ASCENSION DEPAUL SERVICES

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021

Postlethwaite & Netterville
A Professional Accounting Corporation
pncpa.com

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P&N
Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Ascension DePaul Services
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Ascension DePaul Services (a nonprofit organization) and its subsidiaries (the Organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*s, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to on the previous page present fairly, in all material respects, the consolidated financial position of Ascension DePaul Services and its subsidiaries as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information on pages 22 through 26 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Emphasis of Matter

As described in Note 14 to the consolidated financial statements, the Organization merged with DePaul Community Health Centers located in Arkansas effective January 1, 2021. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 Organization's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ascension DePaul Services' and its subsidiaries' internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
November 9, 2021

ASCENSION DEPAUL SERVICES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash	$ 8,224,719	$ 5,107,952
Investments	6,603,383	5,987,592
Patient receivables	153,310	69,560
Grants receivable	111,001	136,549
Due from affiliate, net	1,820,832	1,647,297
Prepaid expenses, inventory and other assets	204,574	113,474
Total current assets	17,117,819	13,062,424
NON-CURRENT ASSETS		
Property, equipment, and improvements, net	16,301,886	15,621,195
	16,301,886	15,621,195
TOTAL ASSETS	$ 33,419,705	$ 28,683,619

LIABILITIES AND NET ASSETS

	2021	2020
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 543,082	$ 487,431
Accrued pension, salaries and vacation pay	2,952,359	1,771,343
Self insurance liability	304,988	304,988
Deferred revenue, current portion	490,453	80,000
Total current liabilities	4,290,882	2,643,762
NON-CURRENT LIABILITIES		
Deferred revenue, long-term portion	-	53,333
Total non-current liabilities	-	53,333
TOTAL LIABILITIES	4,290,882	2,697,095
NET ASSETS		
Without donor restrictions	28,955,139	25,804,878
With donor restrictions	173,684	181,646
TOTAL NET ASSETS	29,128,823	25,986,524
TOTAL LIABILITIES AND NET ASSETS	$ 33,419,705	$ 28,683,619

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

ASCENSION DEPAUL SERVICES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUES, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTION		
Patient service fees	$ 781,031	$ 375,642
Grants and contributions:		
Marillac Mission Fund	2,421,554	1,687,258
State of Louisiana - WIC	502,245	575,685
Other	1,278,957	561,563
Special event income, net of expenses of $2,644 and $60,567, respectively	11,287	36,088
Rental income	139,743	186,409
Lease and other income from affiliate	27,255,382	25,652,429
Net assets released from restrictions	130,818	132,673
TOTAL REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTION	32,521,017	29,207,747
OPERATING EXPENSES		
Health care services	25,658,620	23,701,888
Management and general	6,121,245	6,186,641
TOTAL OPERATING EXPENSES	31,779,865	29,888,529
INCOME (LOSS) FROM OPERATIONS	741,152	(680,782)
OTHER INCOME (EXPENSE)		
Contribution to affiliate	(153,166)	(111,467)
Investment income (loss), net	1,314,176	(228,127)
Gain on new market tax credit transaction	-	1,714,200
Pension related changes other than net periodic pension cost	-	39,231
Contribution of net assets assumed in merger	1,248,099	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	3,150,261	733,055
NET ASSETS WITH DONOR RESTRICTION		
Operating grant	42,856	125,325
Construction grant	80,000	80,000
Net assets released from restrictions	(130,818)	(132,673)
CHANGE IN NET ASSETS WITH DONOR RESTRICTION	(7,962)	72,652
CHANGE IN NET ASSETS	3,142,299	805,707
NET ASSETS		
Beginning of year	25,986,524	25,180,817
End of year	$ 29,128,823	$ 25,986,524

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

ASCENSION DEPAUL SERVICES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	Health Care Services	Management and General	Fundraising	Totals	Health Care Services	Management and General	Fundraising	Totals
Salaries and wages	$ 15,619,836	$ 3,424,305	$ -	$ 19,044,141	$ 14,529,240	$ 3,333,781	$ -	$ 17,863,021
Employee benefits	2,579,364	845,345	-	3,424,709	2,224,130	913,302	-	3,137,432
Professional fees	1,302,053	139,274	-	1,441,327	1,381,138	222,851	-	1,603,989
Supplies	1,550,769	83,889	-	1,634,658	1,283,377	102,831	-	1,386,208
Purchased services	957,188	414,884	-	1,372,072	1,015,363	321,356	-	1,336,719
Depreciation	1,004,326	155,916	-	1,160,242	1,010,702	107,531	-	1,118,233
Utilities	686,095	91,667	-	777,762	528,253	73,339	-	601,592
External staffing	213,361	345,909	-	559,270	91,923	489,480	-	581,403
Rent	492,243	16,284	-	508,527	500,370	11,675	-	512,045
Insurance	368,275	54,783	-	423,058	390,679	91,563	-	482,242
Janitorial services	310,186	10,176	-	320,362	314,797	-	-	314,797
Security	328,523	-	-	328,523	297,288	7,173	-	304,461
Consumer awareness	12,934	340,745	-	353,679	-	248,186	-	248,186
Office expenses	110,454	92,655	-	203,109	62,132	86,636	-	148,768
Travel, meetings, and conferences	33,140	39,896	-	73,036	21,201	39,998	-	61,199
Special events	-	-	2,644	2,644	-	-	60,567	60,567
Interest and fees	-	-	-	-	-	56,795	-	56,795
Miscellaneous	5,334	57,504	-	62,838	27	47,785	-	47,812
Repairs and maintenance	45,147	2,544	-	47,691	43,635	461	-	44,096
Bank charges	33,782	442	-	34,224	799	27,668	-	28,467
Vehicle maintenance	5,610	5,027	-	10,637	6,834	4,230	-	11,064
Total expenses by function	25,658,620	6,121,245	2,644	31,782,509	23,701,888	6,186,641	60,567	29,949,096
Less: expenses included with revenues on the statement of activities and changes in net assets								
Special event expenses	-	-	(2,644)	(2,644)	-	-	(60,567)	(60,567)
Total expenses included in the expense section on the statement of activities and changes in net assets	$ 25,658,620	$ 6,121,245	$ -	$ 31,779,865	$ 23,701,888	$ 6,186,641	$ -	$ 29,888,529

