

**ST. GABRIEL HEALTH CLINIC, INC.**

**AUDITED FINANCIAL STATEMENTS**

**FEBRUARY 28, 2018**  
**(With Summarized Financial**  
**Information for 2017)**

ST. GABRIEL HEALTH CLINIC, INC.  
February 28, 2018 and 2017  
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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

**Report on the Financial Statements**

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, 2018 and the related statements of activities, cash flows, and functional expenses 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 St. Gabriel Health Clinic, Inc., as of February 28, 2018, 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.

## Report on Summarized Comparative Information

We have previously audited the St. Gabriel Health Clinic, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended February 28, 2017, 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 16 - 18 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 Regulation 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 August 15, 2018, 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 to solely 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. 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.



Ridgeland, Mississippi  
August 15, 2018

ST. GABRIEL HEALTH CLINIC, INC.  
Statement of Financial Position  
February 28, 2018  
(With Summarized Financial Information for 2016)

<u>ASSETS</u>	<u>2018</u>	<u>2017</u> <u>Restated</u>
Current Assets:		
Cash and cash equivalents	\$ 169,973	\$ 71,026
Patient care receivables, less allowance of \$(227,998) for doubtful accounts	178,944	120,509
Grants and contracts receivable	100,000	120,000
Prepaid expenses	<u>365</u>	<u>365</u>
Total Current Assets	<u>449,282</u>	<u>311,900</u>
Fixed Assets:		
Land	15,000	15,000
Building and improvements	766,882	766,882
Furniture and equipment	451,728	451,728
Vehicles	<u>24,880</u>	<u>24,880</u>
	1,258,490	1,258,490
Less: Accumulated depreciation	<u>(843,585)</u>	<u>(794,847)</u>
Net Fixed Assets	<u>414,905</u>	<u>463,643</u>
OTHER ASSETS		
Deposits	<u>6,000</u>	<u>6,000</u>
TOTAL ASSETS	<u>\$ 870,187</u>	<u>\$ 781,543</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 138,149	\$ 193,057
Salaries payable	45,014	30,197
Payroll taxes payable	3,345	2,311
Notes payable, current portion	<u>9,475</u>	<u>9,036</u>
Total Current Liabilities:	<u>195,983</u>	<u>234,601</u>
Long-Term Liabilities		
Notes payable	210,610	217,895
Less: current portion	<u>(9,475)</u>	<u>(9,036)</u>
Total Long-Term Liabilities	<u>201,135</u>	<u>208,859</u>
Total Liabilities	<u>397,118</u>	<u>443,460</u>
Net Assets:		
Unrestricted		
Undesignated (operating)	373,069	218,083
Temporarily restricted	<u>100,000</u>	<u>120,000</u>
Total Net Assets	<u>473,069</u>	<u>338,083</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 870,187</u>	<u>\$ 781,543</u>

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

ST. GABRIEL HEALTH CLINIC, INC.  
Statement of Activities  
For the Year Ended February 28, 2018  
(With Summarized Financial Information for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2018</u>	<u>2017 Restated</u>
SUPPORT AND REVENUES (Note 2)				
Support:				
Grants and contracts	\$ 1,262,701	\$ -	\$ 1,262,701	\$ 1,241,069
Total Support	<u>1,262,701</u>	<u>-</u>	<u>1,262,701</u>	<u>1,241,069</u>
Revenue:				
Health care services, net of charity, bad debts and contractual adjustments of \$(278,293)	861,585	-	861,585	608,261
Other income	<u>6,596</u>	<u>-</u>	<u>6,596</u>	<u>733</u>
Total Revenue	<u>868,181</u>	<u>-</u>	<u>868,181</u>	<u>608,994</u>
TOTAL SUPPORT AND REVENUES	<u>2,130,882</u>	<u>-</u>	<u>2,130,882</u>	<u>1,850,063</u>
EXPENSES				
Program Services				
Health care services	<u>1,270,917</u>	<u>20,000</u>	<u>1,290,917</u>	<u>935,181</u>
Total Program Services	<u>1,270,917</u>	<u>20,000</u>	<u>1,290,917</u>	<u>935,181</u>
Supporting Services				
Management and general	<u>704,979</u>	<u>-</u>	<u>704,979</u>	<u>651,685</u>
Total Supporting Services	<u>704,979</u>	<u>-</u>	<u>704,979</u>	<u>651,685</u>
TOTAL EXPENSES	<u>1,975,896</u>	<u>20,000</u>	<u>1,995,896</u>	<u>1,586,866</u>
Change in Net Assets	154,986	(20,000)	134,986	263,197
Net Assets, Beginning of Year	218,083	120,000	338,083	94,886
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>
Net Assets, as restated	<u>218,083</u>	<u>120,000</u>	<u>338,083</u>	<u>74,886</u>
NET ASSETS, END OF YEAR	<u>\$ 373,069</u>	<u>\$ 100,000</u>	<u>\$ 473,069</u>	<u>\$ 338,083</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, 2018 and 2017

CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:

	<u>2018</u>	<u>2017</u>
Changes in Net Assets	\$ 134,986	\$ 263,197
Adjustments to reconcile changes in assets to net cash provided by(used in) operating activities:		
Depreciation expense	48,737	50,017
Decrease (increase) in:		
Patient care receivables	(58,435)	54,309
Grants and contracts receivable	20,000	-
Prepaid expenses	-	5,216
Increase (decrease) in:		
Accounts payable	(54,908)	(50,824)
Salaries payable	14,817	(3,027)
Payroll taxes payable	1,035	(229)
Other liabilities	-	(454)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>106,232</u>	<u>318,205</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal reduction in notes payable	(7,285)	(9,837)
Repayments of borrowings	-	(303,988)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(7,285)</u>	<u>(313,825)</u>
NET INCREASE (DECREASE) IN CASH	98,947	4,380
CASH, BEGINNING OF YEAR	<u>71,026</u>	<u>66,646</u>
CASH, END OF YEAR	<u>\$ 169,973</u>	<u>\$ 71,026</u>
 <u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year for:		
Interest	<u>\$ 12,236</u>	<u>\$ 15,876</u>

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

ST. GABRIEL HEALTH CLINIC, INC.  
 Schedule of Functional Expenses  
 For the Year Ended February 28, 2018  
 (With Summarized Financial Information for 2017)

	Health Care Services	Total Program Services	Management and General	2018	2017
Personnel	\$ 786,914	786,914	247,265	\$ 1,034,179	\$ 762,035
Fringe benefits	160,225	160,225	(1,511)	158,714	59,123
Travel	2,239	2,239	49,245	51,484	37,543
Supplies	74,774	74,774	51,008	125,782	121,005
Equipment rental	-	-	2,288	2,288	2,859
Contractual	92,552	92,552	109,759	202,311	192,977
Legal and accounting	-	-	78,396	78,396	79,589
Dues and subscriptions	4,500	4,500	4,144	8,644	2,230
Printing	-	-	158	158	4,832
Repairs and maintenance	5,084	5,084	30,056	35,140	18,023
Insurance	-	-	26,150	26,150	17,581
Staff recruitment	-	-	1,263	1,263	50
Advertisement	2,879	2,879	225	3,104	34,016
Utilities	5,928	5,928	8,704	14,632	12,873
Continuing education	9,329	9,329	5,743	15,072	2,173
Communications	47,616	47,616	893	48,509	37,538
Licenses and fees	1,145	1,145	3,695	4,840	13,114
Janitorial	5,400	5,400	9,895	15,295	16,103
Space cost	72,000	72,000	2,075	74,075	72,000
Interest	-	-	12,236	12,236	15,876
Bank charges	-	-	840	840	2,978
Moving expenses	-	-	3,619	3,619	2,022
Board expenses	-	-	9,978	9,978	3,352
Disposal services	20,332	20,332	-	20,332	19,788
Other	-	-	118	118	7,169
Total expenses before depreciation	<u>1,290,917</u>	<u>1,290,917</u>	<u>656,242</u>	<u>1,947,159</u>	<u>1,536,849</u>
Depreciation	<u>-</u>	<u>-</u>	<u>48,737</u>	<u>48,737</u>	<u>50,017</u>
Total Expenses	<u>\$ 1,290,917</u>	<u>1,290,917</u>	<u>704,979</u>	<u>\$ 1,995,896</u>	<u>\$ 1,586,866</u>

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

ST. GABRIEL HEALTH CLINIC, INC.  
Notes to the Financial Statements  
February 28, 2018

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 activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.
- 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 temporarily restricted net assets to unrestricted net assets 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 Activities 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, 2018

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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities 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, 2018

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.

