

**ST. GABRIEL HEALTH CLINIC, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**FEBRUARY 28, 2011 and 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 28 2011

**ST. GABRIEL HEALTH CLINIC, INC.**  
**February 28, 2011 and 2010**  
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**BANKS, FINLEY,  
WHITE & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of St. Gabriel Health Clinic, Inc. (a nonprofit organization) as of February 28, 2011, and the related statement of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative financial statements of St. Gabriel Health Clinic, Inc. as of February 28, 2010 dated April 30, 2010 expressed an unqualified 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Gabriel Health Clinic, Inc., as of February 28, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2011, on our consideration of the organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of St. Gabriel Health Clinic, Inc., taken as a whole. The schedules on pages 14 through 15 are presented for purposes of additional analysis and are not a required part of the financial statements of the Organization. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Banks, Finley, White & Co.*  
June 10, 2011

ST. GABRIEL HEALTH CLINIC, INC.  
Statement of Financial Position  
February 28, 2011 and 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and cash equivalents	\$ 75,595	\$ 76,922
Patient care receivables, less allowance of \$(403,955) for doubtful accounts	167,072	66,050
Grants and contracts receivable	-	19,367
Accounts receivable, other	1,394	-
Prepaid expenses	<u>650</u>	<u>340</u>
Total Current Assets	<u>244,711</u>	<u>162,679</u>
Fixed Assets:		
Land	15,000	15,000
Building and improvements	497,842	208,349
Construction In Progress	-	26,226
Furniture and equipment	436,529	395,505
Vehicles	<u>24,880</u>	<u>24,880</u>
	974,251	669,960
Less: Accumulated depreciation	<u>(440,893)</u>	<u>(398,118)</u>
Net Fixed Assets	<u>533,358</u>	<u>271,842</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 778,069</u></b>	<b><u>\$ 434,521</u></b>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 126,303	\$ 171,262
Salaries payable	39,974	-
Payroll taxes payable	8,267	5,098
Notes payable, current portion	6,585	6,265
Capital leases payable, current portion	<u>45,923</u>	<u>45,923</u>
Total Current Liabilities:	<u>227,052</u>	<u>228,548</u>
Long-Term Liabilities		
Notes payable	7,141	13,406
Capital lease payable	57,945	57,945
Less: current portion	<u>(52,508)</u>	<u>(52,188)</u>
Total Long-Term Liabilities	<u>12,578</u>	<u>19,163</u>
Total Liabilities	<u>239,630</u>	<u>247,711</u>
Net Assets:		
Unrestricted		
Undesignated (operating)	<u>538,439</u>	<u>186,810</u>
Total Net Assets	<u>538,439</u>	<u>186,810</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 778,069</u></b>	<b><u>\$ 434,521</u></b>

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

ST. GABRIEL HEALTH CLINIC, INC.  
Statement of Activities  
For the Year Ended February 28, 2011 and 2010

	<u>2011</u>	<u>2010</u>
SUPPORT AND REVENUES (Note 2)		
Support:		
Grants and contracts	\$ 941,083	\$ 689,114
Total Support	<u>941,083</u>	<u>689,114</u>
Revenue:		
Health care services, net of charity, bad debts and contractual adjustments of \$455,791	723,430	458,282
Other income	<u>2,428</u>	<u>7,848</u>
Total Revenue	<u>725,858</u>	<u>466,130</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<u><b>1,666,941</b></u>	<u><b>1,155,244</b></u>
EXPENSES		
Program Services		
Health care services	<u>691,418</u>	<u>528,900</u>
Total Program Services	<u>691,418</u>	<u>528,900</u>
Supporting Services		
Management and general	<u>616,210</u>	<u>530,396</u>
Total Supporting Services	<u>616,210</u>	<u>530,396</u>
<b>TOTAL EXPENSES</b>	<u><b>1,307,628</b></u>	<u><b>1,059,296</b></u>
Change in Net Assets	359,313	95,948
Net Assets, Beginning of Year	186,810	90,862
Prior period adjustment	<u>(7,684)</u>	<u>-</u>
Net Assets, as restated	<u>179,126</u>	<u>90,862</u>
<b>NET ASSETS, END OF YEAR</b>	<u><b>\$ 538,439</b></u>	<u><b>\$ 186,810</b></u>

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

ST. GABRIEL HEALTH CLINIC, INC.  
Statement of Cash Flows  
For the Year Ended February 28, 2011 and 2010

## CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:

	<u>2011</u>	<u>2010</u>
Changes in Net Assets	\$ 359,313	\$ 95,948
Adjustments to reconcile changes in assets to net cash provided by(used in) operating activities:		
Depreciation expense	42,775	42,174
Prior period adjustment	(7,684)	-
Decrease (increase) in:		
Patient care receivables	(101,023)	(5,677)
Grants and contracts receivable	19,367	(589)
Accounts receivable, other	(1,704)	-
Prepaid expenses	-	310
Increase (decrease) in:		
Accounts payable	(44,959)	22,361
Salaries payable	39,974	-
Payroll taxes payable	1,152	(20,786)
Other liabilities	2,018	1,013
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>309,229</u>	<u>134,754</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	<u>(304,291)</u>	<u>(39,694)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(304,291)</u>	<u>(39,694)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal reduction in notes payable and capital leases	<u>(6,265)</u>	<u>(26,397)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(6,265)</u>	<u>(26,397)</u>
NET INCREASE (DECREASE) IN CASH	(1,327)	68,663
CASH, BEGINNING OF YEAR	<u>76,922</u>	<u>8,259</u>
CASH, END OF YEAR	<u>\$ 75,595</u>	<u>\$ 76,922</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year for:		
Interest	<u>\$ 529</u>	<u>\$ 1,729</u>

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

## EXHIBIT IV

ST. GABRIEL HEALTH CLINIC, INC.  
 Schedule of Functional Expenses  
 For the Year Ended February 28, 2011 and 2010

	Health Care Services	Total Program Services	Management and General	2011	2010
Personnel	\$ 429,447	429,447	319,793	\$ 749,240	\$ 582,481
Fringe benefits	32,114	32,114	50,060	82,174	55,313
Travel	-	-	19,603	19,603	13,107
Supplies	36,172	36,172	49,474	85,646	67,401
Contractual	121,557	121,557	40,084	161,641	146,718
Legal and accounting	14,500	14,500	3,896	18,396	39,884
Dues and subscriptions	400	400	7,522	7,922	431
Printing	581	581	4,476	5,057	5,157
Repairs and maintenance	4,768	4,768	33,289	38,057	15,286
Insurance	2,106	2,106	11,107	13,213	4,082
Staff recruitment	-	-	5,907	5,907	7,325
Advertisement	842	842	3,099	3,941	9,023
Continuing education	9,609	9,609	348	9,957	1,841
Communications	12,367	12,367	15,165	27,532	29,862
Licenses and fees	-	-	716	716	1,190
Space cost	11,173	11,173	4,668	15,841	3,961
Interest	-	-	529	529	1,729
Bank charges	940	940	2,087	3,027	2,967
Moving expenses	-	-	3,000	3,000	-
Board expenses	-	-	1,992	1,992	1,526
Other	53	53	7,204	7,257	27,838
Total expenses before depreciation	<u>676,629</u>	<u>676,629</u>	<u>584,019</u>	<u>1,260,648</u>	<u>1,017,122</u>
Depreciation	<u>14,789</u>	<u>14,789</u>	<u>32,191</u>	<u>46,980</u>	<u>42,174</u>
Total Expenses	<u>\$ 691,418</u>	<u>691,418</u>	<u>616,210</u>	<u>\$ 1,307,628</u>	<u>\$ 1,059,296</u>

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

ST. GABRIEL HEALTH CLINIC, INC.  
Notes to the Financial Statements  
February 28, 2011

NOTE 1 - ABOUT THE ORGANIZATION

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Accounting - The financial statements of St. Gabriel Health Clinic, Inc., are presented on the accrual basis of accounting.
- B. Basis of Presentation - The organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.
- C. Cash and Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less that are not restricted for specific purposes.
- D. Donated Property and Equipment - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.
- E. Donated Services - Donated services are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center.
- F. Expense Allocation - The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.