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

ASCENSION DEPAUL SERVICES
CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 3,142,299	$ 805,707
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,160,242	1,118,233
Amortization of financing fees	-	30,633
Gain on new market tax credit transaction	-	(1,714,200)
Unrealized loss (gain) on investments	(628,737)	102,127
Contribution of net assets assumed in merger	(1,248,099)	-
Contributed property capitalized	(852,635)	-
Changes in assets and liabilities:		
(Increase) decrease in operating assets:		
Patient receivables	(23,584)	8,101
Grants receivable	70,407	8,208
Due from affiliate	(173,535)	(125,946)
Prepaid expenses, inventory and other assets	(44,062)	(3,951)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	26,846	(237,914)
Accrued pension, salaries and vacation pay	290,073	483,287
Self insurance liability	-	36,854
Interest payable	-	(14,997)
Deferred revenue	56,106	(80,002)
Net cash provided by operating activities	1,775,321	416,140
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sales and (purchases) of investments	91,526	(837,978)
Property and equipment purchases	(171,709)	(366,455)
Cash received in merger	1,421,629	-
Net cash provided by (used in) investing activities	1,341,446	(1,204,433)
CASH FLOWS FROM FINANCING ACTIVITIES		
Put option exercised on new market tax credit	-	(1,000)
Net cash used in financing activities	-	(1,000)
NET CHANGE IN CASH	3,116,767	(789,293)
CASH		
Beginning of year	5,107,952	5,897,245
End of year	$ 8,224,719	$ 5,107,952
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	$ -	$ 26,163
Settlement of new market tax credit receivable (Note 6)	$ -	$ 5,284,800
Settlement of new market tax credit payable (Note 6)	$ -	$ 6,999,000

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

ASCENSION DEPAUL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Mission

Organizational Structure

Ascension DePaul Services (the Organization) is a member of Ascension Health. In December 2011, Ascension Health Alliance, doing business as Ascension, became the sole corporate member and parent organization of Ascension Health, a Catholic, national health system consisting primarily of nonprofit corporations that own and operate local health care facilities, or Health Ministries. In addition to serving as the sole corporate member of Ascension Health, Ascension serves as the member or shareholder of various other subsidiaries. Ascension, its subsidiaries, and the Health Ministries are referred to collectively from time to time hereafter as the System. Effective July 1, 2019, the Organization changed its name from Daughters of Charity Services of New Orleans to Ascension DePaul Services.

Ascension is sponsored by Ascension Sponsor, a Public Juridic Person. The Participating Entities of Ascension Sponsor are the Daughters of Charity of St. Vincent de Paul, St. Louise Province, the Congregation of St. Joseph, the Congregation of the Sisters of St. Joseph of Carondelet, the Congregation of Alexian Brothers of the Immaculate Conception Province – American Province and the Sisters of the Sorrowful Mother of the Third Order of St. Francis of Assisi – US/Caribbean Province.

Ascension DePaul Services, headquartered in New Orleans, Louisiana, is a nonprofit Health Ministry. The Health Ministry provides outpatient health care services. The Health Ministry is related to Ascension Health's other sponsored organizations through common control. Substantially all expenses of Ascension Health are related to providing health care services.

As discussed in Note 14, Ascension DePaul Services in Arkansas doing business as DePaul Community Health Centers merged with and into Ascension DePaul Services in New Orleans, Louisiana effective January 1, 2021. Thus, as of June 30, 2021, the Organization provides services to residents in the greater New Orleans, Louisiana and Dumas, Arkansas areas.

Mission

The System directs its governance and management activities toward strong, vibrant, Catholic Health Ministries united in service and healing and dedicates its resources to spiritually centered care which sustains and improves the health of the individuals and communities it serves. In accordance with the System's mission of service to those persons living in poverty and other vulnerable persons, each Health Ministry accepts patients regardless of their ability to pay. The System uses four categories to identify the resources utilized for the care of persons living in poverty and community benefit programs:

Traditional charity care includes the cost of services provided to persons who cannot afford health care because of inadequate resources and/or who are uninsured or underinsured.

Unpaid cost of public programs, excluding Medicare, represents the unpaid cost of services provided to persons covered by public programs for persons living in poverty and other vulnerable persons.

Cost of other programs for persons living in poverty and other vulnerable persons includes unreimbursed costs of programs intentionally designed to serve persons living in poverty and other vulnerable persons of the community, including victims of substance abuse, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome.

1. Organization and Mission (continued)

Mission (continued)

Community benefit consists of the unreimbursed costs of community benefit programs and services for the general community, not solely for persons living in poverty, including health promotion and education, health clinics and screenings, and medical research.

Discounts are provided to all uninsured patients, including those with the means to pay. Discounts provided to those patients who did not qualify for assistance under charity care guidelines are not included in the cost of providing care of persons living in poverty and other community benefit programs. The cost of providing care to persons living in poverty and other community benefit programs is estimated using internal cost data and is estimated by reducing charges forgone by a factor derived from the ratio of total operating expenses to billed charges for patient care.

