretion of the funding sources.

ST. GABRIEL HEALTH CLINIC, INC.
Notes to the Financial Statements
February 28, 2022

NOTE 14 - GRANT BALANCES AND GRANT CONDITIONS (Continued)

Notwithstanding the audits by independent certified public accountants, all costs included in this report remain subject to audit by the agencies providing financial support within the limits of the Uniform Guidance. The determination as to whether costs will be allowable or unallowable under the grants will be made by representatives of the funding sources having authority to make and enforce contracts.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

COMMITMENTS

The following is a schedule by years of minimum future space rentals on non-cancelable operating leases as of February 28, 2022:

2023	\$	78,000
2024		84,000
2025		84,000
2026		84,000
2027		42,000
TOTALS	\$	<u>372,000</u>

CONTINGENCIES

Investigation

In June 2016, the Office of Inspector General (HHS-OIG) together with Special Agents from the Federal Bureau of Investigation (FBI) and Investigators from the Louisiana Department of Justice Medicaid Fraud Control Unit (MFCU) began an investigation of employees of St. Gabriel Health Clinic, Inc. based on evidence that these employees engaged in violations of federal law, specifically Title 18, United States Code, Sections 1347 (Health Care Fraud) and 1349 (Conspiracy to Commit Health Care Fraud). As part of this investigation, records were seized from St. Gabriel Health Center in June 2016. In June 2018, a federal grand jury returned an indictment against a former employee related to this investigation and in March 2019, the former employee pleaded guilty to one count of health fraud. In October 2019, two additional employees were indicted by the federal grand jury on one count of conspiracy to commit health care fraud and five counts of health care fraud. In September 2022, one former employee was convicted of conspiracy to commit health care fraud and five counts of health care fraud. The case for one additional employee is still ongoing as of the completion of this audit and no final resolution has been provided to the Center.

NOTE 16 - SUMMARIZED 2021 FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Prior-year information is not provided for the notes to financial statements. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended February 28, 2021, from which the summarized information was derived.

ST. GABRIEL HEALTH CLINIC, INC.
Notes to the Financial Statements
February 28, 2022

NOTE 17 - REFUNDABLE ADVANCES

The Organization records grant awards accounted for as exchange transactions as refundable advances until related services are performed, at which time they are recognized as revenue. The activity in the refundable advance account is reported as follows:

American Rescue Plan Grant	\$ 120,878
CARES Act Grant	21,879
COVID-19 Grant	<u>22,816</u>
Refundable advances, end of year	<u>\$ 165,573</u>

NOTE 18 - LIQUIDITY AND AVAILABILITY

The Organization strives to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following table reflects the Organization's financial assets as of February 28, 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions. The net assets with donor restrictions at February 28, 2022 are noted below.

Financial assets comprise the following at February 28:

	2022
Cash and cash equivalents	\$ 836,235
Patient care receivables, net	81,761
Grants Receivable	<u>59,625</u>
Total financial assets	977,621
Less: financial assets with donor restrictions	<u>(244,594)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 733,027</u>

NOTE 19 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 17, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

SCHEDULE A

ST. GABRIEL HEALTH CLINIC, INC.
Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer
For the Year Ended February 28, 2022

In accordance with Act 706 passed during the 2014 regular Louisiana Legislative Session, the compensation, benefits, reimbursements and other payments to the Chief Executive Officer are presented as follows:

<u>Category</u>	<u>Amount</u>	<u>Total</u>
Salary	\$ <u>159,519</u>	
Total salary		\$ <u>159,519</u>
Benefits:		
Car allowance	6,600	
Cell phone/home office allowance	1,800	
Retirement	<u>7,000</u>	
Total benefits		<u>15,400</u>
Travel and other:		
Conference	667	
Per diem/meals	<u>472</u>	
Total travel		<u>1,139</u>
Total Compensation, Benefits, Travel, and Other Expenses		\$ <u>176,058</u>

ST. GABRIEL HEALTH CLINIC, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended February 28, 2022

Federal Grant/ Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Grant Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Health Resource & Service Administration			
Direct Grants:			
Health Care Centers Cluster			
Consolidated Health Centers	93.224	H80CS00551	\$ 346,024
COVID-19 Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding	93.224	H8CCS35812	6,019
COVID-19 FY 2020 Coronavirus Supplemental Funding for Health Centers	93.224	H8DCS34937	66,466
COVID-19 FY 2020 Expanding Capacity for Coronavirus Testing (ECT)	93.224	H8ECS37825	2,435
American Rescue Plan	93.527	H8FCS41203	404,668
Affordable Care Act Grants for New and Expanded Services Under the Health Care Program	93.527	H80CS00551	951,594
Total Health Centers Cluster			<u>1,777,206</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,777,206</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,777,206</u>

ST. GABRIEL HEALTH CLINIC, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended February 28, 2022

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of St. Gabriel Health Clinic, Inc. under programs of the federal government for the year ended February 28, 2022. The information in this Schedule is presented in accordance with the requirement of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of St. Gabriel Health Clinic, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of St. Gabriel Health Clinic, Inc.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDIRECT COST RATE

St. Gabriel Health Clinic, Inc. does not have indirect cost and has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

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
St. Gabriel Health Clinic, Inc.
St. Gabriel, Louisiana

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 St. Gabriel Health Clinic, Inc. (a nonprofit organization), which comprise the statement of financial position as of February 28, 2022, and the related statements of operations and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Gabriel Health Clinic, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 St. Gabriel Health Clinic, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of St. Gabriel Health Clinic, Inc.'s internal control.