ST. GABRIEL HEALTH CLINIC, INC.  
Notes to the Financial Statements  
February 28, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- G. Fund Accounting - The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.
- H. Property and Equipment - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Acquisitions in excess of \$5000 are capitalized. Property, furniture, equipment and buildings are depreciated over their useful lives ranging from 5 to 30 years.
- I. Restricted and Unrestricted Revenue and Support - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.
- J. Employee's Annual Leave - SGHC does not charge annual leave earned by employees which has not been used by them at the end of a period to the period that the leave is earned. It is expensed in the period in which the employees used the leave. See Note 8.
- K. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- L. Patient Service Fees - Revenue for services rendered to patients are recorded at standard rates established by the Organization. The difference between standard rates and the amounts collected from third-party payers and patients qualifying as Poverty Patients is charged as an adjustment to gross revenues.
- M. Reclassifications - Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.
- N. Allowance for Doubtful Accounts - The Organization provides an allowance for doubtful accounts based upon a review of outstanding patient receivables, historical collection information and existing economic conditions. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

ST. GABRIEL HEALTH CLINIC, INC.  
Notes to the Financial Statements  
February 28, 2011

**NOTE 3 - FINANCIAL INSTRUMENTS**

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

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

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

Financial assets:	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 75,595	\$ 75,595
Financial liabilities:	<u>Carrying Amount</u>	<u>Fair Value</u>
Long-term notes payable	\$ 7,141	\$ 7,141
Capital lease payable	57,945	57,945

**NOTE 4 - CONCENTRATIONS OF CREDIT RISK ARISING FROM DEPOSITS IN EXCESS OF INSURED LIMITS**

The Organization maintains its cash balances in one (1) financial institution located in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At February 28, 2011, the Organization did not have any uninsured cash balances.

**NOTE 5 - PATIENT RECEIVABLES**

The amount of net patient care receivable at February 28, 2011 was \$167,072. Management feels that the actual collectability of the accounts receivable from patients will be realized in the amount as shown in the statement of financial position.

**NOTE 6 - FIXED ASSETS**

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

<u>Assets</u>	
Land	\$ 15,000
Building and improvements	497,842
Furniture and Equipment	436,529
Vehicles	<u>24,880</u>
Total Property and Equipment	974,251
Less: Accumulated Depreciation	<u>(440,893)</u>
Net Property and Equipment	<u>\$ 533,358</u>

ST. GABRIEL HEALTH CLINIC, INC.  
Notes to the Financial Statements  
February 28, 2011

**NOTE 7 - CORPORATE INCOME TAXES**

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

**NOTE 8 - COMMITMENTS AND CONTINGENCIES**

**Annual Leave**

The cost of employee's unused annual leave at February 28, 2011 is not included in the financial statements. See Note 2.J. above. If the leave were included in the financial statements, it would affect the financial statements by the amount of the leave by ( a ) increasing expenses, ( b ) decreasing the excess of support and revenues over expenses and ( c ) increasing accrued liabilities.

**NOTE 9 - SUMMARY OF FUNDING AND SUPPORT**

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

Source	Grant Number	Period	Amount
U.S. Dept. of HHS (Health Center Cluster)	H80CS00551	3/1/10-2/28/11	\$ 436,415
U.S. Dept. of HHS - ARRA - CIP Grant	C81CS13712	6/29/09-6/28/2011	286,354
U.S. Dept. of HHS - ARRA - IDS Grant	H8BCS12143	3/27/09-3/26/2011	76,591
State of Louisiana - Social Services Block Grant	N/A	N/A	75,000
State of Louisiana - Adolescent School Health	CFMS 682133	7/1/09-6/30/10	22,169
Louisiana Primary Care Association	N/A	N/A	7,054
City of St. Gabriel	N/A	N/A	37,500
<b>TOTALS</b>			<b>\$ 941,083</b>

ST. GABRIEL HEALTH CLINIC, INC.  
Notes to the Financial Statements  
February 28, 2011

NOTE 10 - CAPITAL LEASE PAYABLE

St. Gabriel Health Clinic, Inc., leases various equipment under capital leases expiring in 2012. The assets and liabilities under capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over their estimated useful lives.

Future minimum lease payments under capital leases as of February 28, 2011 are as follows:

<u>Year Ending January</u>	<u>Amount</u>	
2011	\$ 45,923	
2012	<u>18,865</u>	
Total future lease payments	64,788	
Less: amount representing interest	<u>(6,843)</u>	
Net minimum lease payments		\$ <u>57,945</u>

See Note 16 regarding defaults on capital leases

NOTE 11 -LONG-TERM NOTES PAYABLE

Mortgage notes payable consist of the following at February 28, 2011:

A. Note payable to Iberville Chamber of Commerce; interest stated at 5%; due in monthly installments of \$566 which includes principal and interest; matures March, 2012; secured by real estate	\$ <u>7,141</u>
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Maturities of long-term debt are as follows:

2012	\$ 6,585
2013	<u>556</u>
Totals	<u>\$ 7,141</u>

ST. GABRIEL HEALTH CLINIC, INC.  
Notes to the Financial Statements  
February 28, 2011

NOTE 12 - LITIGATION

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

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

NOTE 13 - ADVERTISING

St. Gabriel Health Clinic, Inc. uses advertising to promote its programs among the communities it serves. The production costs of advertising are expensed as incurred. During the year ending February 28, 2011, advertising cost totaled \$3,941.