2. Summary of Significant Accounting Policies

Description of Business and Basis of Presentation

The consolidated financial statements include Ascension DePaul Services (ADS) and its controlled subsidiaries Daughters of Charity Services of New Orleans Foundation (DCSNOF), Daughters of Charity Services of New Orleans East (DCSNOE), and Ascension DePaul Foundation of New Orleans, L.L.C. (ADFNO) (collectively, the Organization). ADS, DCSNOF, and DCSNOE are each 501(c)(3) exempt organizations. ADFNO is a wholly owned subsidiary which is disregarded for income tax purposes. The Organization provides health care services, counseling, and educational assistance to men, women, and children in the New Orleans area and reports to the national organization, Ascension Health.

Organization and Income Taxes

ADS is a nonprofit corporation organized under the laws of the State of Louisiana in 1996.

DCSNOF was incorporated in the state of Louisiana on November 23, 2009. The sole mission of the foundation is to provide financial resources for the execution of the mission of ADS.

DCSNOE was incorporated in the state of Louisiana on January 24, 2012. The primary purpose of the corporation is to further the tradition of healing and service to the sick and poor established by St. Vincent dePaul, St. Louise de Marillac, and St. Elizabeth Ann Seton and exemplified by the philosophy and mission of ADS.

ADS, DCSNOF, and DCSNOE are exempt from Federal income tax under Section 501(c) (3) of the Internal Revenue Code, and each qualify as an organization that is not a private foundation as defined in Section 509(a) of the Code. Each of these entities is also exempt from Louisiana income tax under the authority of R.S.47:121(5).

ADFNO was incorporated in the state of Louisiana on September 18, 2012. The sole mission of the foundation is to provide financial resources for the execution of the mission of ADS.

2. Summary of Significant Accounting Policies (continued)

Organization and Income Taxes (continued)

The Organization applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits or liabilities that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, the Organization has reviewed its tax positions and determined there were no outstanding, or retroactive tax positions with more than a 50% likelihood of being sustained upon examination by the taxing authorities.

Basis of Accounting

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). 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.

Principles of Consolidation

The consolidated financial statements include the financial statements of ADS and the subsidiaries in which ADS has a controlling interest and economic benefit: DCSNOF, DCSNOE, and ADFNO. All significant intercompany balances and transactions have been eliminated in consolidation.

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with U.S. GAAP, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

- *Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Restrictions temporary in nature are described in Note 4. The Organization had no restrictions that were perpetual in nature as of June 30, 2021 and 2020.

Cash

The Organization considers cash to be all cash deposits in financial institutions.

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant items subject to such estimates and assumptions include the useful lives and valuation of property and equipment and the valuation of receivables and investments. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

Grants, Contributions, and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Organization also receives support in the form of grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures (refundable advances) are reported as deferred revenue in the Consolidated Statements of Financial Position.

Grants and contributions are recorded as revenue or support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from restrictions. Grant revenue restricted to capital improvements is deferred and recognized as the grantor's restrictions expire or are met by the Organization. Grants receivable are reflected on the consolidated statements of financial position based on the expected timing of payment from the grantor.

Patient Service Fees and Revenue Recognition

Patients are expected to pay for services rendered at the time services are provided. If a patient is unable to pay at the time of service, a receivable is recorded. Patients are sent a billing statement within a month following the date of visit and every month thereafter. Receivables are recorded at estimated net realizable value.

The collection of outstanding receivables from Medicare, Medicaid, commercial payors, other third-party payors and patients is the primary source of cash and is critical to operating performance. The primary collection risks relate to uninsured patient accounts, including patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient responsibility amounts (deductibles and copayments) remain outstanding.

2. Summary of Significant Accounting Policies (continued)

Patient Service Fees and Revenue Recognition (continued)

Patient service fees represent the estimated net realizable amounts from patients, third party payors, and others for services rendered. Revenues are recorded during the period the health care services are provided, based upon the estimated amounts due from payors. Estimates of contractual allowances (explicit price concessions) under commercial health plans are based upon the payment terms specified in the related contractual agreements. The Organization extends credit to patients, as well as to third-party intermediaries responsible for medical services provided to patients. The Organization provides discounts from gross charges to uninsured patients who do not qualify for Medicaid. The balance in patient accounts receivable is presented net of contractual adjustments (explicit price concessions) and an estimated provision for doubtful accounts (implicit price concessions).

The Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The allowance for doubtful accounts relates primarily to amounts related to patient care and is based upon management of the Organization's review of aging of outstanding receivables, historical collection information, and existing economic conditions. Patient accounts receivable are due in full when billed. Interest is not charged on past due accounts. The Organization determines its estimate of implicit price concessions based on its historical collection experience with each financial class of patients using a portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. The financial statement effects of using this practical expedient are not materially different from an individual contract approach. Accounts are written off when all reasonable internal and external collection efforts have been performed or when the accounts reach 365 days old.

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a patient and the time that the patient or a third party payor pays for that service will be one year or less.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Performance obligations satisfied over time relate to patients receiving services in the Organization's outpatient clinics. The Organization measures the performance obligation from the commencement of an outpatient service to the point when it is no longer required to provide services to that patient, which is generally at the time of completion of the outpatient services and over a period of less than one day.

