



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

COMMON GROUND HEALTH CLINIC, INC.
(A NONPROFIT ORGANIZATION)

FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2022

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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, 2023, 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 present fairly, in all material respects, the financial position of the Clinic as of December 31, 2023, 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.

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.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our 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.

Report on Summarized Comparative Information

We have previously audited the Clinic's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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.

In addition, the schedule of compensation, benefits, and other payments to agency head is also 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 and the schedule of compensation, benefits, and other payments to agency head are 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 April 2, 2026, on our consideration of Common Ground Health Clinic Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Clinic'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 the Clinic's internal control over financial reporting and compliance.



Luther Speight & Company CPAs
New Orleans, Louisiana
April 2, 2026

COMMON GROUND HEALTH CLINIC, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023
WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022

| | 2023 | 2022 |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ - | \$ 52,106 |
| Accounts Receivable, Net | 127,625 | 130,480 |
| Prepaid Expenses | 13,210 | 11,960 |
| Right-of-Use Asset - Operating Lease | 59,893 | 95,228 |
| Property & Equipment | 1,407,171 | 1,045,277 |
| TOTAL ASSETS | 1,607,899 | 1,335,051 |
| LIABILITIES & NET ASSETS | | |
| LIABILITIES | | |
| Bank Overdraft | 61,525 | - |
| Accounts Payable | 420,338 | 113,226 |
| Payroll Liabilities | 17,755 | 22,792 |
| Mortgage Payable | 658,463 | 679,234 |
| Line of Credit | 10,635 | - |
| Operating Lease Liability | 56,846 | 88,998 |
| PPP Loan Payable | 157,482 | 221,293 |
| TOTAL LIABILITIES | 1,383,044 | 1,125,543 |
| NET ASSETS | | |
| Without Donor Restrictions | 224,855 | 209,508 |
| TOTAL NET ASSETS | 224,855 | 209,508 |
| TOTAL LIABILITIES & NET ASSETS | \$ 1,607,899 | \$ 1,335,051 |

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

COMMON GROUND HEALTH CLINIC, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022

| | <u>2023</u> | | | <u>2022</u> |
|---|---------------------------------------|------------------------------------|-------------------|-------------------|
| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> | <u>Total</u> |
| REVENUE AND OTHER SUPPORT | | | | |
| Grant Income | \$ 2,264,154 | \$ - | \$ 2,264,154 | \$ 1,998,306 |
| Patient Revenue | 542,887 | - | 542,887 | 480,178 |
| Miscellaneous Income | 74,372 | - | 74,372 | 76,486 |
| Total Revenues and Other Support | <u>2,881,413</u> | <u>-</u> | <u>2,881,413</u> | <u>2,554,970</u> |
| EXPENSES | | | | |
| Health Care | 1,950,785 | - | 1,950,785 | 1,999,159 |
| Management and General | 971,229 | - | 971,229 | 697,223 |
| Total Expenses | <u>2,922,014</u> | <u>-</u> | <u>2,922,014</u> | <u>2,696,382</u> |
| CHANGE IN NET ASSETS | (40,601) | - | (40,601) | (141,412) |
| NET ASSETS, BEGINNING OF YEAR | 209,508 | - | 209,508 | 600,816 |
| NET ASSETS ADJUSTMENT | <u>55,948</u> | <u>-</u> | <u>55,948</u> | <u>(249,896)</u> |
| NET ASSETS, END OF YEAR | <u>\$ 224,855</u> | <u>\$ -</u> | <u>\$ 224,855</u> | <u>\$ 209,508</u> |

The accompanying notes are an integral part of these financial statements

COMMON GROUND HEALTH CLINIC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022

