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September 8, 2021

Office of the Louisiana Legislative Auditor
1600 North Street
Baton Rouge, Louisiana 70804-9397

To Whom It May Concern:

The financial statement audit report for the year ended December 31, 2020 was issued on June 22, 2021 excluding the Uniform Guidance report due the lack of clear guidance regarding the provider relief funds from HHS, in accordance with the LLA's audit risk alert #38. Subsequently, St. Thomas Community Health Center, Inc. (the Center), entity ID#9836, completed and issued its Uniform Guidance audit report on August 27, 2021.

Please find the attached revised report for the Center as of and for the year ended December 31, 2020, which now includes the Uniform Guidance audit report starting on page 40.

Regards,

José Aponte

Jose Aponte, CPA
Partner
Carr, Riggs & Ingram, LLC

St. Thomas Community Health Community Center, Inc. and Subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

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REPORT

CRI CARR RIGGS & INGRAM
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
St. Thomas Community Health Center, Inc. and Subsidiary
New Orleans, Louisiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of St. Thomas Community Health Center, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 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 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 above present fairly, in all material respects, the financial position of St. Thomas Community Health Center, Inc. and Subsidiary as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments Chief Executive Officer is required by Louisiana Revised Statue 24:513(A)(3) and is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating schedules are presented for purposes of additional analysis and are 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June, 18, 2021, on our consideration of St. Thomas Community Health Center, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of St. Thomas Community Health Center, Inc. and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Thomas Community Health Center, Inc. and Subsidiary's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
June 18, 2021

FINANCIAL STATEMENTS

St. Thomas Community Health Center, Inc. and Subsidiary
Consolidated Statements of Financial Position

December 31,		**2020**		2019
Assets				
Current assets				
Cash and cash equivalents	**$**	**5,336,470**	$	3,107,765
Grants receivable		**256,227**		95,889
Patient accounts receivable		**677,748**		798,682
Inventory		**110,359**		72,494
Prepaid expenses		**209,733**		27,912
Total current assets		**6,590,537**		4,102,742
Non-current assets				
Deposits and other non-current assets		**144,883**		-
Beneficial interest in trust		**8,547,086**		7,766,079
Property and equipment, net		**11,472,183**		11,839,141
Total non-current assets		**20,164,152**		19,605,220
Total assets	**$**	**26,754,689**	$	23,707,962
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**700,560**	$	528,776
Uncompensated absences		**154,887**		25,790
Current maturities of long-term debt		**1,106,578**		568,621
Total current liabilities		**1,962,025**		1,123,187
Long-term liabilities				
Long-term debt, net of current maturities		**5,508,631**		4,519,936
Total liabilities		**7,470,656**		5,643,123
Net assets				
Without donor restrictions		**10,736,947**		10,298,760
With donor restriction		**8,547,086**		7,766,079
Total net assets		**19,284,033**		18,064,839
Total liabilities and net assets	**$**	**26,754,689**	$	23,707,962

The accompanying notes are an integral part of this financial statement.

St. Thomas Community Health Center, Inc. and Subsidiary
Consolidated Statements of Activities

For the year ended December 31, 2020	Without Donor Restrictions	With Donor Restrictions	2020 Total
Revenue and Other Support			
Patient service revenue	**$ 9,253,001**	**$ -**	**$ 9,253,001**
Contributions	**645,901**	**-**	**645,901**
Grant revenues	**5,081,465**	**-**	**5,081,465**
340b drug program	**1,258,728**	**-**	**1,258,728**
Donated facilities and services	**139,568**	**-**	**139,568**
Pharmacy revenues	**9,209,526**	**-**	**9,209,526**
Other revenues	**639,907**	**-**	**639,907**
Change in value of interest in beneficial trust	**-**	**1,204,256**	**1,204,256**
Net assets released from restrictions	**423,249**	**(423,249)**	**-**
Total revenue and other support	**26,651,345**	**781,007**	**27,432,352**
Expenses			
Program services			
Health care	**21,354,238**	**-**	**21,354,238**
Total program services	**21,354,238**	**-**	**21,354,238**
Supporting services			
Management and general	**4,858,920**	**-**	**4,858,920**
Total supporting services	**4,858,920**	**-**	**4,858,920**
Total expenses	**26,213,158**	**-**	**26,213,158**
Change in net assets	**438,187**	**781,007**	**1,219,194**
Net assets at beginning of year	**10,298,760**	**7,766,079**	**18,064,839**
Net assets at end of year	**$ 10,736,947**	**$ 8,547,086**	**$ 19,284,033**