NOTE 3 - FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Center in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: the carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

The estimated fair values of the Center's financial instruments, none of which are held for trading purposes, are as follows:

Financial assets:	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 169,973	\$ 169,973

NOTE 4 - 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, 2018, the Organization did not have any uninsured cash balances.

ST. GABRIEL HEALTH CLINIC, INC.  
Notes to the Financial Statements  
February 28, 2018

NOTE 5 - PATIENT RECEIVABLES RECEIVABLE 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, 2018 :

<u>Accounts receivable:</u>	<u>Amount</u>
Patients	\$ 301,530
Government	98,582
Other	6,830
	<u>\$ 406,942</u>

Allowance for doubtful accounts is summarized as follows at February 28, 2018

<u>Accounts receivable:</u>	<u>Amount</u>
Patients	\$ 80,499
All Other	147,499
	<u>\$ 227,998</u>

NOTE 6 - PATIENT SERVICE REVENUE

A summary of patient service revenue, net of contractual adjustments and discounts, is as follows at February 28, 2018:

<u>Patient Service Revenue</u>	<u>Amount</u>
Patient Service Revenue	\$ 1,139,878
Less: Contractual adjustment under third-party reimbursement program and discounts	(250,858)
Provision for bad debts	(27,435)
Net Patient Service Revenue	<u>\$ 861,585</u>

NOTE 7 - 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	451,728
Vehicles	24,880
Total Property and Equipment	1,258,490
Less: Accumulated Depreciation	(843,585)
Net Property and Equipment	<u>\$ 414,905</u>

Depreciation expense at February 28, 2018 totaled \$48,737.

ST. GABRIEL HEALTH CLINIC, INC.  
Notes to the Financial Statements  
February 28, 2018

NOTE 8 - 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 2015, 2016, and 2017 are subject to examination by the federal, state and local taxing authorities, generally for three years after they are filed.

NOTE 9 - COMMITMENTS

Annual Leave

The cost of employee's unused annual leave at February 28, 2018 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 10 - 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	3/1/17-2/28/18	\$ 1,262,701
TOTALS			<u>\$ 1,262,701</u>

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets result primarily from timing restrictions on a Foundation 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, 2018, consisted of the following:

<u>Temporarily restricted net assets</u>	
General support for future periods	\$ 100,000
Total Temporarily restricted net assets	<u>\$ 100,000</u>

ST. GABRIEL HEALTH CLINIC, INC.  
Notes to the Financial Statements  
February 28, 2018

NOTE 12 - LONG-TERM NOTES PAYABLE

Mortgage notes payable consist of the following at February 28, 2018:

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	\$ 210,610
Less: Current Portion	(9,475)
Total Long Term Debt	<u>\$ 201,135</u>

Maturities of long-term debt are as follows:

	Principal	Interest	TOTAL
2019	\$ 9,475	9,788	\$ 19,263
2020	9,935	9,328	19,263
2021	10,417	8,845	19,262
2022	10,923	8,339	19,262
2023	11,454	7,809	19,263
Thereafter	158,406	42,685	201,091
Totals	\$ 210,610	\$ 86,794	\$ 297,404

NOTE 13 - 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 14 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 59% of the Organization's funding is provided by direct grants from the U. S. Department of Health and Human Services.

NOTE 15 - 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, 2018

NOTE 15 - 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 16 - 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, 2018.

Year Ending February 28:

	<u>Amount</u>
2019	\$ 72,000
2020	72,000
2021	72,000
2022	<u>36,000</u>
 TOTALS	 <u><u>252,000</u></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. The investigation is still ongoing as of the completion of this audit and no final resolution has been provided to the Center.