| | <u>2023</u> | | | <u>2022</u> |
|--|---------------------|-----------------------------------|---------------------|---------------------|
| | <u>Health Care</u> | <u>Management and General</u> | <u>Total</u> | <u>Total</u> |
| Salaries and Related Expenses | \$ 1,426,616 | \$ - | \$ 1,426,616 | \$ 1,420,917 |
| Professional Services and Fees | 225,874 | 338,812 | 564,686 | 317,335 |
| Operating Lease Expense | 46,857 | - | 46,857 | 36,315 |
| Equipment Lease/Rental | 13,817 | - | 13,817 | 11,650 |
| Depreciation Expense | 34,246 | - | 34,246 | 34,246 |
| Insurance | 62,911 | 58,072 | 120,983 | 67,309 |
| Utilities Expense | - | 32,917 | 32,917 | 55,135 |
| Bad Debt Expense | - | 292,046 | 292,046 | 217,844 |
| Security Expense | - | 83,193 | 83,193 | 67,709 |
| Licenses and Membership Dues | 26,850 | - | 26,850 | 29,637 |
| Office Expense | - | 56,240 | 56,240 | 46,415 |
| Program Development and Outreach | 3,405 | - | 3,405 | 3,752 |
| Training and Development | 23,246 | 968 | 24,214 | 195,507 |
| Miscellaneous Expense | - | 14,623 | 14,623 | 12,217 |
| Medical Expenses | 36,547 | - | 36,547 | 66,967 |
| Medical Supplies | 17,770 | - | 17,770 | 21,933 |
| Advertising | - | - | - | 200 |
| Software | 27,735 | - | 27,735 | 19,596 |
| Property Taxes | - | 21,801 | 21,801 | 19,930 |
| Interest Expense | - | 35,007 | 35,007 | 38,361 |
| Travel, Conferences, and Staff Development | 4,145 | - | 4,145 | 3,980 |
| Repairs and Maintenance Expense | 766 | 37,550 | 38,316 | 9,427 |
| Total | <u>\$ 1,950,785</u> | <u>\$ 971,229</u> | <u>\$ 2,922,014</u> | <u>\$ 2,696,382</u> |

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

COMMON GROUND HEALTH CLINIC, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022

| | 2023 | 2022 |
|--|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ (40,601) | \$ (141,412) |
| Net Assets Adjustment | 55,948 | - |
| Adjustments to Reconcile Net Income to Net Cash: | | |
| Depreciation Expense | 34,246 | 34,246 |
| Amortization of Operating Lease | 35,335 | 34,832 |
| Changes in Assets and Liabilities | | |
| Decrease in Accounts Receivable | 2,855 | 21,136 |
| Increase in Prepaid Expenses | (1,250) | (11,960) |
| Increase in Accounts Payable | 307,112 | 57,133 |
| Decrease in Lease Liability from Payments | (32,152) | (41,062) |
| Decrease in Payroll Liabilities | (5,037) | (4,880) |
| Net Cash Provided by (Used in) Operating Activities | 356,456 | (51,967) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of Fixed Assets | (396,140) | (4,253) |
| Net Cash Used in Investing Activities | (396,140) | (4,253) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Bank Overdraft | 61,525 | - |
| Repayments of PPP Loan | (63,811) | - |
| Net Proceeds from Line of Credit | 10,635 | - |
| Repayments of Mortgage Payable, Net | (20,771) | (33,448) |
| Net Cash Used in Financing Activities | (12,422) | (33,448) |
| Net Change in Cash and Cash Equivalents | (52,106) | (89,668) |
| Cash and Cash Equivalents - Beginning of Year | 52,106 | 141,774 |
| Cash and Cash Equivalents - End of Year | \$ - | \$ 52,106 |
| NON-CASH TRANSACTIONS | | |
| Right-of-Use Asset - Operating Lease | \$ - | \$ 95,228 |
| Operating Lease Liability | \$ - | \$ (88,998) |

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

COMMON GROUND HEALTH CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023, 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.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash balances that are overdrawn are reclassified and presented as part of current liabilities on the statement of financial position. Accordingly, such bank overdrafts are excluded from cash and cash equivalents for financial reporting purposes.

Accounts Receivable

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 \$450,753 as of December 31, 2023.

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 to 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.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 recognized in accordance with Accounting Standards Codification 606, *Revenue from Contracts with Customers*.

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, 2023, included in miscellaneous revenue totaled \$64,520.

COMMON GROUND HEALTH CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 healthcare 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. Thus, compensated absences cannot be estimated 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, 2023.

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, 2023.

COMMON GROUND HEALTH CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 4: Property and Equipment

Property and Equipment consisted of the following at December 31, 2023:

| <u>Asset Category</u> | <u>2023</u> |
|----------------------------|-------------------------|
| Land | 12,000 |
| Building | 1,023,676 |
| Leasehold Improvements | 31,621 |
| Furniture and Equipment | 88,147 |
| Donated Equipment | 54,644 |
| Vehicles | 45,394 |
| Construction in Progress | 400,395 |
| Subtotal | <u>1,655,877</u> |
| Accumulated Depreciation | <u>(248,706)</u> |
| Net Property and Equipment | <u><u>1,407,171</u></u> |

Depreciation expense for the fiscal year ended December 31, 2023, was \$34,246.

