



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2021

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Luther Speight & Company, LLC
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Common Ground Health Clinic, Inc. (a nonprofit organization) ("the Clinic"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 the Clinic as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Clinic and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Clinic's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Common Ground Health Clinic, Inc. internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clinic's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer* is required by Louisiana Revised Statute 24:513(A)(3) and is presented for purposes of additional analysis and is not a required part of the financial statements. The 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2023 on our consideration of the Clinic’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Common Ground Health Clinic, Inc.’s internal control over financial reporting and compliance.



Luther Speight & Company CPAs
New Orleans, Louisiana
November 6, 2023

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

**STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021**

ASSETS

Cash and Cash Equivalents	\$ 141,774
Accounts Receivable, Net	151,616
Property & Equipment	<u>1,325,166</u>
TOTAL ASSETS	<u>1,618,556</u>

LIABILITIES & NET ASSETS

LIABILITIES

Accounts Payable	56,093
Payroll Liabilities	27,672
PPP Loan Payable	233,975
Mortgage Payable	<u>700,000</u>
TOTAL LIABILITIES	<u>1,017,740</u>

NET ASSETS

Without Donor Restrictions	<u>600,816</u>
TOTAL NET ASSETS	<u>600,816</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 1,618,556</u></u>

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

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE AND OTHER SUPPORT</u>			
Grant Income	\$ 1,951,091	\$ -	\$ 1,951,091
Patient Revenue	569,553	-	569,553
Miscellaneous Income	144,408	-	144,408
Total Revenues and Other Support	2,665,052	-	2,665,052
<u>EXPENSES</u>			
Health Care	\$ 2,040,393	\$ -	2,040,393
Management and General	455,993	-	455,993
Total Expenses	2,496,386	-	2,496,386
Change in Net Assets	168,666	-	168,666
Net Assets, Beginning of Year	254,164	-	254,164
Net Assets Adjustment	177,986	-	177,986
Net Assets, End of Year	\$ 600,816	\$ -	\$ 600,816

The accompanying notes are an integral part of these financial statements

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

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Health Care</u>	<u>Management and General</u>	<u>Total</u>
Salaries & Related Expenses	\$ 1,592,535	\$ -	1,592,535
Professional Services and Fees	36,483	35,345	71,828
Rent Expense	141,051	-	141,051
Equipment Lease/Rental	10,547	-	10,547
Depreciation Expense	-	7,147	7,147
Insurance	44,223	-	44,223
Utilities Expense	-	79,803	79,803
Bad Debt Expense	-	142,965	142,965
Security Expense	-	58,374	58,374
Licenses and Membership Dues	22,599	319	22,918
Office Expense	2,593	46,779	49,372
Program Development and Outreach	5,481	-	5,481
Training and Development	53,904	-	53,904
Miscellaneous Expense	-	17,652	17,652
Medical Expenses	58,638	-	58,638
Medical Supplies	60,039	-	60,039
Advertising	3,340	-	3,340
Biohazard and Trash Removal	6,942	-	6,942
Travel, Conferences, and Staff Development	31	2,745	2,776
Postage & Delivery	1,648	-	1,648
Repairs and Maintenance Expense	339	64,864	65,203
Total	<u>\$ 2,040,393</u>	<u>\$ 455,993</u>	<u>\$ 2,496,386</u>

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

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 168,666
Net Assets Adjustment	177,986
Adjustments to reconcile net income to net cash:	
Depreciation Expense	7,147
Changes in assets and liabilities	
Increase in Accounts Receivable	(40,829)
Decrease in Prepaid Expenses	1,250
Decrease in Accounts Payable	(77,860)
Decrease in Payroll Liabilities	(195,228)
Net Cash Provided by Operating Activities	<u>41,132</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Fixed Assets	<u>(1,070,429)</u>
Net Cash Used by Investing Activities	<u>(1,070,429)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

PPP Loan Funds Received	233,975
Borrowings of Mortgage Payable, Net	<u>700,000</u>
Net Cash Provided by Financing Activities	<u>933,975</u>

Net Change in Cash and Cash Equivalents (95,322)

Cash and Cash Equivalents - Beginning of Period 237,096

Cash and Cash Equivalents - End of Period \$ 141,774

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

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. Nature of Activities

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

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

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

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

2. Summary of Significant Accounting Policies

Basis of Accounting

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

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. Summary of Significant Accounting Policies (continued)

Basis of presentation

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

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

At December 31, 2021, the Clinic did not have any net assets with donor restrictions.