Medical Records Review

In October 2016, Amerigroup (now Healthy Blue), a Louisiana Medicaid Managed Care Organization, reviewed a sample of medical records of the Center to verify services and the level of care. In July 2017, Amerigroup (Healthy Blue) notified the Center that the review results identified possible inaccurate billing procedures. A statistical calculation was made by Amerigroup based on the sample records reviewed that projected an overpayment of \$519,175. As part of the appeal process, the Center formally disputed the review results and in August 2017 provided Amerigroup (Healthy Blue) with supporting documentation and additional explanations. On March 26, 2018, the Center was notified that the review program conducted to evaluate medical records and validate if services were billed appropriately was complete and that the Center was no longer required to submit medical records when filing claims.

ST. GABRIEL HEALTH CLINIC, INC.  
Notes to the Financial Statements  
February 28, 2018

CONTINGENCIES (continued)

Medicaid Payment Suspension

Based on the investigations noted above, the Louisiana Department of Health, Bureau of Health Services Financing, temporarily suspended Medicaid payments to St. Gabriel Health Clinic, Inc. effective January 11, 2018. However, after an administrative hearing subsequent to the fiscal year end, on June 21, 2018 the Medicaid payment suspension was reversed and all payments withheld as a result of the suspension were released to St. Gabriel Health Clinic, Inc.

NOTE 17 - PRIOR PERIOD ADJUSTMENT

During the year ended February 28, 2018, it was found that a foundation grant receipt was not applied against grants receivable and temporarily restricted net assets in a previous year. This caused a restatement of the February 28, 2017 Statement of Financial Position to include a decrease in grants receivable of \$20,000 and a decrease in temporarily restricted net assets of \$20,000.

NOTE 18 - SUMMARIZED 2017 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, 2017, from which the summarized information was derived.

NOTE 19 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 15, 2018, 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, 2018

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>135,000</u>	
Total salary		\$ 135,000
Benefits:		
Health insurance	6,000	
Car allowance	4,800	
Cell phone/home office allowance	1,800	
Retirement	<u>7,000</u>	
Total benefits		19,600
Travel and other:		
Conference	3,890	
Airfare and lodging	4,285	
Per diem/meals	2,617	
Other (Supplies)	<u>1,729</u>	
Total travel		<u>12,521</u>
Total Compensation, Benefits, Travel, and Other Expenses		\$ <u>167,121</u>

ST. GABRIEL HEALTH CLINIC, INC.  
Schedule of Health Care Services Expenses  
For the Year Ended February 28, 2018

EXPENSES

Personnel	\$	786,914
Fringe benefits		160,225
Travel		2,239
Supplies		74,774
Contractual		92,552
Dues and subscriptions		4,500
Repairs and maintenance		5,084
Advertisement		2,879
Utilities		5,928
Continuing education		9,329
Communications		47,616
License and fees		1,145
Janitorial		5,400
Space cost		72,000
Disposal services		<u>20,332</u>
Total Expenses	\$	<u>1,290,917</u>

SCHEDULE C

ST. GABRIEL HEALTH CLINIC, INC.  
 Schedule of Management and General Expenses  
 For the Year Ended February 28, 2018

EXPENSES

Personnel	\$ 247,265
Fringe benefits	(1,511)
Travel	49,245
Supplies	51,008
Equipment rental	2,288
Contractual	109,759
Legal and accounting	78,396
Dues and subscriptions	4,144
Printing	158
Repairs and maintenance	30,056
Insurance	26,150
Staff recruitment	1,263
Advertisement	225
Utilities	8,704
Continuing education	5,743
Communications	893
License, taxes and fees	3,695
Janitorial	9,895
Space cost	2,075
Interest	12,236
Bank and finance charges	840
Moving expenses	3,619
Board expenses	9,978
Other	<u>118</u>
Total Expenses	<u>\$ 656,242</u>

ST. GABRIEL HEALTH CLINIC, INC.  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended February 28, 2018

Federal Grant/ Pass-Through Grantor Program Title	Federal CFDA 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	\$ 318,112
Affordable Care Act Grants for New and Expanded Services Under the Health Care Program	93.527	H80CS00551	<u>944,589</u>
Total Health Centers Cluster			<u>1,262,701</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,262,701</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,262,701</u>

ST. GABRIEL HEALTH CLINIC, INC.  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended February 28, 2018

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, 2018. 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 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.'s, (a nonprofit organization) which comprise the statement of financial position as of February 28, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 15, 2018.