2. Summary of Significant Accounting Policies (continued)

Patient Service Fees and Revenue Recognition (continued)

Substantially all of the Organization's patient service fees are revenues whose performance obligations are met over time. The Organization does not have performance obligations that are unsatisfied or partially unsatisfied at June 30, 2021 or 2020.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The estimated reimbursement amounts are made on a payor-specific basis and are recorded based on the best information available regarding management's interpretation of the applicable laws, regulations and contract terms. Management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and the frequent changes in commercial contractual terms resulting from contract renegotiations and renewals. Due to the complexities involved in the classification and documentation of health care services authorized and provided, the estimation of revenues earned and the related reimbursement are often subject to interpretations that could result in payments that are different from the Organization's estimates.

The Organization does not pursue collection of amounts related to patients who meet guidelines to qualify as charity care. The federal poverty level is established by the federal government and is based on income and family size. The Organization provides discounts from gross charges to uninsured patients who do not qualify for Medicaid or charity care. These discounts are similar to those provided to many local commercial plans. After the discounts are applied, the Organization is still unable to collect a significant portion of uninsured patients' accounts, and records significant provisions for doubtful accounts (based upon historical collection experience) related to uninsured patients in the period the services are provided.

The allowance for contractual adjustments was $110,165 and $140,433, respectively, at June 30, 2021 and 2020. The allowance for uncollectible accounts was $162,837 and $89,663, respectively, at June 30, 2021 and 2020. The Organization has not changed its charity care or uninsured discount policies during fiscal years 2021 or 2020. The Organization maintains an allowance for doubtful accounts from third-party payors, which pertain to uncollectible claims from prior periods.

340B Program Revenue

The Organization participates in the 340B Drug Pricing Program (340B Program) administered by the Office of Pharmacy Affairs of the Health Resources and Services Administration (HRSA). Revenue and expenditures related to this program are recorded once the prescription drugs are transferred to the patient. Laws and regulations surrounding the 340B drug program are complex and are subject to interpretation and change.

Lease and Other Income from Affiliate

The Organization recognizes revenue from the affiliates when performance obligations of transferring the goods or providing the services are met. Revenues related to leases are recognized monthly as the leased facilities are used or services are provided.

2. Summary of Significant Accounting Policies (continued)

Operating Income (Loss)

The consolidated statements of activities and changes in net assets include the line item entitled "income (loss) from operations." Income or loss from operations includes, but is not limited to, patient revenues, contributions and grants without donor restriction, rental income, and other income. Changes in net assets without donor restriction which are excluded from operating income include certain contributions to affiliates, investment income, pension, and other non-operating activities.

Investments

The Organization maintains an investment in the Ascension Investment Management (AIM) investment pool managed by Ascension Health for its member institutions. Net earnings of the AIM are allocated to investing participants on a pro rata basis. The AIM investments consist primarily of U.S. Government obligations, corporate obligations, marketable equity securities, and loans receivable from member institutions. Investments are carried at market value, less any outstanding checks. The Organization's investment in the AIM investment pool was $6,603,383 and $5,987,592, respectively, at June 30, 2021 and 2020. Net investment income (loss) is reported in the consolidated statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

Inventory

Inventories include freight-in and materials, and are stated at the lower of cost (on a first-in, first-out basis) or net realizable value. Provision is made for slow-moving, obsolete or unusable inventory.

Property, Equipment, and Improvements

Property, equipment, and leasehold improvements are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Donated property is recorded at its fair market value at the date of donation.

Impairment of long-lived assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined primarily using appraisals. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose. There were no impairments of long-lived assets recorded by management during the years ended June 30, 2021 or 2020.

Maintenance and repairs are expensed as incurred and major improvements are capitalized. When items of equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the consolidated statement of activities and changes in net assets.

Lease Expenses

The Organization leases various operating facilities under operating leases which are cancelable. Total rental expense is included in the Consolidated Statements of Functional Expenses.

2. Summary of Significant Accounting Policies (continued)

Allocated Expenses

The financial statements report certain categories of expenses that are attributable to either health care services or management and general services of the Organization. The majority of expenses incurred by the organization are directly attributable to one of these two categories. However, management has allocated depreciation on the basis of square footage.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets or changes in net assets.

Change in Accounting Principle

On July 1, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, and all related amendments, which provides guidance for revenue recognition. The ASU was developed to update revenue recognition standards to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The adoption of ASU 2014-09 was accomplished using a full retrospective method of application. The Organization recognized patient revenues in the period in which it satisfies the performance obligations under contracts by transferring services to patients. Patient revenues are recognized in the amounts to which the Organization expects to collect from patients and third-party payors, which are the transaction prices allocated to the distinct services. The adoption of the new standard related to revenue recognition did not have an impact on the Organization's recognition of revenues for any periods prior to adoption. The most significant impact of adopting the new standard is to the presentation of the consolidated statements of financial position, the consolidated statements activities and changes in net assets, and the notes to the consolidated financial statements, where the Organization's patient revenues are presented net of estimated implicit and explicit price revenue deductions (provision for doubtful accounts and contractual allowances, respectively).

Accounting Pronouncements Issued But Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than twelve months on the statements of financial position as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, to simplify the lease standard's implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years' results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, companies can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of net assets. This standard will be applicable for the Organization's fiscal year ending June 30, 2023. The Organization is currently assessing the impact of this pronouncement on its consolidated financial statements.