Use of estimates

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

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents

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

Accounts Receivable, net

Patient receivables are recorded net of contractual allowance and bad debt allowances. Management estimates contractual allowances in accordance with the reimbursement rates in the contractual arrangements. Management estimates bad debt allowances based upon management's assessment of historical and expected net collections, business and economic conditions, and other collection indicators. The primary uncertainty lies within uninsured patient receivables and deductibles, co-payments, and other amounts due from individual patients. Patient receivables are written off when deemed uncollectible and recoveries of receivables previously written off are recorded when received. Management recorded a bad debt allowance of \$26,112 as of December 31, 2021.

Property and equipment

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

Leasehold improvements, furniture, and equipment are depreciated over the shorter of the estimated useful life of the asset or the lease term. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows: leasehold improvements: 5-7 years; furniture and equipment: 3 to 10 years; building: 39 years.

Revenue Recognition

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

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. Summary of Significant Accounting Policies (continued)

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

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

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

Donated Services and Medical Supplies

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

Incentive Revenue

The Clinic receives incentive payments from various pharmacies for the treatment of patients with particular health conditions. Payments are remitted to the Clinic by the pharmacy. The Clinic records the revenue at the time of receipt as that is when they become aware that the patient qualifies for the incentive. Incentive revenues for the year ended December 31, 2021 included in miscellaneous revenue totaled \$97,786.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

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

Compensated Absences

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

Income Taxes

The Clinic is a non-profit corporation that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies as an organization that is not a private foundation as defined in Section 509 (a) of the Code. It is exempt from Louisiana income tax under the Section 121(5) of Title 47 of the Louisiana Revised Statutes. The Clinic paid no federal income tax for the year ended December 31, 2021.

Recently Issued Financial Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the expense recognition in the statement of activities. On June 3, 2020, FASB issued ASU No. 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) which extended the effective date for certain entities, including the Clinic, to annual reporting periods beginning after December 15, 2021. The new lease standard will be applicable for the year ended December 31, 2022 and the Clinic is currently evaluating the effects of this ASU.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 3: Cash and Cash Equivalents

The Clinic maintains its cash in a bank deposit account at a financial institution. The current balance covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC) is \$250,000 for interest bearing accounts and non-interest-bearing accounts alike. The bank balances for the Clinic, at times, may exceed federally insured limits. Management has not experienced any losses in the past, and does not believe the Clinic is exposed to a significant amount of credit risk. The Clinic had no uninsured funds as of December 31, 2021.

Note 4: Fixed Assets

Fixed Assets consisted of the following at December 31, 2021:

<u>Asset Category</u>	
Land	\$ 1,035,676
Leasehold Improvements	287,520
Furniture and Equipment	127,132
Donated Equipment	<u>53,843</u>
Subtotal	1,504,171
Accumulated Depreciation	<u>(179,005)</u>
Net Property and Equipment	<u>\$ 1,325,166</u>

Depreciation expense for the fiscal year ended December 31, 2021 was \$7,147.

Note 5: Grants and Federal Awards

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

Health Resources and Services Administration (HRSA) Grant – In November 2013, the Clinic was awarded an HRSA grant. This grant is administered by the U.S. Department of Health and Human Services, which reimburses specified operational expenses associated with the care of the Medicare, Medicaid, and uninsured populations. Each year since 2013, the Clinic has received additional awards for the same grant. The current award is a project period through December 31, 2021. The Clinic recognized \$1,506,543 in grant revenue related to this grant during the year ended December 31, 2021.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 6: Patient Revenues

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

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

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

Most of the Clinic’s patients are Greater New Orleans residents insured under third party payer agreements. The mix of revenues from third-party payers for the year ended December 31, 2021 was as follows:

Medicaid	81%
Medicare	7%
Other Insurance	11%
Self-Pay	1%
Total	<u>100%</u>

In addition to Medicare, Medicaid, and grant programs, the Clinic also provides healthcare to patients who do not qualify for these programs at a discounted cost. For the year ended December 31, 2021 the Clinic recognized \$ 3,323 in net patient revenues related to these patients.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 7: Leases

The Clinic leases office space had rent and leasing expense related to its medical and administrative space of \$141,051 as of December 31, 2021.