**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) 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 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 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 and therefore material weaknesses or significant deficiencies may exist that were not identified. 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.

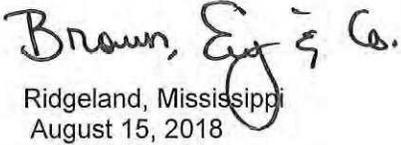
## Compliance and Other Matters

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*.

We noted certain matters that we reported to management of St. Gabriel Health Clinic, Inc. in a separate letter dated August 15, 2018.

## 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  
August 15, 2018



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**

We have audited St. Gabriel Health Clinic, Inc.'s compliance with the types of compliance requirements described 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, 2018. 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.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of St. Gabriel Health Clinic, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 St. Gabriel Health Clinic, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## **Basis for Qualified Opinion on Health Center Cluster, CFDA #93.224 Consolidated Health Centers and CFDA #93.527 Affordable Care Act Grant for New and Expanded Services Under the Health Center Program**

As described in the accompanying schedule of findings and questioned costs, St. Gabriel Health Clinic, Inc. did not comply with requirements regarding program income of CFDA #93.224 Consolidated Health Centers and CFDA #93.527 Affordable Care Act Grant for New and Expanded Services Under the Health Center Cluster Program as described in finding number 2018-1. Compliance with such requirements is necessary, in our opinion, for St. Gabriel Health Clinic, Inc. to comply with the requirements applicable to that program.

### **Qualified Opinion on Health Center Cluster Program**

In our opinion, except for the noncompliance described in the "Basis for Qualified Opinion" paragraph, 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 the Health Center Cluster program for the year ended February 28, 2018.

### **Report on Internal Control Over Compliance**

Management of St. Gabriel Health Clinic, Inc. 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 St. Gabriel Health Clinic, Inc.'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 St. Gabriel Health Clinic, Inc.'s internal control over compliance.

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

St. Gabriel Health Clinic, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. St. Gabriel 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.

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.

*Brown, Eyr & Co.*

Ridgeland, Mississippi  
August 15, 2018

ST. GABRIEL HEALTH CLINIC, INC.  
Summary Schedule of Prior Audit Findings  
Year Ended February 28, 2018

**Finding 2017-1**

**Condition:** St. Gabriel Health Clinic, Inc. did not ensure that its Single Audit was completed within nine (9) months of its fiscal year end.

**Status:** Corrected

**Finding 2017-2**

**Condition:** During our review of the Board members that received medical services from the Clinic, we noted that the majority did not utilize the Clinic for medical or dental services for the past two years.

**Status:** Corrected

ST. GABRIEL HEALTH CLINIC, INC.  
 Schedule of Findings and Questioned Costs  
 Year Ended February 28, 2018

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.  | No            |                                    |                        |  |        |                                   |        |  |  |
| 3.                     | Internal control over financial reporting:  |               |                                    |                        |  |        |                                   |        |  |  |
|                        | a. Material weaknesses identified?  | None          |                                    |                        |  |        |                                   |        |  |  |
|                        | 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  | Qualified     |                                    |                        |  |        |                                   |        |  |  |
| 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)?  | Yes           |                                    |                        |  |        |                                   |        |  |  |
| 7.                     | Federal programs identified as major programs:  |               |                                    |                        |  |        |                                   |        |  |  |
|                        | <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">CFDA Numbers</th> <th style="text-align: left; border-bottom: 1px solid black;">Name of Federal Program or Cluster</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="padding-left: 20px;">Health Center Cluster:</td> </tr> <tr> <td style="padding-left: 40px;">93.224</td> <td style="padding-left: 40px;">Consolidated Health Centers Grant</td> </tr> <tr> <td style="padding-left: 40px;">93.527</td> <td style="padding-left: 40px;">Affordable Care Act Grants for New and Expanded Services Under the Health Care Program</td> </tr> </tbody> </table> | CFDA Numbers  | 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 |  |
| CFDA Numbers           | 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 not qualify as a low-risk auditee.  |               |                                    |                        |  |        |                                   |        |  |  |