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. Grants and programs that represent at least 10% of total revenues are 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, 2023. The Clinic recognized \$1,801,751 in revenue related to this grant during the year ended December 31, 2023.

COMMON GROUND HEALTH CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 5: Grants and Federal Awards (Continued)

American Rescue Plan Act (ARPA) of 2021 Grant – During 2021, the Clinic was awarded funding from the Department of Health and Human Services through the American Rescue Plan Act of 2021 in response to the COVID-19 global pandemic. The current award has a project period through September 2024. The Clinic recognized \$230,806 in revenue related to this grant during the year ended December 31, 2023.

Grant Income for the year ended December 31, 2023 were as follows:

| | <u>2023</u> |
|--|------------------|
| Health Resources and Services Administration (HRSA) Grant | 1,801,751 |
| Integrated Behavioral Health Services (IBHS) Grant | 51,602 |
| Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding | 172,983 |
| American Rescue Plan Act (ARPA) Grant | 230,806 |
| National Hypertension Control Initiative (NHCI) Grant | 7,012 |
| | <u>2,264,154</u> |

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 (CMS) 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.

COMMON GROUND HEALTH CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 6: Patient Revenues (continued)

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, 2023 was as follows:

| | <u>2023</u> |
|-----------------|-------------|
| Medicaid | 80% |
| Medicare | 6% |
| Other Insurance | 11% |
| Self Pay | 3% |
| 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, 2023, the Clinic recognized \$15,963 in net patient revenues related to these patients.

Note 7: Leases

During the year ended December 31, 2022, the Clinic adopted ASC 842, Leases, which requires an organization to recognize a right-of-use asset and a corresponding lease liability for its lease agreements. The Clinic occupies office space located at 3717 General De Gaulle Drive, New Orleans, Louisiana. Upon adoption, the Clinic recorded a lease asset and liability for the remaining lease term. The lease expires on August 31, 2025.

To calculate the lease liability and related right-of-use asset at adoption, the Clinic used a discount rate of 1.37%, based on the risk-free rate derived from the U.S. Treasury yield curve, to calculate the present value of future lease payments. The lease asset and liability are subsequently reduced over time based on lease payments and amortization.

For the year ended December 31, 2023, total lease expense was \$46,857 and is recorded as operating lease expense in the statement of functional expenses.

COMMON GROUND HEALTH CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 7: Leases (continued)

Supplemental balance sheet information related to the lease was as follows:

Operating Lease

| | |
|--|------------------|
| Operating Lease ROU Asset | \$ 95,228 |
| Operating Lease ROU Asset - Accumulated Amortization | <u>(35,335)</u> |
| | <u>\$ 59,893</u> |
| | |
| Operating Lease Liability | <u>\$ 56,846</u> |

Other Information

| | |
|--|-------|
| Weighted-Average Remaining Lease | |
| Term in Years for Operating Lease | 2.67 |
| Weighted-Average Discount Rate for Operating Lease | 1.37% |

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liability recognized on the balance sheet are as follows as of December 31, 2023:

| Year Ending December 31, | Lease Payments |
|---|------------------------|
| 2024 | \$33,383 |
| 2025 | 24,096 |
| 2026 | - |
| 2027 | - |
| 2028 | - |
| Thereafter | <u>-</u> |
| Total Future Minimum Lease Payments | 57,479 |
| Less imputed interest | <u>(633)</u> |
| | |
| Total Present Value of Lease Liabilities | <u>\$56,846</u> |

The Clinic had other leases for copy machines and storage space expiring in February 2026 and August 2027, respectively. The Clinic does not recognize lease assets and liabilities for agreements whose monthly lease payments fall below their established materiality threshold. Total lease expense for copy machines and storage space was \$13,817.

COMMON GROUND HEALTH CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023.

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, 2023, the Clinic received 15% of its revenue from the GNOCHC program.

Note 10: Mortgage 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 payments 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. The outstanding balance at December 31, 2023 was \$658,463.