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


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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Gabriel 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 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.



Ridgeland, Mississippi
October 17, 2022

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

To the Board of Directors of
St. Gabriel Health Clinic, Inc.
St. Gabriel, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited St. Gabriel Health Clinic, Inc.'s 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 St. Gabriel Health Clinic, Inc.'s major federal programs for the year ended February 28, 2022. St. Gabriel Health Clinic, Inc.'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, St. Gabriel Health Clinic, Inc. 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 February 28, 2022.

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 St. Gabriel Health Clinic, Inc. 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 St. Gabriel Health Clinic, Inc.'s compliance with the compliance

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 St. Gabriel Health Clinic, Inc.'s federal programs.

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 St. Gabriel Health Clinic, Inc.'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 St. Gabriel Health Clinic, Inc.'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 St. Gabriel Health Clinic, Inc.'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 '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 St. Gabriel Health Clinic, Inc.'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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

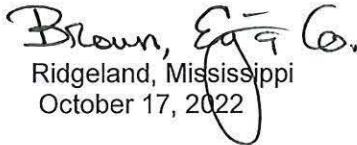
Report on Internal Control over Compliance

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.


Ridgeland, Mississippi
October 17, 2022

ST. GABRIEL HEALTH CLINIC, INC.
Summary Schedule of Prior Audit Findings
Year Ended February 28, 2022

There were no audit findings for the year ending February 28, 2021.

ST. GABRIEL HEALTH CLINIC, INC.
Schedule of Findings and Questioned Costs
Year Ended February 28, 2022

Section 1: Summary of Auditor's Results

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements. | Unmodified |
| 2. | Material noncompliance relating to the financial statements. | None |
| 3. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiency identified that is not considered to be a material weakness? | None Reported |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Type of auditor's report issued on compliance for major federal programs | Unmodified |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiency identified that is not considered to be a material weakness? | None Reported |
| 6. | Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a)? | None |

7. Federal programs identified as major programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
	Health Center Cluster:
93.224	Consolidated Health Centers Grant
93.527	Affordable Care Act Grants for New and Expanded Services Under the Health Care Program

- | | | |
|----|--|-----------|
| 8. | The dollar threshold used to distinguish between type A and Type B programs: | \$750,000 |
| 9. | Auditee did qualify as a low-risk auditee. | |

Section 2 - Findings - Financial Statements Audit

NONE

Section 3 - Findings and Questioned Costs - Major Federal Award Program Audit

NONE

ST. GABRIEL HEALTH CLINIC, INC.
AGREED UPON PROCEDURES REPORT
FOR THE YEAR ENDED FEBRUARY 28, 2022



BROWN, EWING & CO.
P. A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
St. Gabriel Health Clinic, Inc.
St. Gabriel, Louisiana
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 March 1, 2021 through February 28, 2022. St. Gabriel Health Clinic, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

St. Gabriel Health Clinic, Inc. 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 March 1, 2021 through February 28, 2022. 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:

Written Policies and Procedures

1. 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:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **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.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **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).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

- g) **Credit Cards (and debit cards, fuel cards, P-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).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **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.
- j) **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.
- k) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions were found as a result of this procedure.

Board or Finance Committee

2. 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:

- 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.

No exceptions were found as a result of this procedure.

Bank Reconciliations

3. 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:

- a) 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);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) 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.

We selected the February 2022 bank reconciliations to review. We noted that all selected bank account reconciliations were prepared within 2 months of the closing date, were reviewed by management who does not handle cash, post ledgers, or issue checks, and there were no reconciling items that were outstanding more than 12 months from the statement date.

Collections

4. 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).

The CFO confirmed that the Center has two deposit sites that are the physical locations where a deposit is prepared and reconciled. Confirming the deposit sites with the CFO is management's representation that the list is complete.

5. 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:

For each deposit site, there is one collection location. We obtained a list of two collection locations from management (along with management's representation that the list is complete) and we selected the two collection locations.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Per our inquiry of the cash receipt procedures, we verified that the front desk staff are responsible for collecting patient fees do not share cash drawers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Per our inquiry of the cash receipt procedures, we verified that the front desk staff (employee responsible for collecting cash) is not the same person preparing/making bank deposits (who is the Site Manager).

