

ST. GABRIEL HEALTH CLINIC, INC.

AUDITED FINANCIAL STATEMENTS

FEBRUARY 28, 2021
(With Summarized Financial
Information for 2020)

ST. GABRIEL HEALTH CLINIC, INC.
February 28, 2021
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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, 2021, and the related statements of operations and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Gabriel Health Clinic, Inc. as of February 28, 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.

Report on Summarized Comparative Information

We have previously audited the St. Gabriel Health Clinic, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended February 29, 2020, 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 November 4, 2021, on our consideration of St. Gabriel Health Clinic, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of St. Gabriel Health Clinic, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Gabriel Health Clinic, Inc.'s internal control over financial reporting and compliance.

Brown, Ewing & Co.

Ridgeland, Mississippi
November 4, 2021

ST. GABRIEL HEALTH CLINIC, INC.
Statement of Financial Position
February 28, 2021
(With Summarized Financial Information for 2020)

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and cash equivalents	\$ 335,833	\$ 10,972
Patient care receivables, less allowance of \$(63,400) for doubtful accounts	70,207	126,701
Grants and contracts receivable	100,000	100,000
Prepaid expenses	<u>19,209</u>	<u>599</u>
Total Current Assets	<u>525,249</u>	<u>238,272</u>
Fixed Assets:		
Land	15,000	15,000
Building and improvements	766,882	766,882
Furniture and equipment	510,355	451,028
Vehicles	<u>108,758</u>	<u>-</u>
Total Fixed Assets	1,400,995	1,232,910
Less: Accumulated depreciation	<u>(983,931)</u>	<u>(932,922)</u>
Net Fixed Assets	<u>417,064</u>	<u>299,988</u>
OTHER ASSETS		
Deposits	<u>6,000</u>	<u>6,000</u>
TOTAL ASSETS	<u>\$ 948,313</u>	<u>\$ 544,260</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 87,506	\$ 118,671
Judgments payable	11,156	29,161
Salaries payable	27,628	83,361
Payroll taxes payable	1,421	1,422
Refundable advance	61,406	-
Notes payable, current portion	<u>10,923</u>	<u>9,475</u>
Total Current Liabilities:	<u>200,040</u>	<u>242,090</u>
Long-Term Liabilities		
Notes payable	188,542	195,065
Less: current portion	<u>(10,923)</u>	<u>(9,475)</u>
Total Long-Term Liabilities	<u>177,619</u>	<u>185,590</u>
Total Liabilities	<u>377,659</u>	<u>427,680</u>
Net Assets without donor restrictions		
Unrestricted		
Undesignated (operating)	470,654	(29,253)
Net assets with donor restrictions	<u>100,000</u>	<u>145,833</u>
Total Net Assets	<u>570,654</u>	<u>116,580</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 948,313</u>	<u>\$ 544,260</u>

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

ST. GABRIEL HEALTH CLINIC, INC.
Statement of Operations and Changes In Net Assets
For the Year Ended February 28, 2021
(With Summarized Financial Information for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021	2020
SUPPORT AND REVENUES (Note 2)				
Support:				
Grants and contracts	\$ 1,901,227	\$ -	\$ 1,901,227	\$ 1,473,534
Net assets released from restrictions				
Satisfaction of program requirements	45,833	(45,833)	-	\$ -
Total Support	<u>1,947,060</u>	<u>(45,833)</u>	<u>1,901,227</u>	<u>1,473,534</u>
Revenue:				
Health care services, net of charity, bad debts and contractual adjustments of \$53,688	907,513	-	907,513	921,492
Other income	42,678	-	42,678	28,548
Total Revenue	<u>950,191</u>	<u>-</u>	<u>950,191</u>	<u>950,040</u>
TOTAL SUPPORT AND REVENUES	<u>2,897,251</u>	<u>(45,833)</u>	<u>2,851,418</u>	<u>2,423,574</u>
EXPENSES				
Program Services				
Health care services	1,684,881	-	1,684,881	1,858,492
Total Program Services	<u>1,684,881</u>	<u>-</u>	<u>1,684,881</u>	<u>1,858,492</u>
Supporting Services				
Management and general	712,463	-	712,463	662,189
Total Supporting Services	<u>712,463</u>	<u>-</u>	<u>712,463</u>	<u>662,189</u>
TOTAL EXPENSES	<u>2,397,344</u>	<u>-</u>	<u>2,397,344</u>	<u>2,520,681</u>
Change in Net Assets	499,907	(45,833)	454,074	(97,107)
Net Assets, Beginning of Year	<u>(29,253)</u>	<u>145,833</u>	<u>116,580</u>	<u>213,687</u>
NET ASSETS, END OF YEAR	<u>\$ 470,654</u>	<u>\$ 100,000</u>	<u>\$ 570,654</u>	<u>\$ 116,580</u>