COMMON GROUND HEALTH CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 10: Mortgage Payable (Continued)

Future maturities of the mortgage payable are as follows:

| | | |
|------------|----|----------------|
| 2024 | \$ | 23,106 |
| 2025 | | 24,288 |
| 2026 | | 25,530 |
| 2027 | | 26,837 |
| 2028 | | 28,210 |
| Thereafter | | 530,492 |
| TOTAL | \$ | <u>658,463</u> |

Note 11: 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:

| | <u>2023</u> | <u>2022</u> |
|---------------------------|-------------------|-------------------|
| Cash and Cash Equivalents | \$ - | \$ 52,106 |
| Accounts Receivable, Net | <u>127,625</u> | <u>130,480</u> |
| Total | <u>\$ 127,625</u> | <u>\$ 182,586</u> |

As of December 31, 2023, the Clinic has no cash and cash equivalents on hand and has a bank overdraft recorded as a current liability. In addition, the Clinic has negative current ratio, with current liabilities exceeding current assets by \$358,783. Accordingly, the availability of financial assets is dependent on the timing of cash receipts from receivables and the Clinic's ability to meet its obligations as they become due.

Note 12: 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.

COMMON GROUND HEALTH CLINIC, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Note 12: Defined Contribution Plan (Continued)

The Clinic makes matching contributions of the employees' contribution up to the first 6% contributed for each participating employee. The Clinic incurred \$101,172 during the year ended December 31, 2023, for administrative costs and matching contributions.

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 started making payments on the loan balance during the year ended December 31, 2022, so they did not meet the conditions for forgiveness. The outstanding balance of the Loan Payable was \$157,482 on December 31, 2023. The Clinic did not provide an amortization schedule so the future maturities of the debt on December 31, 2023, is unknown.

Note 14: Net Assets Adjustment

Management determined a net assets adjustment totaling \$55,948 was necessary to properly state beginning net assets. This adjustment was related to correcting Property & Equipment balances to match the depreciation schedule.

Note 15: Subsequent Events

Management evaluated subsequent events as of April 2, 2026 which is the date these financial statements were available to be issued. Management noted that there are no additional disclosures or adjustments required to these financial statements. 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: CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2023

| Purpose | Agency Head: Carleetha Smith, Chief Executive Officer |
|--|--|
| Salary | \$ 103,284 |
| Severance | - |
| Benefits - Insurance | 5,448 |
| Benefits - Retirement | 6,197 |
| Benefits - Social Security | 6,404 |
| Benefits - Medicare | 1,498 |
| Benefits - Worker's Comp | 208 |
| 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 | - |
| Total | \$ 123,039 |

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, Inc. (a nonprofit organization) ("the Clinic"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, 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 April 2, 2026.

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) 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 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings #2023-002 and #2023-003 that we consider to be material weaknesses.

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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as Findings #2023-001 and #2023-004.

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
April 2, 2026



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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
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, 2023. 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, 2023.

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.

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 #2023-004. 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.

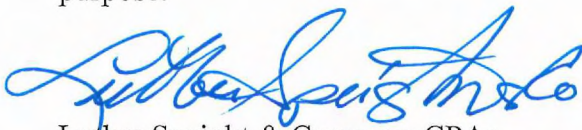
Report on Internal Control over Compliance

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
April 2, 2026

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

| Federal Agency/Pass-through Agency/State Grantor Program or Cluster Title | Federal Assistance Listing No. | Pass-through Entity Identifying Number | Amount Passed-through to Subrecipients | Amount Expended |
|--|--------------------------------|--|--|---------------------|
| Federal Awards | | | | |
| Direct Funding: | | | | |
| US Department of Health & Human Services | | | | |
| Health Center Program Cluster | | | | |
| Project 330 | 93.224 | N/A | - | \$ 1,615,544 |
| Substance Use Disorder (SUD) | 93.224 | N/A | - | 42,025 |
| Integrated Integrated Behavioral Health Services (IBHS) | 93.224 | N/A | - | 51,118 |
| National Hypertension Control Initiative (NHCI) | 93.224 | N/A | - | 7,012 |
| American Rescue Plan Act Funding for Health Centers (ARPA) | 93.224 | N/A | - | 185,334 |
| American Rescue Plan Act of 2021 (ARPA UDS+) | 93.224 | N/A | - | 15,436 |
| Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Fun | 93.224 | N/A | - | <u>172,983</u> |
| Total Health Center Program Cluster | | | | 2,089,452 |
| Grants for Capital Development in Health Centers | 93.526 | N/A | - | <u>30,036</u> |
| Total US Department of Health & Human Services | | | | <u>2,119,488</u> |
| Total Federal Expenditures | | | | <u>\$ 2,119,488</u> |

COMMON GROUND HEALTH CLINIC, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures from federal awards of Common Ground Health Clinic, Inc. for the year ended December 31, 2023. 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, 2023, 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, 2023. The Clinic had no federal loans outstanding at the year ended December 31, 2023.