3. Liquidity and Availability of Resources

As of June 30, 2021, the Organization has a working capital of $12,826,937. Financial assets available for general expenditure within one year as of June 30, consist of the following:

	2021	2020
Cash	$ 8,224,719	$ 5,107,952
Investments	6,603,383	5,987,592
Patient receivables	153,510	69,560
Grants receivable	111,001	136,549
Due from affiliate, net	1,820,832	1,647,297
Financial assets available to meet general expenditures over the next twelve months	$ 16,913,245	$ 12,948,950

As part of the Organization's liquidity management plan, excess cash is transferred to the Ascension Investment Management (AIM) investment pool, which is managed by Ascension Health for its member institutions. These funds primarily consist of U.S. government obligations, corporate obligations, marketable equity securities, and loans receivable from member institutions.

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

4. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted by grantors and donors for specific programs, purposes, or for use in subsequent periods. These restrictions are considered to expire when the restriction has been met. Net assets with donor restrictions at June 30 are as follows:

	2021	2020
Formation (purpose)	$ 34,061	$ 34,811
FISH program (purpose)	16,475	16,975
Providence EAP funds (purpose)	19,933	21,433
Thriving readers (purpose)	6,515	8,035
MMI grant (purpose)	-	44,327
Other grants (purpose)	96,700	56,065
	$ 173,684	$ 181,646

5. Property, Equipment and Improvements

At June 30 the cost of property, equipment and improvements was as follows:

	2021	2020	Useful lives
Land	$ 2,566,198	$ 1,622,516	
Building	23,010,765	21,484,490	5 - 20 years
Leasehold improvements	617,511	330,995	15 - 20 years
Furniture and equipment	6,723,686	5,662,169	5 - 20 years
Vehicles	389,704	367,829	5 years
Construction in progress	31,238	-	
	33,339,102	29,467,999	
Less accumulated depreciation	(17,037,216)	(13,846,804)	
Total property and equipment, net	$ 16,301,886	$ 15,621,195	

6. Patient Service Revenue

The Organization receives payments for patient services from the federal government under the Medicare program, state governments under their respective Medicaid or similar programs, commercial plans, private insurers, and directly from patients. Revenues from third-party payors and the uninsured for the years ended June 30, 2021 and 2020 are summarized as follows:

	2021	2020
Medicare	$ 197,063	$ 61,230
Medicaid	1,222,799	798,121
Commercial and other insurers	417,223	243,585
Self-pay	176,302	141,043
Gross patient revenues	2,013,387	1,243,979
Contractual adjustments (implicit price concessions)	(749,249)	(583,551)
Provision for doubtful accounts (explicit price concessions)	(483,107)	(284,786)
Patient service fees	$ 781,031	$ 375,642

7. Transactions with Affiliates

The Organization participates in the Ascension Health Retirement Plan. During the years ended June 30, 2021 and 2020, the Organization was allocated part of the Plan's net periodic pension costs as described in Note 9 – Employee Benefit Plans.

Various insurance coverages are maintained by Ascension Health for the benefit of its member organizations. The Organization participated in several group insurance policies including professional/general liability, malpractice, worker's compensation, property, automobile, directors and officers, etc.

The Organization receives yearly allocations from the national Daughters of Charity Foundation (DCF). DCF also provides additional funding for certain projects in which the Organization participates. For the years ended June 30, 2021 and 2020, the Organization had no amounts due from DCF included in grants receivable in the Consolidated Statements of Financial Position. Amounts received from the Daughters of Charity Foundation are reported in the Consolidated Statement of Activities and Changes in Net Assets.

During 2021, Ascension Health contributed property in the New Orleans, Louisiana area to the Organization. The donation totaled $852,635 during 2021 and is included in other grants and contributions in the Consolidated Statements of Activities and Changes in Net Assets.

The Organization entered into an affiliation agreement with Marillac Community Health Centers (MCHC) effective March 1, 2012. Under the terms, the Organization provides leased employees, building space, equipment, supplies, and other services to MCHC in order for MCHC to provide primary care and preventative services and facilitate access to comprehensive health and social services for medically-underserved persons in the greater New Orleans area. The affiliation agreement shall continue indefinitely unless it is amended or terminated. Termination can occur with or without cause by either party.

As consideration for the Organization's provision of these goods and services, the Organization bills MCHC on a monthly basis for the fees incurred. Leased employees are charged at a ratable amount of their wages for the period based on the allocation of their time with an additional allocation for benefits. Paid time off for leased employees is charged as an expense to MCHC with the ultimate liability recorded on the Organization's books. Building space is charged at $14 per square foot for space assigned to MCHC as stipulated in the affiliation agreement. Equipment is charged at the monthly rate of depreciation for items with a remaining net book value plus 10%. Purchased services for billing are charged 6% of net revenue collections remitted to the Organization during the years ended June 30, 2021 and 2020. During the years ended June 30, 2021 and 2020, pharmacy administrative services were charged at a rate of $18.00 per prescription. All other services are based on internal allocation assessments.

During the years ended June 30, 2021 and 2020, total billings from the agreement to MCHC were $27,255,382 and $25,652,429, respectively, of which $2,005,164 and $2,691,976 relate to pharmacy administrative services, respectively. The Organization donated $153,166 and $111,467, respectively, to MCHC for the years ended June 30, 2021 and 2020. At June 30, 2021, the Organization has a net receivable of $2,495,896 which offsets the payable of $675,064. Management of the Organization determined that no provision related to this balance is required at June 30, 2021 and 2020. Thus, the due from affiliate balance is $1,820,832 and $1,647,297 at June 30, 2021 and 2020, as presented in the Consolidated Statements of Financial Position.

8. Concentrations of Risk

Health care counseling services and educational assistance are provided to clients who reside primarily in the New Orleans area. In addition, a substantial portion of net patient service fees and reimbursements are provided for by federal agencies.