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

ST. GABRIEL HEALTH CLINIC, INC.
Statement of Functional Expenses
For the Year Ended February 28, 2021
(With Summarized Financial Information for 2020)

	Health Care Services	Total Program Services	Management and General	2021	2020
Personnel	\$ 1,024,842	1,024,842	268,787	\$ 1,293,629	\$ 1,528,040
Fringe benefits	157,304	157,304	709	158,013	191,532
Travel	24,076	24,076	3,703	27,779	28,559
Supplies	168,160	168,160	36,619	204,779	167,975
Equipment rental	-	-	114	114	56
Contractual	112,372	112,372	49,779	162,151	128,836
Legal and accounting	-	-	40,091	40,091	70,467
Dues and subscriptions	540	540	28,055	28,595	12,029
Printing	-	-	2,500	2,500	5,000
Repairs and maintenance	10,403	10,403	80,492	90,895	67,989
Insurance	-	-	32,648	32,648	33,963
Staff recruitment	-	-	792	792	1,034
Advertisement	16,686	16,686	500	17,186	12,615
Utilities	5,061	5,061	18,713	23,774	14,021
Continuing education	20,608	20,608	10,317	30,925	20,327
Communications	49,492	49,492	5,905	55,397	48,539
Licenses and fees	1,577	1,577	6,856	8,433	7,620
Janitorial	10,197	10,197	16,064	26,261	15,724
Space cost	72,000	72,000	-	72,000	66,000
Interest	-	-	12,781	12,781	12,214
Bank charges	-	-	1,181	1,181	1,304
Moving expenses	-	-	5,964	5,964	4,437
Board expenses	-	-	26,591	26,591	2,666
Disposal services	11,563	11,563	-	11,563	11,393
Other	-	-	12,293	12,293	2,857
Total expenses before depreciation	<u>1,684,881</u>	<u>1,684,881</u>	<u>661,454</u>	<u>2,346,335</u>	<u>2,455,197</u>
Depreciation	<u>-</u>	<u>-</u>	<u>51,009</u>	<u>51,009</u>	<u>65,484</u>
Total Expenses	<u>\$ 1,684,881</u>	<u>1,684,881</u>	<u>712,463</u>	<u>\$ 2,397,344</u>	<u>\$ 2,520,681</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, 2021
(With Summarized Financial Information for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Changes in Net Assets	\$ 454,074	\$ (97,107)
Adjustments to reconcile changes in assets to net cash provided by (used in) operating activities:		
Depreciation expense	51,009	65,484
Decrease (increase) in:		
Patient care receivables	56,494	28,478
Prepaid expenses	(18,612)	2,900
Increase (decrease) in:		
Accounts payable	(31,164)	30,396
Salaries payable	(55,733)	64,798
Judgments payable	(18,005)	(25,750)
Refundable advance	61,406	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>499,469</u>	<u>69,199</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	<u>(168,085)</u>	<u>700</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(168,085)</u>	<u>700</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal reduction in notes payable	(6,523)	(7,049)
Proceeds from borrowings	<u>-</u>	<u>(51,878)</u>
NET CASH (USED IN) FINANCING ACTIVITIES	<u>(6,523)</u>	<u>(58,927)</u>
NET INCREASE IN CASH	324,861	10,972
CASH, BEGINNING OF YEAR	<u>10,972</u>	<u>-</u>
CASH, END OF YEAR	<u>\$ 335,833</u>	<u>\$ 10,972</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year for:		
Interest	<u>\$ 12,781</u>	<u>\$ 12,214</u>