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, 2023.

**COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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? X yes no

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

Noncompliance material to financial statements noted? X yes no

Federal Awards

An unmodified 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, 2023 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
FOR THE YEAR ENDED DECEMBER 31, 2023

PART II – FINANCIAL STATEMENT FINDINGS

FINDING #2023-001 – TIMELY SUBMISSION OF ANNUAL AUDIT REPORT – ORIGINATED IN 2020 – (NON-COMPLIANCE)

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 Clinic did not complete and submit its independent audit report within the required deadline.

CAUSE:

The 2022 audit was not issued until September 2025, which caused a delay in the performance, completion, and submission of the 2023 annual audit report. Additionally, the client did not sign the 2023 engagement letter until June 2024, which is when the report was due to the LLA.

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.

MANAGEMENT’S RESPONSE:

See management’s corrective action plan starting on page 34.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

FINDING #2023-002 – MISCLASSIFICATION OF CAPITAL IMPROVEMENTS AS OPERATING EXPENSES – ORIGINATED IN 2023 – (MATERIAL WEAKNESS)

CRITERIA:

Under Accounting Standards Codification (ASC) 360, *Property, Plant, and Equipment*, requires that expenditures be capitalized when they result in improvements that extend an asset's useful life, increase capacity, or enhance service potential. Routine maintenance and repairs that do not result in such improvements should be expensed as incurred.

CONDITION:

During the audit for the year ended December 31, 2023, it was noted that capital improvement expenditures totaling \$306,140 were recorded as contract labor expense. These expenditures related to significant enhancements to existing assets that extended their useful lives and increased service potential. In accordance with GAAP, these costs should have initially been capitalized as Construction in Progress.

CAUSE:

The misclassification resulted from inadequate evaluation of asset-related expenditures at the time of recording and insufficient review controls to ensure proper application of GAAP capitalization requirements.

EFFECT:

Total property and equipment and total expenses were misstated by \$306,140 and an adjusting entry was needed to correctly state the balances.

RECOMMENDATION:

The Clinic should reclassify the identified expenditures from Contract Labor Expense to Property, Plant, and Equipment and record related depreciation in accordance with ASC 360 once the project is completed. Management should also strengthen expenditure review controls and provide guidance to ensure consistent application of capitalization policies.

MANAGEMENT'S RESPONSE:

See management's corrective action plan starting on page 34.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

**FINDING #2023-003 – IMPROPER BANK RECONCILIATION PROCEDURES –
ORIGINATED IN 2023 – (MATERIAL WEAKNESS)**

CRITERIA:

ASC 305 – *Cash and Cash Equivalents* and ASC 210 – *Balance Sheet*, require that cash balances and related liabilities be fairly presented. GAAP and sound internal control principles require timely bank reconciliations and regular review and resolution of reconciling items, including outstanding checks.

CONDITION:

During our review of the Clinic’s bank reconciliations as of December 31, 2023, seventy-one (71) outstanding checks totaling \$86,631 were noted in the operating bank account. These outstanding checks were the primary cause of the reported negative cash balance at year-end. The register balance of this account at year-end was (\$74,966), which caused the overall cash balance to be (\$61,525) at year-end. A bank overdraft reclassification entry to current liabilities was necessary to properly state the financial statements.

Further review identified twenty-eight (28) checks totaling \$16,499 that were older than six (6) months, with twenty-three (23) of those checks totaling \$5,255 being over one year old. We were provided with no evidence that they were investigated, voided, reissued, or adjusted in the accounting records.

CAUSE:

This condition resulted from inadequate monitoring of outstanding checks and the absence of formal policies or procedures for timely investigation and resolution of stale checks.

EFFECT:

The financial statement balances may be misstated as a result of adjustment required to resolve the aged outstanding checks. In addition, the high volume of aged outstanding checks increases the risk of errors in monthly bank reconciliations.