St. Thomas Community Health Center, Inc. and Subsidiary
Consolidated Statements of Activities

For the year ended December 31, 2019	Without Donor Restrictions	With Donor Restrictions	2019 Total
Revenue and Other Support			
Patient service revenue	$ 9,334,302	$ -	$ 9,334,302
Contributions	402,304	-	402,304
Grant revenues	2,664,278	-	2,664,278
340b drug program	2,011,593	-	2,011,593
Donated facilities and services	142,968	-	142,968
Pharmacy revenues	9,008,548	-	9,008,548
Other revenues	547,313	-	547,313
Change in value of interest in beneficial trust	-	1,790,898	1,790,898
Net assets released from restrictions	273,569	(273,569)	-
Total revenue and other support	24,384,875	1,517,329	25,902,204
Expenses			
Program services			
Health care	17,931,935	-	17,931,935
Total program services	17,931,935	-	17,931,935
Supporting services			
Management and general	4,482,957	-	4,482,957
Total supporting services	4,482,957	-	4,482,957
Total expenses	22,414,892	-	22,414,892
Change in net assets	1,969,983	1,517,329	3,487,312
Net assets at beginning of year	8,328,777	6,248,750	14,577,527
Net assets at end of year	$ 10,298,760	$ 7,766,079	$ 18,064,839

The accompanying notes are an integral part of this financial statement.

For the year ended December 31, 2020

	Program Services	Support Services	
	Health Care	Management and General	**2020 Total**
Salaries, benefits, and payroll taxes	$ 10,403,128	$ 3,112,765	**$ 13,515,893**
Professional fees and contract services	1,981,891	868,108	**2,849,999**
Accounting, audit and legal fees	-	132,174	**132,174**
Billing fees	-	86,001	**86,001**
Depreciation	364,417	59,362	**423,779**
Insurance	48,099	159,541	**207,640**
Interest	165,185	18,354	**183,539**
Other	539,436	45,288	**584,724**
Postage	16,247	4,764	**21,011**
Rent	897,270	71,398	**968,668**
Repairs and maintenance	10,630	123,483	**134,113**
Pharmacy expense	4,873,444	-	**4,873,444**
340b drug program	474,212	-	**474,212**
Supplies	1,422,605	113,748	**1,536,353**
Trash and waste removal	17,162	20,091	**37,253**
Travel, meetings and conferences	26,325	25,494	**51,819**
Training and continuing education	10,208	-	**10,208**
Utilities	103,979	18,349	**122,328**
Total	**$ 21,354,238**	**$ 4,858,920**	**$ 26,213,158**

The accompanying notes are an integral part of this financial statement.

For the year ended December 31, 2019

	Program Services	Support Services	
	Health Care	Management and General	2019 Total
Salaries, benefits, and payroll taxes	$ 8,944,907	$ 1,833,472	$ 10,778,379
Professional fees and contract services	1,184,353	1,161,915	2,346,268
Accounting, audit and legal fees	-	152,868	152,868
Billing fees	-	116,150	116,150
Depreciation	451,957	76,913	528,870
Insurance	22,025	182,953	204,978
Interest	145,269	48,423	193,692
Other	653,190	407,561	1,060,751
Postage	15,820	15,820	31,640
Rent	277,440	48,960	326,400
Repairs and maintenance	10,962	113,666	124,628
Pharmacy expense	4,596,327	-	4,596,327
340b drug program	730,798	-	730,798
Supplies	513,945	47,531	561,476
Donated services	111,654	27,914	139,568
Trash and waste removal	20,658	20,157	40,815
Travel, meetings and conferences	65,001	53,817	118,818
Training and continuing education	965	54,535	55,500
Utilities	186,664	120,302	306,966
Total	$ 17,931,935	$ 4,482,957	$ 22,414,892

Note 1: DESCRIPTION OF THE ORGANIZATION

St. Thomas Community Health Center, Inc. and Subsidiary (the Clinic), formerly St. Thomas Health Services, Inc., is a Federally Qualified Health Center (FQHC), community-based, non-profit, primary health clinic that provides ambulatory health care services, including specialty care and diagnostic testing services. Serving both insured and uninsured patients, a large percentage of the patients are the medically indigent, under-insured and uninsured of the Greater New Orleans and surrounding areas. A description of St. Thomas Community Health Center, Inc.'s operational activities follows. Descriptions of its Subsidiary's operational activities are found within Note 2 under Principles of Consolidation.