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

ST. GABRIEL HEALTH CLINIC, INC.
Notes to the Financial Statements
February 28, 2021

NOTE 1 - ABOUT THE ORGANIZATION

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ST. GABRIEL HEALTH CLINIC, INC.
Notes to the Financial Statements
February 28, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

ST. GABRIEL HEALTH CLINIC, INC.
Notes to the Financial Statements
February 28, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

a) Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

b) Net Assets With Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the organization. Certain restrictions may need to be maintained in perpetuity.

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

The Organization maintains its cash balances in one (1) financial institution located in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At February 28, 2021, the Organization did not have any uninsured cash balances.

ST. GABRIEL HEALTH CLINIC, INC.
Notes to the Financial Statements
February 28, 2021

NOTE 4 - PATIENT RECEIVABLES AND RELATED ALLOWANCE FOR DOUBTFUL ACCOUNTS

Patient accounts receivable, prior to adjustment for the allowance for doubtful accounts, is summarized as follows at February 28, 2021:

<u>Accounts receivable:</u>	<u>Amount</u>
Patients	\$ 29,278
Government	<u>198,586</u>
	<u>\$ 227,864</u>

Allowance for doubtful accounts is summarized as follows at February 28, 2021:

<u>Accounts receivable:</u>	<u>Amount</u>
Patients	\$ 1,606
All Other	<u>99,557</u>
	<u>\$ 101,163</u>

NOTE 5 - PATIENT SERVICE REVENUE

A summary of patient service revenue, net of contractual adjustments and discounts, is as follows at February 28, 2021:

<u>Patient Service Revenue</u>	<u>Amount</u>
Patient Service Revenue	\$ 890,819
Less: Contractual adjustment under third-party reimbursement program and discounts	(21,883)
Provision for bad debts	<u>75,571</u>
Net Patient Service Revenue	<u>\$ 944,507</u>

NOTE 6 - FIXED ASSETS

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

<u>Assets</u>	
Land	\$ 15,000
Building and improvements	766,882
Furniture and Equipment	510,355
Vehicles	<u>108,758</u>
Total Property and Equipment	1,400,995
Less: Accumulated Depreciation	<u>(983,931)</u>
Net Property and Equipment	<u>\$ 417,064</u>

Depreciation expense at February 28, 2021 totaled \$51,009.

ST. GABRIEL HEALTH CLINIC, INC.
Notes to the Financial Statements
February 28, 2021

NOTE 7 - CORPORATE INCOME TAXES

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

The Organization has analyzed its tax positions taken for filings with the Internal Revenue. It believes that its tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations, or cash flows. The Organization's federal and state income tax returns for 2018, 2019, and 2020 are subject to examination by the federal, state and local taxing authorities, generally for three years after they are filed.

NOTE 8 - COMMITMENTS

Annual Leave

The cost of employee's unused annual leave at February 28, 2021 is not included in the financial statements. See Note 2.J. above. If the leave were included in the financial statements, it would affect the financial statements by the amount of the leave by (a) increasing expenses, (b) decreasing the excess of support and revenues over expenses and (c) increasing accrued liabilities.