Section 2 - Findings - Financial Statements Audit

NONE

ST. GABRIEL HEALTH CLINIC, INC.  
Schedule of Findings and Questioned Costs  
Year Ended February 28, 2018

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

**Finding 2018-1**

**PROGRAM INCOME**

**U. S. Department of Health and Human Services  
Health Center Cluster Grant; CFDA #93.224 and #93.527**

**Condition**

During our test of sliding fee patients, we noted three (3) instances out of 40 patient files reviewed in which there was no proof of income maintained in patient files.

**Cause**

Failure to follow established Clinic procedures

**Effect**

Improper calculation of sliding fee discount

**Criteria**

Department of Health & Human Services guidelines, Section 330 of the PHS Act and 42 CFR Part 51c.303(f) which states Health Centers must provide a full discount to individuals with an annual income at or below 100% of the poverty guidelines and for those with incomes between 100% and 200% of poverty, fees must be charged in accordance with a sliding discount policy based on family size and income.

**Recommendation**

The Clinic should strengthen internal administrative controls to ensure that appropriate documentation is maintained on file to support a patient's family income. The Center should also ensure the fees charged and level of discount a patient receives is calculated correctly based on income and family size.



# St. Gabriel Health Clinic, Inc.

Hazel Schexnayder  
*President*

August 17, 2018,

Karen Bess -Ambeau  
*Secretary*

Brown, Ewing & Co., P.A.  
Certified Public Accountants  
308 Highland Park Cove  
Ridgeland, MS 39157

Wilfret Lorraine  
*Member*

RE: Audited Financial Statements  
Fiscal Year ending February 28, 2018

Rosemary Brown  
*Member*

To Whom It May Concern:

Rev. Henry Bailey Jr.  
*Chaplin*

Please allow this to serve as the management's plan of correction action to the matter of strengthening internal controls and operating efficiency in regards to comments of the above listed audited report.

Mary Thomas  
*Member*

Bobby Acaldo  
*Member*

### Finding 2018-1 Sliding Fee

The organization has taken the following measures:

Nancy Broussard  
*Member*

- (1) Staff education on-hire and periodically throughout the year regarding the sliding fee discount program
- (2) Concurrent and retrospective chart audits of all patients.
- (3) For accountability, all paperwork is signed by staff and if a deficiency is found, the staff member make amends gather information for compliance

Jackie Darville  
*Member*

Marion Gibbs  
*Member*

Shirley F. Wade  
*Chief Executive Officer  
Ex-Officio*

Thank you for your professional preparation of the financial audit report and your suggestions to strengthen our internal controls. Should you have further questions, please feel free to contact me at 225.642.9676 or [swade@stgabrielchc.org](mailto:swade@stgabrielchc.org).



Respectfully submitted,

Ms. Shirley F. Wade, MSN, APRN, FNP-BC  
Chief Executive Officer

**ST. GABRIEL HEALTH CENTER, INC.**  
**MANAGEMENT LETTER**  
**FOR THE YEAR ENDED FEBRUARY 28, 2018**



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

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

In planning and performing our audit of the financial statements of St. Gabriel Health Center, Inc., for the year ended February 28, 2018, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated August 15, 2018 on the financial statements of St. Gabriel Health Center, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

**REVIEW OF BANK RECONCILIATIONS**

During the audit and our review of bank reconciliations, we noted that there is no formal procedure in place to review the bank reconciliations after they are completed.

We suggest that a member of management review the bank reconciliations on a monthly basis. This review should note any unusual items, investigate and fully resolve any such items and document his or her approval by initialing the form.

**Management's Plan of Corrective Action**

The Organization has put a formal procedure in place to review the bank reconciliations and document the approval once the CPA firm completes the monthly financial reports.

**SEPARATE COST CENTERS FOR NEW GRANTS**

During the fiscal year under audit, the Center received grant funds in which separate cost centers had not yet been established.