- c) Each employee responsible for collecting cash is not 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.

Per our inquiry of the cash receipt procedures, we verified that the front desk staff (employee(s) responsible for collecting cash) is not the same person posting collection entries to the general ledger or subsidiary ledgers (who is the Accounting Clerk).

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Per our inquiry of the cash receipt procedures, we verified that the front desk staff (employee(s) responsible for collecting cash) is not the same employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers (who is the Accounting Clerk).

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

We inquired of management and verified that all employees who have access to cash are covered by a bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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). *Alternately, 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:

- a) Observe that receipts are sequentially pre-numbered.

We observed that receipts were sequentially pre-numbered.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were found as a result of this procedure.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were found as a result of this procedure.

- d) 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).

For the six (6) tested collections, 4 deposits were not made within one business day of receipt at the collection location.

Management's Response:

St. Gabriel's Finance Policy states that deposits must be made within two (2) business days of receipt. Effective immediately, we have revised our Finance Policy to align with the new Statewide Agreed-Upon Procedures. This revision has to be approved by the St. Gabriel Board of Directors Finance Committee and then forwarded to the full Board of Directors for approval.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of this procedure.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. 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).

Management provided the requested information, along with management's representation that the listing is complete. There was only one location.

9. For each location selected under #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
During observation, there are at least two employees are involved in initiating a purchase request (Requestor), approving a purchase (CFO), and placing an order/making the purchase (Accounting Clerk).
 - b) At least two employees are involved in processing and approving payments to vendors.
During observation, there are at least two employees are involved in processing (Accounting Clerk) and approving payments to vendors (CFO/CEO).
 - c) 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.
During observation, the employee responsible for processing payments (Accounting Clerk) is not the same employee adding/modifying vendor files (CFO).
 - d) 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.
During observation, the employee/official responsible for signing checks (CEO/Board Member) gives the payment to an employee to mail the payment (Accounting Clerk) is not responsible for processing payments (Accounting Clerk).
10. For each location selected under #8 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:
- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
During testing, we noted that the reviewed disbursements indicated that the deliverables were matched and were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
During testing, we noted that the disbursements documentation did include evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.
- Management provided a listing of all active credit/debit/fuel cards for FY22, including the card numbers and the names of the persons who maintained possession of the cards. Management also represented that the listing was complete.**

12. 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:
- a) 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
During our testing of the selected monthly statements/combined statements, we noted that the monthly statements were reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
Per review of the monthly statements, there were no finance charges or late fees assessed on the cards selected for testing.
13. Using the monthly statements or combined statements selected under #12 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 (i.e. each card should have 10 transactions subject to testing). For each transaction, observe 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.
During our testing of the selected monthly statements/combined statements, we noted that all transactions included the necessary supporting documentation.

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

14. 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, 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:

Management provided a listing of all travel and travel-related expense reimbursements for FY22. Management also represented that the listing was complete.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

During our testwork, we noted that all per diem requests did agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

During our testwork, we noted that all reimbursements were supported by an original itemized receipt that identifies precisely what was purchased.

Hotels and Conference fees paid directly by the Center on behalf of the employee are to be paid by credit card with a hard copy invoice in hand prior to making the credit card payment.

- c) 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 policy (procedure #1h).

During our testwork, we noted that all reimbursements were supported by documentation of the business/public purpose and other documentation required by the Clinic's written policy.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

During our testwork, we noted that all reimbursements were reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

- 15. 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. *Alternately, 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:

Management provided 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. Management also represented that the listing was complete

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

We observed that all selected contracts were bidded in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

We observed that all selected contracts were approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

During our review of contracts, we noted there were no contracts that were amended.

- d) 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.

We randomly selected one payment from the fiscal period for each of the 5 contracts, and all payments consisted of supporting invoice payments that agreed to the terms and conditions of the contract.

Payroll and Personnel

16. 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.

Management provided a listing of all employees and officials employed during the fiscal period. Management also represented that the listing was complete.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions were found as a result of this procedure.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions were found as a result of this procedure.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions were found as a result of this procedure.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions were found as a result of this procedure.

18. 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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No exceptions were found as a result of this procedure.

19. 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.

The CEO confirmed that the 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.

Fraud Notice

20. 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.

During inquiry, management is not aware of any misappropriations of public funds and assets during the fiscal period.

21. Observe 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.

We observed the entity had posted on its premises that were visited, and on their website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Information Technology Disaster Recovery/Business Continuity

22. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management. No exceptions were found as a result of this procedure.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management. No exceptions were found as a result of this procedure.

- c) 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.

We performed the procedure and discussed the results with management. No exceptions were found as a result of this procedure.

We were engaged by St. Gabriel Health Clinic, Inc. 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 St. Gabriel Health Clinic, Inc. 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.

Brown, E. & Co.

Ridgeland, Mississippi
October 26, 2022