RECOMMENDATION:

The Clinic should review all aged outstanding checks and take appropriate action, including voiding or reissuing stale checks and recording necessary accounting adjustments in accordance with GAAP. Formal procedures should be implemented to ensure timely monitoring and resolution of outstanding checks.

MANAGEMENT’S RESPONSE:

See management’s corrective action plan starting on page 34.

**COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

PART III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING #2023-004 – TIMELY SUBMISSION OF FEDERAL AUDIT CLEARINGHOUSE FILING – ORIGINATED IN 2020 – (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 2022 audit was not issued until September 2025, which caused a delay in the performance, completion, and submission of the 2023 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:

None

RECOMMENDATION:

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

MANAGEMENT’S RESPONSE:

See management’s corrective action plan starting on page 34.

**COMMON GROUND HEALTH CLINIC, INC.
STATUS OF PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

| <u>Finding #</u> | <u>Description</u> | <u>Resolved/Unresolved</u> |
|------------------|---|----------------------------|
| 2022-001 | Payroll Accounting Not Adequate | Resolved |
| 2022-002 | Timely Submission of Annual Audit Report | Unresolved (2023-001) |
| 2022-003 | Timely Submission of Federal Audit Clearinghouse Filing | Unresolved (2023-004) |



Management's Corrective Action Plan

March 23, 2026

Common Ground Health Clinic respectfully submits the following corrective action plan for the year ended December 31, 2023.

Audit Period:

Fiscal Year: January 1, 2023 – December 31, 2023

The findings from the December 31, 2023 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.

Finding #2023-001 – Timely Submission of Audit Report

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

Action Taken: A financial consultant was engaged to prepare procedures, workflows and training for a culture of sustained readiness for all audit reports. The issue has been identified causing slow filing of the required reports. For the next audit cycle for the fiscal year ending 2025, readiness will begin 3 months prior to the end of the fiscal year including engaging the audit firm, preparing standard information sources usually requested by the firm, and ensuring documents are available within two weeks of the initial request. Additionally, the financial consultant is able to provide flex staffing during audit period to enable the on-site financial staff to concentrate on the audit with daily activities of the financial department handled by the flex-staff.

Responsible Party: Carleetha Smith, CEO
Lynette Berry, CFO

Estimated Completion Date: 9/30/2026



Corrective Action Plan (Continued)

Finding #2023-002 – Misclassification of Capital Improvements as Operating Expenses

Recommendation: The Clinic should reclassify the identified expenditures from Contract Labor Expense to Property, Plant, and Equipment and record related depreciation in accordance with ASC 360 once the project is completed. Management should also strengthen expenditure review controls and provide guidance to ensure consistent application of capitalization policies.

Action Taken: The clinic will reclassify all identified expenditures from the Contract Labor Expense to Property, Plant, and Equipment and record the related depreciation by 4/13/2026 in accordance with ASC 360. Going forward, all construction costs will be recorded to Construction in Progress when the contract and/or advance deposit costs are provided to begin work. The Construction in Progress account will be reviewed monthly with construction project reports to determine what projects have been completed. All costs related to completed projects will be reclassified to Property, Plant, and Equipment with the related depreciation cost if applicable.

Responsible Party: Carleetha Smith, CEO
Lynette Berry, CFO

Estimated Completion Date: 09/30/2026

Finding #2023-003 – Improper Bank Reconciliation Procedures

Recommendation: The Clinic should review all aged outstanding checks and take appropriate action, including voiding or reissuing stale checks and recording necessary accounting adjustments in accordance with GAAP. Formal procedures should be implemented to ensure timely monitoring and resolution of outstanding checks.

Action Taken: The Clinic has identified all staled dated checks and will void all checks by 4/13/2026. Staled checks that have not been cashed after 180 days (6 months) will be voided in the accounting system along with a stop payment placed at the bank. Checks will be reviewed with our monthly reconciliation procedure, voided, and reissued as needed.

Responsible Party: Carleetha Smith, CEO
Lynette Berry, CFO

Estimated Completion Date: 09/30/2026



Corrective Action Plan (Continued)

Finding #2023-004 – Timely Submission of Audit Clearinghouse Filing

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

Action Taken: A financial consultant was engaged to prepare procedures, workflows and training for a culture of sustained readiness for all audit reports. The issue has been identified causing slow submission of the required clearinghouse filing. The audit itself will be timely going forward with the filing requirement date, less than two weeks, as the final date for the audit to be completed, reviewed by the board, responded to by management, and filed.