The Clinic leases various types of equipment for its operations, which are included in office expenses. The lease agreements expire between January 2022 and September 2025.

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

2022	\$ 36,632
2023	34,136
2024	36,144
2025	<u>24,096</u>
Total	<u>\$ 131,008</u>

Note 8: Commitments and Contingencies

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

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

The Clinic participates in the State of Louisiana Patient Compensation Fund (the Fund). The Fund provides for malpractice coverage to the Clinic for claims in excess of \$100,000 and up to \$500,000 per claim. According to state law, medical malpractice liability (exclusive of future medical care awards and litigation expenses) is limited to \$500,000 per occurrence. The Clinic purchased commercial insurance that provides coverage for medical malpractice up to \$2,000,000 in the aggregate in excess of the Fund limits. There were no medical malpractice cases outstanding as of December 31, 2021.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 9: Economic Dependency

The primary source of revenue for the Clinic is federal, state, and local grants and contracts provided through various funding agencies. The continued success of the Clinic is dependent upon the renewal of contracts from current funding sources as well as the Clinic's ability to obtain new funding. The state Medicaid program (GNOCHC) was originally scheduled to end on December 31, 2013 but was extended through June 30, 2016. Starting on July 1, 2016, the State of Louisiana expanded Medicaid which would provide service to the GNOCHC population under the traditional Medicaid model. During the year ended December 31, 2021, the Clinic received 14% of its revenue from the GNOCHC program.

Note 10: Liquidity and Availability of Financial Assets

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

Cash and Cash Equivalents	\$ 142,335
Accounts Receivable, Net	<u>148,511</u>
Total	<u>\$ 290,846</u>

Note 11: Defined Contribution Plan

All full-time employees meeting the minimum age and years of service requirements are covered by a defined contribution plan under the provisions of the Internal Revenue Code Section 401(k). Eligible employees who wish to participate are allowed to contribute up to the maximum limits imposed by law of their annual compensation. The Clinic makes matching contributions of the employees' contribution up to the first 6% contributed for each participating employee. The Clinic incurred \$140,889 during the year ended December 31, 2021 for administrative costs and matching contributions.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 12: Notes Payable

During December 2021, the Organization obtained financing for the purchase of a building in Gretna, Louisiana in the amount of \$1,023,676 for which the organization obtained a mortgage of \$700,000. The repayment terms are divided into 240 different payment streams with different interest rates, ranging from a fixed rate of 3.75% to a variable interest rate. The promissory note is secured by the building. Future maturities of the mortgage payable are as follows:

2022	\$	30,036
2023		31,182
2024		32,371
2025		33,606
2026		34,889
There after		<u>537,916</u>
	\$	<u><u>700,000</u></u>

Note 13: PPP Loan Payable

In May 2021, the Organization received loan proceeds in the amount of \$233,975 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying entities for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying entities. The loans and accrued interest are forgivable after ten months as long as the Organization uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the Organization terminates employees or reduces salaries during the twenty-four-week period following the loan.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. However, until the loan is forgiven, the balance will be included as a Loan Payable in the amount of \$233,975.

Note 14: COVID-19 Global Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) spread across multiple countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the United States have declared a state of emergency. It is anticipated that these impacts will continue for some time. As of the date of this report, COVID-19 was still characterized as a pandemic. Future potential impacts may include disruptions to the Organization’s operations and the ability for employees to perform their job functions. See Note 13 for additional information.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 15: Subsequent Events

Management evaluated subsequent events as of November 6, 2023, which is the date these financial statements were available to be issued. Management has noted that there are no additional disclosures or adjustments to these financial statements required. No subsequent events have been evaluated for inclusion in the financial statements after this date.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY
HEAD(S)
FOR THE YEARS ENDED DECEMBER 31, 2021

Purpose	Agency Head: Carleetha Smith, Chief Executive Officer
Salary	\$ 103,964
Severance	-
Benefits- Insurance	1,862
Benefits- Retirement	6,238
Benefits- Medicare	1,507
Benefits - Worker's Comp	-
Benefits- Unemployment	-
Cell Phone and iPad Dues	-
Uniforms	-
Per Diem	-
Travel	-
Reimbursements	-
Fuel Usage	-
Conference Travel	-
Continuing Professional Education Fees	-
Housing	-
Unvouchered Expenses	-
Special Meals	-

The accompanying notes are an integral part of these financial statements



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Common Ground Health Clinic (a nonprofit organization) (the Clinic), which comprise the statements of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 6, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding #2021-001 that we consider to be a significant deficiency.