The Clinic operates in locations where a majority of the residents are uninsured or underinsured and therefore, it relies primarily on federal, state and city programs as well as private sources and various grants for on-going financial support for the operation of the Clinic.

The Clinic makes use of support services offered by neighboring social service agencies, hospitals and the New Orleans medical community. The Clinic also lends its support through the provision of specialized laboratory testing, diagnostic services and hospitalization services at low or no cost.

The Clinic is governed by an eleven member Board of Directors (the Board), all of whom serve until their resignation or removal from the Board.

In order to assist in meeting its goals and mission of providing services as a primary health care clinic, the Clinic has applied for and has been awarded several grants from both governmental and private programs. During the years ended December 31, 2020 and 2019, the Clinic received and administered the following:

GOVERNMENTAL GRANTS

Health Resources and Services Administration Grants – These grants, administered by the Department of Health and Human Services, are allocated to operational expenses associated with the care of the Medicare, Medicaid and uninsured populations, the purchase of medical exam room equipment, and for providing obstetric care.

LSU Contracts – These contracts, awarded by Louisiana State University (LSU), provide mammography and breast cancer detection and prevention. This program also provides for comprehensive breast and cervical cancer screening and education services, which may include mammograms, clinical breast exams, pap-tests and pelvic exams.

COVID-19 Cares Telehealth Grants – These grants, administered by the Federal Communications Commission, are allocated to operational expenses associated with providing care services to patients at remote locations in response to the COVID-19 pandemic.

Note 1: DESCRIPTION OF THE ORGANIZATION (Continued)

***Provider Relief Fund Grants* –** These grants, administered by the U.S. Department of Health & Human Services, are allocated to health-care related expenses or lost revenue due to the COVID-19 pandemic.

PRIVATE FOUNDATION AND TRUST PROGRAMS

Stauffer Trust Estate – The Stauffer Trust Estate primarily funds services to provide eye, ear, nose and throat care to qualified indigent and uninsured patients at normal costs.

Susan Komen Breast Cancer Foundation – The Susan Komen Breast Cancer Foundation, a private foundation, provides mammography, breast cancer education and surgical oncology consultation for uninsured and underinsured women in the New Orleans region and surrounding parishes.

***Ella West Freeman Foundation and RosaMary Foundation* –** The Ella West Freeman Foundation and the RosaMary Foundation, both private foundations, support the Greater New Orleans area with highest priority given to human service organizations with an emphasis on capital projects for established agencies, education, the Arts, both performing and applied, and community improvement.

The Frank B. Stewart Jr. Foundation – The Frank B. Stewart Jr. Foundation is a supporting organization held at the Greater New Orleans Foundation for the purpose of providing philanthropic support to a wide range of nonprofits, including educational institutions, healthcare organizations, museums and other arts and cultural centers, and organizations focused on improving the quality of life for the citizens of the Greater New Orleans region.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of St. Thomas Community Health Center, Inc. and its subsidiary identified below.

- St. Thomas Specialty Services, LLC (STSS) is a wholly owned subsidiary of St. Thomas Community Health Center (the Clinic). STSS provides out-of-scope cardiological diagnostic tests in support of the Clinic's primary care services and patients.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of 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.

Risk Management

Effective August 13, 2003, The U.S. Department of Health and Human Services deemed the Clinic and its practicing providers covered under the Federal Tort Claims Act (FTCA) for damage for personal injury, including death resulting from the performance of medical, surgical, dental and related functions. FTCA coverage is comparable to an occurrence policy without a monetary cap. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Clinic's claim experience, no such accrual has been made. However, because of the risk in providing health care services, it is possible that an event has occurred which will be the basis of a future material claim.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Patient Accounts Receivable and Patient Service Revenue

Patient service revenue and receivables are reported at the amount that reflects the consideration the Clinic expects to be entitled for providing patient care. These amounts are due from patients, third-party payors (including managed care payors and government programs), and others, and include variable consideration for retroactive revenue adjustments due to settlement of reviews and audits. Generally, the Clinic bills the patients and third-party payors after the services are performed. Revenue is recognized as performance obligations are satisfied.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Patient Accounts Receivable and Patient Service Revenue (Continued)

Performance obligations are determined based on the nature of the services provided by the Clinic. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The Clinic believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Clinic measures the performance obligation from the beginning of treatment to the point when it is no longer required to provide services to that patient. These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided.