During the years ended June 30, 2021 and 2020, the Organization received approximately 56%, respectively, of its grant revenue from one source. The ability of the Organization to continue functioning at its current level of operations is dependent upon its ability to generate similar future support.

The Organization has an affiliation agreement with MCHC, as described in Note 7. During the years ended June 30, 2021 and 2020, the amount due from MCHC was 5.4% and 5.7%, respectively, of total assets of the Organization. Lease and other income from MCHC totaled 83.8% and 87.8%, respectively, of total revenues, gains, and other support without donor restriction during the years ended June 30, 2021 and 2020, respectively.

The Organization maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. From time to time the amounts on deposit may exceed the federally insured limits.

9. Employee Benefit Plans

The Organization participates in the Ascension Health Retirement Plan (the Plan), which is a non-contributory defined benefit pension plan covering all eligible employees of Ascension Health entities. Plan benefits are based on each participant's years of service and compensation. Plan assets are invested in a master trust consisting of cash and cash equivalents, equities, fixed income funds and alternative investments. The Trust also invests in derivative instruments, the purpose of which is to economically hedge the change in the net funded status of the Ascension Plan for a significant portion of the total pension liability that can occur due to changes in interest rates. Contributions to the Plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to Plan participants. The Organization made no contributions to the plan for the years ended June 30, 2021 and 2020.

Net periodic pension expense was $0 and $39,231 for the years ended June 30, 2021 and 2020, respectively. The service cost component of net periodic pension cost charged to the Organization is actuarially determined while other components are allocated based on the Organization's pro rata share of Ascension Health's overall projected benefit obligation. The net pension liability was $411,263 at June 30, 2021 and 2020, respectively. These amounts are included as components of accrued pension, salaries and vacation pay on the Consolidated Statements of Financial Position.

The Organization maintains a defined contribution retirement plan, which allows participants to contribute by salary reduction pursuant to Section 403(b) of the Internal Revenue Code. For employees hired beginning January 1, 2013, employee contributions are matched by the Organization at a rate of 50% percent of the first 6% percent of earnings contributed by employees. The Organization's contributions are fully vested to the employee after three years of service for employees hired after January 1, 2013. For employees hired prior to January 1, 2013, employee contributions are matched by the Organization at a rate of one dollar for each three dollars of employee contributions up to 5% of an employee's salary. For employees hired prior to January 1, 2013, the Organization's contributions became fully vested to the employee after five years of service to the Organization.

9. Employee Benefit Plans (continued)

Beginning January 1, 2013, an employer automatic contribution amount is based on years of benefit service from a contribution of no less than $1,400, or from 2% to 3.5% of earnings based on years of benefit service from less than 5 to more than 15 years.

Employer automatic contributions are vested after completing a vesting service requirement (usually three or five years). The Organization's contributions to the plan totaled $580,535 and $563,607, respectively, for the years ended June 30, 2021 and 2020.

10. Fair Value Measurements

The Organization applies fair value accounting which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted priced in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy are described below:

Level 1 – valuation is based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market.

Level 2 – valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 – valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value measurement of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization maintains an investment in the Ascension Investment Management (AIM) investment pool (also referred to as the "Alpha Fund") managed by Ascension Health for its member institutions. The values of the Organization's investments in this pool are based on information provided by Ascension Health. These investments are measured at fair value using the net asset value per share (or its equivalent) as provided by Ascension Health and are considered to be Level 2 investments the fair value hierarchy. There have been no changes in the methodology used as of June 30, 2021 and 2020.

The method described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

11. Contingencies

The Organization is, from time to time, involved in certain claims and legal actions arising in the normal course of business. The Organization is not aware of any pending lawsuits, but the Organization believes that any potential claims resulting from litigation and not covered by insurance would not materially affect the consolidated financial statements.

The Organization participated in a number of state and federally-assisted grant programs in fiscal years 2021 and 2020. The programs are subject to compliance audits. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. The Organization believes that the amount of disallowances, if any, which may arise from future audits, will not be material to the consolidated financial statements.

The provision of healthcare services entails an inherent risk of liability. Participants in the healthcare industry are subject to lawsuits alleging malpractice, violation of false claims acts, product liability, or other related legal theories, many of which involve large claims and significant defense costs. Like many other entities engaged in the healthcare industry in the United States, the Organization has the potential for liability claims, disputes and legal actions for professional liability and other related issues. It is expected that the Organization will continue to be subject to such suits as a result of the nature of its business. Further, as with all healthcare providers, the Organization is periodically subject to the increased scrutiny of regulators for issues related to compliance with healthcare fraud and abuse laws and with respect to the quality of care provided to its patients. Like other healthcare providers, in the ordinary course of business, the Organization is also subject to claims made by employees and other disputes and litigation arising from the conduct of its business.

12. Agreements

In July 2016, the Organization entered into a three-year agreement with Children's Clinic of New Orleans, L.L.C. (CCNO) and MCHC to assume operations of a clinic operated by CCNO. Under the terms of the agreement, the Organization has assumed responsibility for operations at the clinic, including items such as employees and assets, and MCHC has assumed responsibility for the lease agreements effective September 2016. In July 2017, the lease agreement was automatically renewed and will continue to automatically renew in one-year terms until CCNO or MCHC gives termination notice.

13. Leases

The Organization has entered into several operating leases for office space and buildings used in operations. Future minimum lease payments under the lease agreements are as follows at June 30, 2021:

2022	$	237,247
2023		238,634
2024		127,654
2025		5
2026		2
	$	603,542

Total rental expense on cancelable leases is included in the statements of activities and changes in net assets.