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Atlanta Office: 1201 Peachtree St. NE, Suite 200-363/Atlanta, GA 30328/ (678)971-3700

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Common Ground Health Clinic, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs Findings #2021-002 and #2021-003.

Common Ground Health Clinic Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Clinic's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Clinic's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Luther Speight & Company CPAs
New Orleans, Louisiana
November 6, 2023



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Common Ground Health Clinic, Inc.'s (the Clinic) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Clinic's major federal programs for the year ended December 31, 2021. The Clinic's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Clinic complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding #2021-003. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Clinic's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Clinic's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Luther Speight & Company CPAs
New Orleans, Louisiana
November 6, 2023

COMMON GROUND HEALTH CLINIC, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEARS ENDED DECEMBER 31, 2021

<u>Federal Grantor</u>	<u>Pass-through Grantor</u>	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Passed through to Subrecipient</u>	<u>Total Federal Expenditures</u>
<u>Department of Health and Human Services Direct Programs</u>						
	Health Center Program Cluster					
	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care Centers)	93.224		\$ 1,951,091	-	\$ 1,951,091
TOTAL FEDERAL EXPENDITURES				<u>\$ 1,951,091</u>	<u>-</u>	<u>\$ 1,951,091</u>

COMMON GROUND HEALTH CLINIC, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021

NOTE 1 – GENERAL

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

NOTE 2 – BASIS OF ACCOUNTING

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

NOTE 3 – DE MINIMIS COST RATE

During the year ended December 31, 2021, the Clinic did not elect to use the 10% de minimis cost rate.

NOTE 4 – LOAN AND LOAN GUARANTEES

The Clinic did not expend federal awards related to loans or loan guarantees during the year ended December 31, 2021. The Clinic had no loans outstanding at the year ended December 31, 2021.

NOTE 5 – FEDERALLY FUNDED INSURANCE

The Clinic has no federally funded insurance.

NOTE 6 – NONCASH ASSISTANCE

The Clinic did not receive any federal noncash assistance for the year ended December 31, 2021.

NOTE 7 – RECONCILIATION

The federal grant revenues included in the SEFA of the Clinic, are included on the Statements of Activities for the year end December 31, 2021 under the caption Grants – governmental. The Clinic did not receive other state or local grants during the year ended December 31, 2021.

**COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

PART I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Internal Control Over Financial Reporting:

Material weaknesses identified? _____yes X no

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

Noncompliance material to financial statements noted? X yes _____no

Federal Awards

An unqualified opinion was issued on compliance.

Internal control over major programs:

Material weaknesses identified? _____yes X no

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

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

The major programs for the year ended December 31, 2021 were as follows:

Health Center Program Cluster, Assistance Listing #93.224

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

Auditee did not qualify as a low-risk auditee.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021

PART II – FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2021-001 – Clinic Did Not Properly Establish an Allowance For Doubtful Accounts (Significant Deficiency)

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

CONDITION: The Clinic did not properly evaluate the adequacy of the allowance for doubtful accounts and record the proper accrual. Our examination showed that management recorded a direct write-off totaling \$142,965 during 2021.

CAUSE: Management did not follow established accounting procedures.