NOTE 9 - SUMMARY OF FUNDING AND SUPPORT

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

Source	Grant Number	Period	Amount
U.S. Dept. of HHS (Health Center Cluster)	H80CS00551	3/1/2020-2/28/2021	\$ 1,524,568
U.S. Dept. of HHS - CARES Act Grant	H8DCS35812	3/1/2020-2/28/2021	287,874
U.S. Dept. of HHS - COVID Testing Grant	H8ECS37825	3/1/2020-2/28/2021	60,437
U.S. Dept. of HHS - COVID-19 Grant	HICCS34937	3/1/2020-2/28/2021	28,348
TOTALS			<u>\$ 1,901,227</u>

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

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

The Clinic's temporarily restricted net assets as of February 28, 2021, consisted of the following:

Net Assets With Donor Restrictions	
School Based Clinic support for	
future periods	\$ <u>100,000</u>
Total Net Assets With Donor Restrictions	\$ <u>100,000</u>

ST. GABRIEL HEALTH CLINIC, INC.
Notes to the Financial Statements
February 28, 2021

NOTE 11 - LONG-TERM NOTES PAYABLE

Mortgage notes payable consist of the following at February 28, 2021:

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	\$ 188,542
Less: Current Portion	<u>(10,923)</u>
Total Long Term Debt	<u>\$ 177,619</u>

Maturities of long-term debt are as follows:

	Principal	Interest	TOTAL
2022	\$ 10,923	8,340	\$ 19,263
2023	11,454	7,809	19,263
2024	12,010	7,253	19,263
2025	12,593	6,670	19,263
2026	13,204	6,059	19,263
Thereafter	<u>128,358</u>	<u>22,702</u>	<u>151,060</u>
Totals	<u>\$ 188,542</u>	<u>\$ 58,833</u>	<u>\$ 247,375</u>

NOTE 12 - LITIGATION

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

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

NOTE 13 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 66% of the Organization's funding is provided by direct grants from the U. S. Department of Health and Human Services.

NOTE 14 - GRANT BALANCES AND GRANT CONDITIONS

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

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

ST. GABRIEL HEALTH CLINIC, INC.
Notes to the Financial Statements
February 28, 2021

NOTE 14 - GRANT BALANCES AND GRANT CONDITIONS (Continued)

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

NOTE 15 - COMMITMENTS AND CONTINGENCIES

COMMITMENTS

The following is a schedule by years of minimum future space rentals on non-cancelable operating leases as of February 28, 2021.

Year Ending February 28:

	<u>Amount</u>
2022	\$ <u>36,000</u>
TOTALS	\$ <u>36,000</u>

CONTINGENCIES

Investigation

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

NOTE 16 - SUMMARIZED 2020 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 29, 2020, from which the summarized information was derived.

ST. GABRIEL HEALTH CLINIC, INC.
Notes to the Financial Statements
February 28, 2021

NOTE 17 - REFUNDABLE ADVANCES

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

American Rescue Plan Grant	\$	50,978
CARES Act Grant		<u>10,428</u>
Refundable advances, end of year	\$	<u><u>61,406</u></u>

NOTE 18 - LIQUIDITY AND AVAILABILITY

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

The following table reflects the Organization's financial assets as of February 28, 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions. The net assets with donor restrictions at February 28, 2021 are noted below.

Financial assets comprise the following at February 28:

		<u>2021</u>
Cash and cash equivalents	\$	335,833
Patient care receivables, net		70,207
Grants Receivable		<u>100,000</u>
 Total financial assets		 506,040
Less: financial assets with donor restrictions		<u>(100,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>406,040</u></u>

NOTE 19 - SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of St. Gabriel Health Clinic, Inc. evaluated the activity of the organization through November 4, 2021, (the date the financial statements were available to be issued), and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

The Center's major Grantee, Health Resources and Services Administration, supplemented St. Gabriel Health Clinic, Inc. by awarding them with the following grants in the subsequent period:

- FY 2022 American Rescue Plan - \$1,536,875 - Issued 3-27-2021
- FY 2022 Health Center Infrastructure Support - \$547,047 - Issued 9-20-2021

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, 2021

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>134,992</u>	\$ 134,992
Total salary		
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	5,288	
Per diem/meals	793	
Registration	640	
Other (Dues)	<u>125</u>	
Total travel		<u>6,846</u>
Total Compensation, Benefits, Travel, and Other Expenses		\$ <u>161,438</u>

SCHEDULE B

ST. GABRIEL HEALTH CLINIC, INC.
 Schedule of Health Care Services Expenses
 For the Year Ended February 28, 2021

EXPENSES

Personnel	\$ 1,024,842
Fringe benefits	157,304
Travel	24,076
Supplies	168,160
Contractual	112,372
Dues and subscriptions	540
Repairs and maintenance	10,403
Advertisement	16,686
Utilities	5,061
Continuing education	20,608
Communications	49,492
License and fees	1,577
Janitorial	10,197
Space cost	72,000
Disposal services	<u>11,563</u>
Total Expenses	<u>\$ 1,684,881</u>

SCHEDULE C

ST. GABRIEL HEALTH CLINIC, INC.
 Schedule of Management and General Expenses
 For the Year Ended February 28, 2021

EXPENSES

Personnel	\$ 268,787
Fringe benefits	709
Travel	3,703
Supplies	36,619
Equipment rental	114
Contractual	49,779
Legal and accounting	40,091
Dues and subscriptions	28,055
Printing	2,500
Repairs and maintenance	80,492
Insurance	32,648
Staff recruitment	792
Advertisement	500
Utilities	18,713
Continuing education	10,317
Communications	5,905
License, taxes and fees	6,856
Janitorial	16,064
Interest	12,781
Bank and finance charges	1,181
Moving expenses	5,964
Board expenses	26,591
Other	<u>12,293</u>
Total Expenses	<u>\$ 661,454</u>

ST. GABRIEL HEALTH CLINIC, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended February 28, 2021

Federal Grant/ Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Grant Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Health Resource & Service Administration			
Direct Grants:			
Health Care Centers Cluster			
Consolidated Health Centers	93.224	H80CS00551	\$ 485,648
COVID-19 Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding	93.224	H80DCS35812	287,874
COVID-19 FY 2020 Coronavirus Supplemental Funding for Health Centers	93.224	H8CCS34937	28,348
COVID-19 FY 2020 Expanding Capacity for Coronavirus Testing (ECT)	93.527	H8ECS37825	60,437
Affordable Care Act Grants for New and Expanded Services Under the Health Care Program	93.527	H80CS00551	<u>1,038,920</u>
Total Health Centers Cluster			<u>1,901,227</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,901,227</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,901,227</u>

ST. GABRIEL HEALTH CLINIC, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended February 28, 2021

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, 2021. 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.



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Gabriel Health Clinic, Inc. (a nonprofit organization), which comprise the statement of financial position as of February 28, 2021, and the related statements of operations and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 4, 2021.

Internal Control Over Financial Reporting

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

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

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

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 financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Brown, Ewing & Co.

Ridgeland, Mississippi
November 4, 2021



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, 2021. 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.

Opinion on Each Major Federal Program

In our opinion, St. Gabriel Health Clinic, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended February 28, 2021.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Emig & Co

Ridgeland, Mississippi
November 4, 2021

ST. GABRIEL HEALTH CLINIC, INC.
Summary Schedule of Prior Audit Findings
Year Ended February 28, 2021

There were no audit findings for the year ending February 29, 2020.

ST. GABRIEL HEALTH CLINIC, INC.
 Schedule of Findings and Questioned Costs
 Year Ended February 28, 2021

Section 1: Summary of Auditor's Results

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

Federal Awards:

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

7. Federal programs identified as major programs:

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

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

Section 2 - Findings - Financial Statements Audit

NONE

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

NONE