14. Merger with Ascension DePaul Services d/b/a DePaul Community Health Centers

Ascension DePaul Services doing business as DePaul Community Health Centers located in Arkansas merged with and into Ascension DePaul Services located in New Orleans, Louisiana effective January 1, 2021. Both are subsidiaries of Ascension Health and serve as community health and service agencies. The title of all assets and responsibilities for all liabilities of DePaul Community Health Centers located in Arkansas were transferred to Ascension DePaul Services located in New Orleans, Louisiana. As a result of the merger, the Organization reported a contribution of net assets of $1,248,099, which is reflected in the Consolidated Statements of Activities and Changes in Net Assets.

15. Coronavirus Pandemic (COVID-19)

A novel strain of coronavirus has spread around the world, resulting in business and social disruption. In March 2020, the novel coronavirus (COVID-19) global pandemic began affecting the Organization's employees, patients, communities, and business operations, as well as the United States economy and financial markets. The Centers for Medicare and Medicaid Services and the Louisiana Department of Health requested the postponement of non-essential procedures and medical services from approximately March 19, 2020 until April 27, 2020. While this disruption was temporary, much of it and the pandemic's impact remains unknown and difficult to predict. There is a likelihood that this pandemic will continue to affect the Organization's financial performance in fiscal year 2022 and beyond. The related financial impact and duration, however, cannot be reasonably estimated at this time.

16. Subsequent Events

As described in Note 15, the COVID-19 pandemic has impacted the Organization's fiscal year 2021 and may continue to affect financial performance in the future.

In August 2021, the Organization acquired Sunrise Pediatrics in Metairie, Louisiana. This acquisition included the purchase of supplies and equipment, as well as transfer of employees and a lease agreement.

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, November 9, 2021, and determined that there were no additional subsequent events requiring disclosure. No events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

17. Social Accountability (Unaudited)

On an annual basis, the Organization reports its fulfillment of its religious, charitable, educational, scientific, and other philanthropic purposes. The following summarizes the Organization's social accountability report. As evidence of public support for its works and validation of its charitable character, the Organization received approximately $3.39 million and $2.94 million for the years ended June 30, 2021 and 2020, respectively, from public foundations, corporations, private individuals and government contracts for services.

The Organization provides access to essential primary care, dental services, and mental health and social services in federally designated Health Professions Shortage areas, in neighborhoods in Jefferson and Orleans Parishes within Louisiana, as well as the cities of Dumas and Gould within Arkansas. Total service provided was 117,491 and 126,516 encounters for the years ended June 30, 2021 and 2020, respectively.

To increase financial access to these services, the Organization offers charity care. During the years ended June 30, 2021 and 2020, respectively, these fee reductions amounted to $151,894 and $83,308.

SUPPLEMENTARY INFORMATION

ASCENSION DEPAUL SERVICES
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2021

Agency Head: Michael Griffin, President and Chief Executive Officer

Purpose	Amount
Salary	$ 64,811
Benefits - insurance	11,950
Benefits - retirement	2,584
Reimbursements	6,778
Travel	203
Registration fees	9,465
Special meals	27
	$ 95,818

See accompanying independent auditors' report.

ASCENSION DEPAUL SERVICES
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	2021		
	ADS (1)	DCSNOF	Consolidated Total
CURRENT ASSETS			
Cash	$ 8,224,719	$ -	$ 8,224,719
Investments	6,603,383	-	6,603,383
Patient receivables	153,310	-	153,310
Grants receivable	111,001	-	111,001
Due from affiliate, net	1,820,832	-	1,820,832
Prepaid expenses, inventory and other assets	204,574	-	204,574
Total current assets	17,117,819	-	17,117,819
NON-CURRENT ASSETS			
Property, equipment and improvements, net	16,301,886	-	16,301,886
TOTAL ASSETS	$ 33,419,705	$ -	$ 33,419,705

LIABILITIES AND NET ASSETS

	ADS (1)	DCSNOF	Consolidated Total
CURRENT LIABILITIES			
Accounts payable and accrued expenses	$ 543,082	$ -	$ 543,082
Accrued pension, salaries and vacation pay	2,952,359	-	2,952,359
Self insurance liability	304,988	-	304,988
Deferred revenue, current portion	490,453	-	490,453
Total current liabilities	4,290,882	-	4,290,882
NON-CURRENT LIABILITIES			
Deferred revenue, long-term portion	-	-	-
New market tax credit loans payable, net	-	-	-
Total non-current liabilities	-	-	-
TOTAL LIABILITIES	4,290,882	-	4,290,882
NET ASSETS			
Without donor restrictions	28,955,139	-	28,955,139
With donor restrictions	173,684	-	173,684
TOTAL NET ASSETS	29,128,823	-	29,128,823
TOTAL LIABILITIES AND NET ASSETS	$ 33,419,705	$ -	$ 33,419,705

(continued)

(1) This column represents the consolidated results for the ADS and DCSNOE entities.