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

QUESTIONED COSTS: None

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

RESPONSE: See corrective action plan starting on page 32.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021

2021-002 – Timely Submission of Annual Audit Report (Noncompliance)

CRITERIA:	Louisiana Revised Statute 24:513 requires that Agencies receiving federal, state, or local government funding from the State of Louisiana submit an independent financial statement engagement to the Louisiana Legislative Auditor’s office within six months from their fiscal year end.
CONDITION:	The Organization did not complete and submit its independent audit report within the required deadline.
CAUSE:	The Clinic experienced turnover in a key management position, which caused a delay in the performance, completion, and submission of the annual audit report.
EFFECT:	Late submission causes the auditee to be put on the non-compliance list and can result in withholding of state and/or federal pass-through funding to the auditee.
RECOMMENDATION:	The Clinic should implement policies and procedures to ensure the timely filing of any and all required reports.
RESPONSE:	See corrective action plan starting on page 32.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021

PART III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-003 – Timely Submission of Federal Audit Clearinghouse Filing (Noncompliance)

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

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

Name of Federal Agency: Department of Health and Human Services

- CRITERIA:** 2 CFR requires that non-Federal entities that expend \$750,000 or more in a year in Federal awards must submit their audited annual financial reports and the data collection form to the Federal Audit Clearinghouse within thirty (30) days after receipt of the auditor’s report, or nine (9) months of the close of the auditee’s fiscal year.
- CONDITION:** The Clinic did not remit the annual audited financial statements and the data collection form to the Federal Audit Clearinghouse within 9 months after year-end as required by the Uniform Guidance.
- CAUSE:** The Clinic experienced turnover in a key management position, which caused a delay in the performance, completion, and submission of the annual audit report.
- EFFECT:** Late submission causes the Clinic to be put on the non-compliance list and can result in withholding of federal pass-through funding.
- QUESTIONED COSTS:** Unknown
- RECOMMENDATION:** The Clinic should implement policies and procedures to ensure the timely filing of any and all required reports.
- RESPONSE:** See corrective action plan starting on page 32.

**COMMON GROUND HEALTH CLINIC, INC.
STATUS OF PRIOR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021**

<u>Finding #</u>	<u>Description</u>	<u>Resolved/Unresolved</u>
2020-001	Clinic Did Not Properly Establish an Allowance For Doubtful Accounts	Unresolved
2020-002	Timely Submission of Annual Audit Report	Unresolved
2020-003	Timely Submission of Federal Audit Clearinghouse Filing	Unresolved



**Corrective Action Plan
November 6, 2023**

Common Ground Health Clinic respectfully submits the following corrective action plan for the year ended December 31, 2021.

Audit period:

Fiscal Year: January 1, 2021 – December 31, 2021

The findings from the December 31, 2021 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule of findings and questioned costs.

2021-001 – Clinic Did Not Properly Establish an Allowance For Doubtful Accounts

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

Action Taken: We agree with the auditors' comments, and the following action will be taken to improve the situation: The CFO along with the responsible accounting personnel will revisit the allowance procedures created in the financial policies to ensure that the agreed upon written policy and process has been established and is being utilized properly within the daily and monthly accounting process. Resolving finding 2021-001 is expected for the 2022 audit.

Responsible Party: Carleetha Smith, CEO
Lynette Berry, CFO

Estimated Completion Date: December 31, 2022



Corrective Action Plan (Continued)

2021-002 – Timely Submission of Audit Report

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

Action Taken: The clinic has taken this recommendation into consideration and has created a policy and procedure for completing and submitting the Clinic’s annual audit report. Resolving finding 2021-002 is expected for 2023’s audit.

Responsible Party: Carleetha Smith, CEO
Lynette Berry, CFO

Estimated Completion Date: September 2023

2021-003 – Timely Submission of Audit Clearinghouse Filing

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

Action Taken: The clinic has taken this recommendation into consideration and has created a policy and procedure for completing and submitting the Clinic’s annual audit report to the Federal Audit Clearinghouse. Resolving finding 2021-003 is expected for 2023’s audit.

Responsible Party: Carleetha Smith, CEO
Lynette Berry, CFO

Estimated Completion Date: September 2023



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

COMMON GROUND HEALTH CLINIC
AGREED UPON PROCEDURES REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Common Ground Health Clinic
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Common Ground Health Clinic's management is responsible for those C/C areas identified in the SAUPs.

Common Ground Health Clinic has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. 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 that 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

Results: The written policies and procedures appropriately address the required elements above.

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- 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.

Results: The written policies and procedures appropriately address the required elements above.

- c) **Disbursements**, including processing, reviewing, and approving

Results: The written policies and procedures appropriately address the required elements above.

- 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).