Responsible Party: Carleetha Smith, CEO
Lynette Berry, CFO

Estimated Completion Date: 09/30/2026



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

COMMON GROUND HEALTH CLINIC
STATEWIDE AGREED-UPON PROCEDURES REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023



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, 2023 through December 31, 2023. 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, 2023 through December 31, 2023. 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.*

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 required elements above.

- 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 Response: *Our AthenaHealth electronic health record system and Quickbooks Pro online accounting system are cloud based. AthenaHealth only provides hard drive backup if we decide to terminate our contract with them. Quickbooks does allow data downloads. However, we cannot upload it back into Quickbooks. The file is a spreadsheet document.*

- 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. 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 Response: *During board meetings, it is expressed to the board that most of our income comes from grant funding. However, it is not explicitly written in the board meetings. Going forward, we will include this language into the board minutes.*

- 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.*

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: *We noted the board/finance committee did not discuss corrective action plans to resolve audit findings from the prior year.*

Management Response: *During meeting audit is discussed, however that information is not expressed in board minutes. Board meeting minutes will be revised to include information discussed in detail.*

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 December 2023 for the testing detailed below. 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 December 2023 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: *We noted that all of the bank reconciliations were prepared within 2 months of the reconciliation date.*

- b) Bank reconciliations include written evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

Results: *We noted that none of the reconciliations included written evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each within 1 month of the date the reconciliation was prepared.*

Management Response: *Going forward, bank reconciliations will be reviewed by the CFO and CEO.*

- 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 one of the bank reconciliations had outstanding items beyond 12 months.*

Management Response: *Items have been reviewed and voided for as of February 28, 2026.*

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 De Gaulle, 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.
- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: Our examination of disbursements showed no exceptions.

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

12. 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.

13. 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 were unable to observe any evidence that the PEX statements were reviewed and approved of by someone other than the authorized card holder.

Management Response: PEX statements are reviewed by the accounts receivable accountant as an additional safeguard for separation of duties. The accountant is to sign off on these including his/her name, title, and signature along with a signature date showing the date it was reviewed. These documents will also be reviewed and the process confirmed by the accounts payable accountant prior to his/her issuing payments on the statements.

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

Results: We noted no finance charges or late fees assessed on the selected statements. No exceptions noted.

14. 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: We noted that there was no activity recorded on the statements provided by the Entity.

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

15. 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).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - 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).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: We randomly selected and tested 2 transactions from the clients list of travel-related expense reimbursements. We noted that one of the reimbursements were reviewed and approved in writing by someone other than the person receiving the reimbursement.

Management Response: Reimbursement requests are first reviewed by and approved by the manager of the employee requesting reimbursement. If the CEO is requesting reimbursement, the CFO will review/approve and vice-versa. Once the manager submits the reimbursement, they are reviewed by the accounts receivable accountant as an additional safeguard for separation of duties. The accountant is to sign off on these including his/her name, title, and signature along with a signature date showing the date it was reviewed. These documents will also be reviewed and the process confirmed by the accounts payable accountant prior to his/her issuing payments on the reimbursements.

Contracts

16. 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.*

- 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: *We selected one payment from each of the 5 contracts for testing. No exceptions noted.*

Payroll and Personnel

17. 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.*

18. 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 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. The 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.*

19. 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 client provided termination documentation indicating that the employee's pay rate agrees with the rate documented in the personnel file.

20. 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

21. 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.

22. 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, but it is posted on the premises.

Information Technology Disaster Recovery/Business Continuity

23. 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 performed the procedure and discussed the results with management.

- 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 performed the procedure and discussed the results with management.

- 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 performed the procedure and discussed the results with management.

24. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed the procedures and discussed the results with management.

25. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- *Hired before June 9, 2020 - completed the training; and*
- *Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.*

Results: *We performed the procedures and discussed the results with management.*

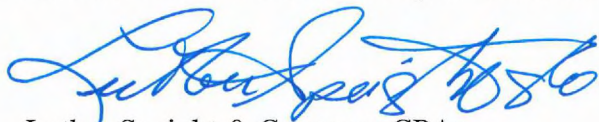
Sexual Harassment

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 & Company CPAs
New Orleans, Louisiana
April 2, 2026