ASCENSION DEPAUL SERVICES
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2021 AND 2020

ASSETS

	2020		
	ADS (1)	DCSNOF	Consolidated Total
CURRENT ASSETS			
Cash	$ 5,107,952	$ -	$ 5,107,952
Investments	5,987,592	-	5,987,592
Patient receivables	69,560	-	69,560
Grants receivable	136,549	-	136,549
Due from affiliate, net	1,647,297	-	1,647,297
Prepaid expenses, inventory and other assets	113,474	-	113,474
Total current assets	13,062,424	-	13,062,424
NON-CURRENT ASSETS			
Property, equipment and improvements, net	15,621,195	-	15,621,195
TOTAL ASSETS	$ 28,683,619	$ -	$ 28,683,619

LIABILITIES AND NET ASSETS

	ADS (1)	DCSNOF	Consolidated Total
CURRENT LIABILITIES			
Accounts payable and accrued expenses	$ 487,431	$ -	$ 487,431
Accrued pension, salaries and vacation pay	1,771,343	-	1,771,343
Self insurance liability	304,988	-	304,988
Deferred revenue, current portion	80,000		80,000
Total current liabilities	2,643,762	-	2,643,762
NON-CURRENT LIABILITIES			
Deferred revenue, long-term portion	53,333		53,333
New market tax credit loans payable, net	-	-	-
Total non-current liabilities	53,333	-	53,333
TOTAL LIABILITIES	2,697,095	-	2,697,095
NET ASSETS			
Without donor restrictions	25,804,878	-	25,804,878
With donor restrictions	181,646	-	181,646
TOTAL NET ASSETS	25,986,524	-	25,986,524
TOTAL LIABILITIES AND NET ASSETS	$ 28,683,619	$ -	$ 28,683,619

(1) This column represents the consolidated results for the ADS and DCSNOE entities.

See accompanying independent auditors' report.

ASCENSION DEPAUL SERVICES
CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021		
	ADS (1)	DCSNOF	Consolidated Total
REVENUES, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTION			
Patient service fees	$ 781,031	$ -	$ 781,031
Grants and contributions:			
Marillac Mission Fund	2,421,554	-	2,421,554
State of Louisiana - WIC	502,245	-	502,245
Other	1,278,957	-	1,278,957
Special event income, net of expenses of $2,644	11,287	-	11,287
Rental income	139,743	-	139,743
Lease and other income from affiliate	27,255,382	-	27,255,382
Net assets released from restrictions	130,818	-	130,818
TOTAL REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTION	32,521,017	-	32,521,017
OPERATING EXPENSES			
Health care services	25,658,620	-	25,658,620
Management and general	6,121,245	-	6,121,245
TOTAL OPERATING EXPENSES	31,779,865	-	31,779,865
INCOME (LOSS) FROM OPERATIONS	741,152	-	741,152
OTHER INCOME (EXPENSE)			
Contribution to affiliate	(153,166)	-	(153,166)
Investment income, net	1,314,176	-	1,314,176
Donated funds from DCSNOF to DCSNO	-	-	-
Gain on new market tax credit transaction	-	-	-
Pension related changes other than net periodic pension cost	-	-	-
Contribution of net assets assumed in merger	1,248,099	-	1,248,099
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	3,150,261	-	3,150,261
NET ASSETS WITH DONOR RESTRICTION			
Operating grants	42,856	-	42,856
Construction grant	80,000	-	80,000
Net assets released from restrictions	(130,818)	-	(130,818)
CHANGE IN NET ASSETS WITH DONOR RESTRICTION	(7,962)	-	(7,962)
CHANGE IN NET ASSETS	3,142,299	-	3,142,299
NET ASSETS			
Beginning of year	25,986,524		25,986,524
End of year	$ 29,128,823	$ -	$ 29,128,823

(continued)

(1) This column represents the consolidated results for the ADS and DCSNOE entities.

ASCENSION DEPAUL SERVICES
CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2020		
	ADS (1)	DCSNOF	Consolidated Total
REVENUES, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTION			
Patient service fees	$ 375,642	$ -	$ 375,642
Grants and contributions:			
Marillac Mission Fund	1,687,258	-	1,687,258
State of Louisiana - WIC	575,685	-	575,685
Other	561,563	-	561,563
Special event income, net of expenses of $60,567	36,088	-	36,088
Rental income	186,409	-	186,409
Lease and other income from affiliate	25,652,429	-	25,652,429
Net assets released from restrictions	132,673	-	132,673
TOTAL REVENUES, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTION	29,207,747	-	29,207,747
OPERATING EXPENSES			
Health care services	23,701,888	-	23,701,888
Management and general	6,186,641	-	6,186,641
TOTAL OPERATING EXPENSES	29,888,529	-	29,888,529
INCOME (LOSS) FROM OPERATIONS	(680,782)	-	(680,782)
OTHER INCOME (EXPENSE)			
Contribution to affiliate	(111,467)	-	(111,467)
Investment income, net	(271,486)	43,359	(228,127)
Donated funds from DCSNOF to DCSNO	43,359	(43,359)	-
Gain on new market tax credit transaction	6,999,000	(5,284,800)	1,714,200
Pension related changes other than net periodic pension cost	39,231	-	39,231
Contribution of net assets assumed in merger	-	-	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	6,017,855	(5,284,800)	733,055
NET ASSETS WITH DONOR RESTRICTION			
Operating grants	125,325	-	125,325
Construction grant	80,000	-	80,000
Net assets released from restrictions	(132,673)	-	(132,673)
CHANGE IN NET ASSETS WITH DONOR RESTRICTION	72,652	-	72,652
CHANGE IN NET ASSETS	6,090,507	(5,284,800)	805,707
NET ASSETS			
Beginning of year	19,896,017	5,284,800	25,180,817
End of year	$ 25,986,524	$ -	$ 25,986,524

(1) This column represents the consolidated results for the ADS and DCSNOE entities.

See accompanying independent auditors' report.

P&N
Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

A Professional Accounting Corporation

INDEPENDENT AUDITORS' 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
Ascension DePaul Services
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Ascension DePaul Services (a nonprofit organization) and its subsidiaries (the Organization) which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 9, 2021.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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Metairie, Louisiana
November 9, 2021