Results: The written policies and procedures appropriately address the required elements above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: The written policies and procedures appropriately address the required elements above.

- 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

Results: The written policies and procedures appropriately address the approval and monitoring process for contracts. However, it does not address the type of services that require written contracts, the standard terms and conditions, and legal review.

Management Response: Policies and Procedures will be updated to include which services require written contracts and which require standard terms and conditions and legal review. This policy change will be presented to the board for approval no later than the April 2023 board meeting on April 27, 2023.

- 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)

Results: *The written policies and procedures appropriately address the required elements above.*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: *The written policies and procedures appropriately address the required elements above.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: *Not applicable to the Entity.*

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: *Not applicable to the Entity.*

- k) **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.

Results: *No information regarding identification of critical data and frequency of data backups, storage of backups in a separate physical location isolated from the network, periodic testing/verification that backups can be restored, use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event noted in Financial Policies and Procedures PBC document.*

Management's Response: *Common Ground's EHR, EMR, and accounting software are all cloud-based systems that can be accessed with a username and password. Information is stored electronically.*

- l) **Sexual Harassment**, including R.S.42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: *Not applicable to the Entity.*

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) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results: *We observed that the Board of Directors for Common Ground Health Clinic meets monthly.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Results: *The Entity reports on the nonprofit accounting model. The Entity's board minutes briefly mention CFO and CMO reports, Infection Control Plan and Policies, Acquisition of Wall Clinic. However, it does not mention any activity relating to public funds or if those funds comprised more than 10% of the entity's collections during the fiscal year.*

Management's Response: *Finance reports currently include budget-to-actual comparisons; however, they are not mentioned in the board minutes. Common Ground will include language in the board minutes stating that budget-to-actual comparisons were presented beginning with the March 2023 board meeting. All Common Ground's funds are federally funded.*

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: *Not applicable, as the Entity is a non-profit.*

Bank Reconciliations

3. Obtain a listing of client 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 selected each account, and observe that:

Results: *We obtained a listing of the Entity's bank accounts for the fiscal period, as well as management's representation that the listing is complete. We selected the month of May 2021 for the testing detailed below.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Results: *Per review of the 4 bank reconciliations and bank statements, we noted that all 4 had evidence (date and time) as being reconciled. In addition, those 4 accounts were reconciled within 2 months of year-end.*

- 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

Results: *We noted that the bank reconciliations were properly reviewed by individuals who do not handle cash, post ledgers, or issue checks.*

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement's closing date, if applicable.

Results: *We noted that the Operating account and US Bank Account had reconciling items that have been outstanding for more than 12 months from the fiscal year-end. We have not obtained documentation from management reflecting research on these reconciling items.*

Management Response: *The staff has researched the items and has left the items in the books due to past late audits. We do not have documentation that these reconciling items have been researched.*

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).

Results: LSC noted that funds are received and prepared at 441 Wall Blvd, Gretna, LA 70056. Funds are also received at 3737 General DeGaulle, New Orleans, LA 70114. However, deposits are not prepared at that location so we did not select it.

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:

Results: LSC noted that funds are received and prepared at 441 Wall Blvd Gretna, LA 70056. We have obtained and inspected written policies and procedures relating to employee job duties at the collection location and observed that the job duties are properly segregated between the Medical Receptionist, Accounts Receivable Specialist, and CFO.

- a) Employees responsible for cash collections do not share cash drawers/registers.
 - 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.
 - 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.
 - 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/official verifies the reconciliation.
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.

Results: Common Ground Health Clinic provided a copy of an insurance policy that was enforced during the fiscal period.

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:

Results: *We noted that the Entity's collections were supported by proper documentation. We noted that each deposit was made one business day after collection. We also noted no exceptions found when tracing the deposit to the deposit slip and to the bank statement.*

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe 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).
- e) Trace the actual deposit per the bank statement to the general ledger.

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 all locations (or all locations if less than 5).

Results: *Common Ground Health Clinic processes payments at 441 Wall Blvd, Gretna, LA, 70056. Management confirmed the listing was complete.*

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:

Results: *We have obtained a listing of the employees involved and the written policies and procedures relating to employee job duties at the location mentioned above and observed that the job duties are properly segregated between a Staff Accountant, the Accounts Payable Specialist, and CFO.*

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - 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.
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:

Results: We noted the disbursements matched the original invoices and supporting documentation indicated deliverables included on the invoice were received by the Entity. Disbursement documentation includes evidence of segregation of duties. No exceptions noted.