NOTE 14 - CONCENTRATION OF CONTRIBUTIONS OR GRANTS

Approximately 46% of the Organization's funding is provided by direct grants from the U. S. Department of Health and Human Services.

NOTE 15 - GRANT BALANCES AND GRANT CONDITIONS

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

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

Notwithstanding the audits by independent certified public accountants, all costs included in this report remain subject to audit by the agencies providing financial support within the limits of the Single Audit Act of 1996, as amended. The determination as to whether costs will be allowable or unallowable under the grants will be made by representatives of the funding sources having authority to make and enforce contracts.

NOTE 16 - SUBSEQUENT EVENTS - CAPITAL LEASE DEFAULTS

At February 28, 2011, the Clinic was in default on all the capital leases that were held by the clinic. The Clinic retains responsibility for payment obligations under the terms of the various leases. The effects of the defaults on these capital leases was not known as of the date of this audit report. However, the liability related to balances prior to default remain recorded in the financial statements.

Subsequent events have been evaluated through June 10, 2011, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

ST. GABRIEL HEALTH CLINIC, INC.  
Notes to the Financial Statements  
February 28, 2011

NOTE 17 - PRIOR PERIOD ADJUSTMENT

Prior period adjustments consisted of the following at February 28, 2011:

Removal of modular building asset from books that was returned to vendor	\$	48,911
Write-off of prior year accounts payable that were settled by client		<u>(56,595)</u>
TOTALS	\$	<u>(7,684)</u>

**SUPPLEMENTARY INFORMATION**

SCHEDULE A

ST. GABRIEL HEALTH CLINIC, INC.  
 Schedule of Health Care Services Expenses  
 For the Year Ended February 28, 2011

<u>EXPENSES</u>	<u>HHS Section 330 and ARRA-IDS</u>	<u>Adolescent School Health Grant</u>	<u>ARRA-IDS Grant</u>	<u>ARRA-CIP Grant</u>	<u>Total</u>
Personnel	\$ 356,151	47,536	25,760	-	\$ 429,447
Fringe benefits	32,114	-	-	-	32,114
Supplies	25,914	1,439	4,871	3,948	36,172
Contractual	121,268	289	-	-	121,557
Legal and accounting	-	-	14,500	-	14,500
Dues and subscriptions	400	-	-	-	400
Printing	144	437	-	-	581
Repairs and maintenance	246	71	-	4,451	4,768
Insurance	-	-	2,106	-	2,106
Advertisement	842	-	-	-	842
Continuing education	1,619	276	7,714	-	9,609
Communications	1,368	1,916	9,083	-	12,367
Space cost	-	-	11,173	-	11,173
Bank and finance charges	-	940	-	-	940
Other	14	39	-	-	53
<b>Total Expenses</b>	<b>540,080</b>	<b>52,943</b>	<b>75,207</b>	<b>8,399</b>	<b>676,629</b>
<b>Fixed Assets</b>					
Acquisitions	-	-	-	281,656	281,656
<b>Total Expenses</b>	<b>\$ 540,080</b>	<b>52,943</b>	<b>75,207</b>	<b>290,055</b>	<b>\$ 958,285</b>



## SCHEDULE B

ST. GABRIEL HEALTH CLINIC, INC.  
Schedule of Management and General Expenses  
For the Year Ended February 28, 2011

EXPENSES

Personnel	\$ 319,793
Fringe benefits	50,060
Travel	19,603
Supplies	49,474
Contractual	40,084
Legal and accounting	3,896
Dues and subscriptions	7,522
Printing	4,476
Repairs and maintenance	33,289
Insurance	11,107
Staff recruitment	5,907
Advertisement	3,099
Continuing education	348
Communications	15,165
License,taxes and fees	716
Space cost	4,668
Interest	529
Bank and finance charges	2,087
Moving expenses	3,000
Board expenses	1,992
Other	<u>7,204</u>
Total Expenses	<u>\$ 584,019</u>