In order to more clearly reflect activity on a grant-by-grant basis, we strongly suggest that the Center maintain separate cost centers for each new funding source. This practice will facilitate the reporting requirements for these new grants and assist in determining the funds expended for each of the separate grants.

**Management's Plan of Corrective Action**

The Organization is currently updating procedures in order to ensure that there are separate cost centers for grant funds that clearly delineate grant funds received and expenditures.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*Brown, Emily & CO.*

August 15, 2018

**ST. GABRIEL HEALTH CLINIC, INC.**  
**AGREED UPON PROCEDURES REPORT**  
**FOR THE YEAR ENDED FEBRUARY 28, 2018**



**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, which were agreed to by St. Gabriel Health Clinic, Inc. and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period March 1, 2017 through February 28, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

**Written Policies and Procedures**

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - 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, including receiving, recording, and preparing deposits
  - e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - 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, and (5) monitoring card usage
  - h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

**St. Gabriel Health Clinic, Inc. provided written policies and procedures addressing all of the above.**

**Board (or Finance Committee, if applicable)**

2. Obtain and review the board/committee minutes for the fiscal period, and;

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

**The Board of Directors of St. Gabriel Health Clinic, Inc. met on a monthly basis in accordance with the agency's bylaws.**

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP basis).
- c) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

**The Board of Director's Minutes of St. Gabriel Health Clinic, Inc. did reference the presentation and approval of monthly financial reports and monthly budget to actual comparisons.**

- d) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**The minutes of the Board of Directors of St. Gabriel Health Clinic, Inc. did reference non-budgetary financial information for at least one meeting during the fiscal period.**

**Bank Reconciliations**

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

**Management of St. Gabriel Health Clinic, Inc. provided the requested information, along with management's representation that the listing is complete.**

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

**Bank reconciliations were prepared for each month.**

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

**The bank reconciliations did not contain evidence that a member of management reviewed and approved the bank reconciliations.**

**Management Response:**

The bank reconciliations are completed by an outside CPA. We have spoken to the CPA and the procedure will be added to include management review of bank reconciliations. This will be denoted by the CEO's signature and included on the bank reconciliation.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

**Management did not have documentation noting that it researched outstanding items that were more than 6 months old.**

**Management Response:**

Management will update procedures for stale-dated checks to add the research of outstanding items that are more than 6 months old and include supporting documentation reflecting that research.

### **Collections**

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

**Management provided the requested information, along with management's representation that the listing is complete.**

- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

**Each person responsible for collecting cash is bonded; not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account; and not required to share the same cash register or drawer with another employee.**

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

**St. Gabriel Health Clinic, Inc. has written procedures to reconcile cash collections to the general ledger by a person not responsible for collections.**

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:  
Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

**Daily deposits were made within one day of collections.**

Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

**No exceptions noted**

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

**St. Gabriel Health Clinic, Inc. has written procedures which define a process to determine completeness of collections, including electronic transfers, for each revenue source by a person not responsible for collections.**

**Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

**Management provided the requested information, along with management's representation that the listing is complete.**

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
  - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

**Purchase requisitions are required by the policy manual for all transactions unless the expense is deemed a non-routine transaction. For the transactions selected for testing, purchases were initiated using a requisition system that separates initiation from approval functions. Purchase requisitions were approved by a person who did not initiate the purchase. Payments for purchases were not processed without an approved purchase requisition, a receiving report (if applicable), and an approved invoice.**

- 10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

**St. Gabriel Health Clinic, Inc.'s policy is that new vendors can only be added to the purchasing/disbursement system by the Accounting Clerk.**

- 11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for Initiating or recording purchases.

**Persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.**

- 12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

**The supply of unused checks is maintained by the Chief Operating Officer in a locked location, with access restricted to those persons that do not have signatory authority.**

- 13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

**St. Gabriel Health Clinic, Inc. does not use a signature stamp.**

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

- 14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards). 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 the requested information, along with management's representation that the listing is complete.**

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

**For each card selected for testing, we noted that the monthly statement or combined statement was reviewed and approved, in writing, by someone other than the authorized card holder.**

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

**There were no finance charges or late fees assessed on the cards selected for testing.**

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

> An original Itemized receipt (i.e., identifies precisely what was purchased)

**Each transaction tested was supported by an original itemized receipt that identified what was purchased.**

> Documentation of the business/public purpose. For meal charges, there should also be documentation of the Individuals participating.