- 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.
- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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.

Results: We have been provided with a full listing of all active cards along with the card numbers and names of the people who maintained possession of the cards for the Entity. Management confirmed 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) were 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.]

Results: We noted that the credit card statements did not show evidence that they were reviewed and approved by someone other than the authorized card holder.

Management's Response: The PEX Cards are to be used for small/emergency items that could not wait to process through purchasing. The receipts are given to the accountant for reconciliation purposes and were reviewed by the CFO.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: We noted that on the months tested no finance charges or late fees were assessed.

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.

Results: The Entity supplied receipts and documentation for the selected transactions. We noted no exceptions.

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 2 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 2 reimbursements selected:
 - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established by the U.S. General Services Administration (www.gsa.gov).

Results: We noted the Entity will use the rate established by the US General Services Administration and the location staff/board members are traveling to when reimbursing using a per diem. We also noted mileage reimbursements are based on IRS standard mileage rates.

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

Results: Each reimbursement was supported by the original itemized receipts. No exceptions noted.

- c) Observe 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).

Results: Each reimbursement was not supported by documentation detailing the business/public purpose for the charge.

Management Response: We do not have documentation for business purposes. However, the 6/18/2021 transaction relates to a staff member traveling back and forth between both clinics to pick up labs and supplies between clinics. The 4/10/2021 transactions relate to the CEO going to the Gretna courthouse for business documents needed for the purchase of the building at the Wall location.

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

Results: Each reimbursement was reviewed and approved in writing by someone other than the person receiving the reimbursement. No exceptions noted.

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:

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

Results: We noted that all contracts selected were not subject to Louisiana Public Bid Law.

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

Results: We noted the selected contracts did not require approval by the governing board according to the Entity's policy. We also noted contracts involving the bid process require the board's approval.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Results: We noted no contract amendments.

- 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 the invoice and related payment agreed to the terms and conditions of the contract.

Results: No findings noted.

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.

Results: We requested and obtained paid salaries and personnel files for a selection of five (5) employees. The paid salaries agreed to the authorized salaries in each employee's personnel file. We noted no exceptions.

- 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.)

Results: Of the 5 employees selected, we noted that all 5 of their attendance and leave was documented.

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

Results: Of the 5 employees selected, we noted that all 5 of their attendance and leave records were approved by a supervisor.

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

Results: We noted no exception. Client provided documents showing each employee's leave accrued or taken.

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

Results: We noted no exception. The rate paid to the selected employees agrees to the authorized salary found within the personnel files.

- 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.

Results: We noted no exceptions. The termination payments coincided with the related records and documentation of the two employees selected.

- 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.

Results: All employer and employee portions of third-party payroll and related amounts have been paid, and any associated forms have been filed by the required deadlines. Management's representation was obtained. No exceptions noted.

Ethics

Results: Section is not applicable, as the Entity is a non-profit.

Debt Service

Results: Section is not applicable, as the Entity is a non-profit.

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.

Results: There were no misappropriations of public funds and assets during the fiscal period.

21. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: We observed that the required notice is not posted on the Entity's website.

Management Response: Notice R.S. 24:523.1 has been provided to our website manager and will be uploaded by the end of the week, April 7, 2023.

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.

Results: We noted no exceptions. Per management, critical data is backed up to a cloud-based system that can be accessed with an assigned username and password. Backups are performed daily, and the system does it automatically.

- 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.

Results: We were unable to obtain recent documentation that backups can be restored.

Management's Response: Even though we can back up our files daily to the cloud, we are unsure if we can perform restorations because we never had to do it.

- 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.

Results: We noted no exceptions. We obtained a listing of the Entity's computers currently in use along with their locations. We selected 5 computers, all of which have current and active antivirus software, and the operating system and accounting system software in use are currently supported.

Sexual Harassment

Results: Section is not applicable, as the Entity is a non-profit.

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

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

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

Luther Speight & Co

Luther Speight & Company CPAs
New Orleans, Louisiana
November 6, 2023