ST. GABRIEL HEALTH CLINIC, INC.  
Schedule of Expenditures of Federal Awards  
For the Year Ended February 28, 2011

Federal Grant/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grant Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
<u>Health Resource &amp; Service Administration Bureau of Primary Health Care</u>			
Direct Grants:			
Health Center Cluster	93.224	H80CS00551	\$ <u>436,415</u> <u>436,415</u>
Direct Program:			
ARRA - Increase Services to Health Centers	93.703	H8BCS12143	76,591
ARRA - Capital Improvement Program	93.703	C81CS1371	<u>286,354</u> <u>362,945</u>
<u>Pass-through State of Louisiana Department of Health and Hospitals, Office of Public Health</u>			
Adolescent School Health Program	93.994	CFMS 682133	<u>22,169</u> <u>22,169</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>821,529</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>821,529</u>

**ST. GABRIEL HEALTH CLINIC, INC.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended February 28, 2011**

**BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the schedule) has been generally prepared on the accrual basis of accounting. The purpose of the schedule is to present a summary of those activities represented by St. Gabriel Health Clinic, Inc., for the year ended February 28, 2011, which have been financed by the U.S. Government (federal awards). For the purpose of the schedule, federal awards include all federal assistance and procurement relationships entered into directly between St. Gabriel Health Clinic, Inc., it is not intended to and does not present either the financial position or the changes in net assets of St. Gabriel Health Clinic, Inc.



**BANKS, FINLEY,  
WHITE & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of St. Gabriel Health Clinic, Inc. (a nonprofit organization) as of and for the year ended February 28, 2011, and have issued our report thereon dated June 10, 2011. 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.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Gabriel Health Clinic, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Banks, Finley, White & Co.*

June 10, 2011



**BANKS, FINLEY,  
WHITE & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE  
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of St. Gabriel Health Clinic, Inc. (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended February 28, 2011. St. Gabriel Health Clinic, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of St. Gabriel Health Clinic, Inc.'s management. Our responsibility is to *express an opinion on St. Gabriel Health Clinic, Inc.'s compliance based on our audit.*

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 *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about St. Gabriel Health Clinic, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on St. Gabriel Health Clinic, Inc.'s compliance with those requirements.

As described in finding 2011-1 and 2011-2 in the accompanying schedule of findings and questioned costs, St. Gabriel Health Clinic, Inc. did not comply with requirements regarding suspension and debarment that is applicable to its ARRA - Capital Improvement Grant, reporting that is applicable to its ARRA - Increase Services to Health Center Grant and reporting that is applicable to its Capital Improvement Grant. Compliance with such requirements is necessary, in our opinion, for St. Gabriel Health Clinic, Inc. to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, St. Gabriel Health Clinic, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended February 28, 2011.

### Internal Control Over Compliance

Management of St. Gabriel Health Clinic, Inc., is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered St. Gabriel Health Clinic, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of St. Gabriel Health Clinic, Inc.'s internal control over compliance.

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

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

St. Gabriel Health Clinic, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit St. Gabriel Health Clinic, Inc.'s response and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties

*Bank Finley, White & Co.*

June 10, 2011

**ST. GABRIEL HEALTH CLINIC, INC.**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended February 28, 2011**

2010-01  
Status: Corrected

2010-02  
Status: Corrected



ST. GABRIEL HEALTH CLINIC, INC.  
 Schedule of Findings and Questioned Costs  
 Year Ended February 28, 2011

Section 1: Summary of Auditor's Results

- |    |  |             |
|----|--|-------------|
| 1. | Type of auditor's report issued on the basic financial statements.                     | Unqualified |
| 2. | Material noncompliance relating to the basic financial statements.                     | None        |
| 3. | Internal control over financial reporting:   |             |
|    | a. Material weaknesses identified?   | None        |
|    | b. Significant deficiency identified that is not considered to be a material weakness? | None        |

Federal Awards:

- |    |  |      |
|----|--|------|
| 4. | Type of auditor's report issued on compliance for major federal programs<br>Unqualified for all major programs except for ARRA - Capital Improvement Program<br>and ARRA - Increase Services to Health Centers Grant, which were Qualified |      |
| 5. | Internal control over major programs:  |      |
|    | a. Material weaknesses identified?   | None |
|    | b. Significant deficiency identified that is not considered to be a material weakness?   | None |
| 6. | Any audit findings reported as required by Section .510(a ) of Circular A-133?   | Yes  |
| 7. | Federal programs identified as major programs:   |      |
|    | a. CFDA #93.224, Health Center Cluster   |      |
|    | b. CFDA #93.703, ARRA - Capital Improvement Program Grant  |      |
|    | c. CFDA #93.703, ARRA - Increase Services to Health Centers Grant  |      |
| 8. | The dollar threshold used to distinguish between type A and Type B programs: \$300,000   |      |
| 9. | Auditee did not qualify as a low-risk auditee.   |      |

Section 2 - Findings - Financial Statements Audit

NONE

ST. GABRIEL HEALTH CLINIC, INC.  
Schedule of Findings and Questioned Costs  
Year Ended February 28, 2011

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

**Finding 2011-1**

**U. S. Department of Health and Human Services  
CFDA #93.703, ARRA - Capital Improvement Program**

**SUSPENSION AND DEBARMENT**

Condition

During the suspension and debarment testing, we noted that the Organization entered into a contract in excess of \$25,000 in which no documentation was maintained to support the fact that the contractor had not been suspended or debarred or otherwise excluded from receiving the contract.

Cause

Failure to document that a search was performed to ascertain that the contractor was not suspended or debarred.

Effect

Non-compliance with grant requirements.

Criteria

The OMB Circular A-133 Compliance Supplement states that "entities are prohibited from contracting with or making sub-awards under covered transactions involving federal funds to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of \$25,000 and all non-procurement transactions (e.g., sub-awards to sub recipients). When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300)."

Auditors Recommendation

Although we were able to determine that the contractors were not suspended or debarred, we recommend that the organization take the appropriate steps to ensure that they retain the appropriate documentation on file to verify that contractors awarded federal contracts in excess of \$25,000 are not suspended or debarred.

**ST. GABRIEL HEALTH CLINIC, INC.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended February 28, 2011**

**Finding 2011-2**

**U. S. Department of Health and Human Services**  
**CFDA #93.703, ARRA - Increase Services to Health Centers**  
**CFDA #93.703, ARRA - Capital Improvement Program**

**REPORTING**

Condition

During our audit, we noted that the ARRA section 1512 reports for the 4th quarter of 2010 were not filed in a timely manner. These reports represent two (2) out of the eight (8) ARRA section 1512 reports reviewed.

Cause

Failure to comply with federal ARRA regulations regarding the timely submission of financial reports.

Effect

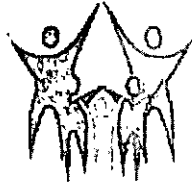
Section 1512 reports were not filed in a timely manner.

Criteria

ARRA Title XV, section 1512(c) and the U.S. Office of Management and Budget memo 09-15 states that Prime recipients that received ARRA funds from a Federal agency will be required to submit quarterly reports within 10 calendar days of the end of the calendar quarter.

## AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section .315(c) of OMB Circular A-133, the St. Gabriel Health Clinic, Inc. has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended February 28, 2011:



# St. Gabriel Health Clinic, Inc.

Thelma Ruffin  
*President*

Hazel Schexnayder  
*Vice President*

June 17, 2011

Rose Mary Brown  
*Secretary*

Bobby Acaldo  
*Treasurer*

Banks, Finley, White & Co.  
308 Highland Park Cove  
Ridgeland, MS 39157

Rev. Henry Bailey  
*Chaplain*

Regarding the exceptions, please add the following to your report:

Wilfret Lorraine  
*Past President*

#### Disbarment and Suspension:

- We concur with the auditor's recommendation. Corrective measures on subsequent awards will include; within the verification process, a records search in addition to accepting as "evidence of eligibility" the receipt of Bonding documents.

Karen Ambeau-Bess  
*Member*

#### Timely Filing of Quarterly Reports;

- We concur with the auditor's recommendation. As such we will institute a system of computer generated notices set at no less than 5 day intervals to warn of pending deadlines.

Nicole Bowie  
*Member*

Denise Harrison  
*Member*

Paula Lewis  
*Member*

Should you require additional information, advise.

Gertevia Robinson  
*Member*

Respectfully,

Mary Thomas  
*Member*

  
Victor C. Kirk, M.Ed.  
Chief Executive Officer

Catherine Williams  
*Member*

Victor C. Kirk, M.Ed.  
*Chief Executive Officer*  
*Ex-Officio*