**The business purpose was documented for purchases on the cards selected for testing. The charges for meals on the selected cards contained documentation of the business purpose and the individuals participating.**

> Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

**No other documentation is required by St. Gabriel Health Clinic, Inc.'s written credit card policy.**

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

**We compared each transaction tested to the agency's written policies. There were no exceptions noted.**

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**St. Gabriel Health Clinic, Inc.'s documentation met the requirements of Article 7, Section 14.**

**Travel and Expense Reimbursement**

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

**Management provided the requested information, along with management's representation that the listing is complete.**

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

**Amounts in St. Gabriel Health Clinic, Inc.'s policies for per diem and mileage did not exceed rates established by the GSA.**

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose, the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

**The reimbursements selected were supported with documentation in accordance with St. Gabriel Health Clinic, Inc.'s written policies.**

- b) Report whether each expense is supported by:

>An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

**Each expense selected was supported by an itemized receipt.**

- > Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

**The business purpose was documented on each invoice selected for testing.**

- > Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

**No other documentation was required.**

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**St. Gabriel Health Clinic, Inc.'s documentation met the requirements of Article 7, Section 14.**

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**For each expense selected for testing, the expense and related documentation was reviewed and approved in writing by someone other than the person receiving reimbursement.**

**Contracts**

- 20. Obtain a listing of all contracts in effect during the fiscal period or alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

**Management provided the requested information, along with management's representation that the listing is complete.**

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

**Of all five of the contract vendors selected for testing, there were formal, written contracts supporting the services arrangement and the amounts paid.**

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
  - > If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
  - > If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

**The contracts selected were not subject to the Louisiana Public Bid Law or Procurement Code.**

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

**None of the contracts selected for testing were amended.**

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

**The largest payment selected for testing from each of the five vendor contracts was supported by invoices that agreed with the terms of the contract.**

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

**Not applicable**

**Payroll and Personnel**

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete.

**Management provided the requested information, along with management's representation that the listing is complete.**

Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

**Payment was made in accordance with the terms of the approved pay rates.**

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

**Changes to pay rates/salaries were approved in writing in accordance with St. Gabriel Health Clinic, Inc.'s written policies.**

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

**For the transactions selected for testing, the daily attendance and leave were documented.**

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

**Transactions selected for testing contained evidence that supervisors approved the attendance and leave of the selected employees.**

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

**For the transactions selected for testing, St. Gabriel Health Clinic, Inc. maintained written leave records.**

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

**Management provided the requested information, along with management's representation that the listing is complete. For the two transactions selected for testing, the termination benefits were made in accordance with St. Gabriel Health Clinic, Inc.'s written policies.**

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**Employee and employer portions of payroll taxes and retirement contributions, as well as required reporting forms, were submitted to the applicable agencies by the required deadlines.**

**Ethics (excluding nonprofits)**

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

**Not applicable to nonprofit organizations.**

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethic violations, the corrective actions taken, and whether managements actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

**Not applicable to nonprofit organizations.**

**Debt Service (excluding nonprofits)**

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

**Not applicable to nonprofit organizations.**

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

**Not applicable to nonprofit organizations.**

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

**Not applicable to nonprofit organizations.**

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Management is not aware of any misappropriation of public funds or assets.**

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**St. Gabriel Health Clinic, Inc. has not posted the notice required by R.S. 24:523.1 on its premises or on its website**

**Management's Response:**

**At present, our website is under construction and the notice will be included. The notice has been placed at the various sites for public and staff viewing throughout the clinics.**

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

**We have not observed or identified any exceptions regarding management's representations in the above procedures.**

We were not engaged to and did not conduct an examination or review, 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.

The purpose of this report is 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, Eyr & Co.*

Ridgeland, Mississippi  
August 15, 2018