Management believes this method provides a faithful depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations.

Because its performance obligations relate to contracts with a duration of less than one year, the Clinic has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-60-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients no longer require services, which generally occurs within days or weeks of the end of the reporting period.

As provided for under the guidance, the Clinic 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 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.

The Clinic is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to patient service revenue. The Clinic accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. The portfolios consist of major payor classes for services performed. Based on historical collection trends and other analyses, the Clinic has concluded that revenue for a given portfolio would not be materially different from accounting for revenue on a contract-by-contract basis.

The Clinic has agreements with third-party payers that provide for payments to the Clinic at amounts different from charged rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, case rates, and per diem payments. Patient service revenue is reported at the estimated net realizable amounts from patients, third party payers and others for services rendered.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Patient Accounts Receivable and Patient Service Revenue (Continued)

The Clinic participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Clinic is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submissions of annual cost reports by the Clinic and audits thereof by the Medicare/Medicaid fiscal intermediaries. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near future.

The Clinic also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Clinic under these agreements includes prospectively determined rates per discharge, reimbursed cost, discounts from billed charges, case rates, and daily rates.

The Clinic determines the transaction price based on standard charges for services provided, reduced by explicit price concessions provided to third-party payors, discounts provided to uninsured patients in accordance with policy, and implicit price concessions provided to uninsured patients. Explicit price concessions are based on contractual agreements, discount policies, and historical experience. Implicit price concessions represent differences between amounts billed and the estimated consideration the Clinic expects to receive from patients, which are determined based on historical collection experience, current market conditions, and other factors.

For receivables associated with uninsured patients (also known as ‘self-pay’), 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 Clinic records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many uninsured patients are often either unable or unwilling to pay the full portion of their bill for which they are financially responsible. The difference between 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 uncollectible accounts.

Generally, patients who are covered by third-party payors are responsible for patient responsibility balances, including deductible and coinsurance, which vary in amount. The Clinic estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any explicit price concessions, discounts, and implicit price concessions.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant in 2020 or 2019.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Patient Accounts Receivable and Patient Service Revenue (Continued)

Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and final settlements are determined.

Inventory

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statements of activities in the period in which it occurs.

Prepaid Expenses

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

Property and Equipment

Acquisitions of property and equipment are recorded at cost. Improvements and replacements of property and equipment over $2,500 are capitalized at cost and depreciated over the estimated useful life of the improvement or replacement. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statements of activities. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. The classes of depreciable assets and their respective estimated useful lives are as follows:

Buildings	39 years
Leasehold improvements	5-10 years
Furniture, fixtures and equipment	3-7 years

Impairment of Long-Lived Assets

The Clinic evaluates, on an ongoing basis, the recoverability of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is required to be recognized if the carrying value of the asset exceeds the undiscounted future net cash flows associated with that asset. The impairment loss to be recognized is the amount by which the carrying value of the long-lived asset exceeds the asset's fair value. In most instances, the fair value is determined by discounted estimated future cash flows using an appropriate interest rate. The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved. Based on management's evaluations, no long-lived assets impairments were recognized during the years ended December 31, 2020 and 2019.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Beneficial Interest in Trust

The beneficial interest in trust is carried at fair value.

Fair Value Measurements

The Clinic categorizes its fair value measurements, if any, within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the following valuation inputs and techniques used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets. Quoted price data is generally obtained from exchange or dealer markets.
- Level 2 inputs are significant other observable inputs. Inputs are obtained from various sources, including market participants, dealers, and brokers.
- Level 3 inputs are significant unobservable inputs as they trade infrequently or not at all.

Fair values for the investments in equities and fixed income securities are determined by quoted prices for similar securities. In accordance with the terms of the perpetual beneficial trust agreement, the trustee makes quarterly distributions equal to net realized income on trust investments. The Clinic considers the measurement of its beneficial interest in the perpetual beneficial trust to be a Level 3 measurement within the fair value measurement hierarchy because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the Clinic will never receive those assets or have the ability to direct the trustee to redeem them.

Beneficial interest in trust: Valued at the ending market value of the trust reported as of the measurement date.

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

Assets and liabilities measured at fair value on a recurring basis, are summarized for the years ended December 31, 2020 and 2019:

December 31, 2020	Level 1	Level 2	Level 3	Total
Common stocks	$ -	$ -	$ **6,850,569**	$ **6,850,569**
Money market funds	-	-	**393,368**	**393,368**
Mutual funds	-	-	**1,303,149**	**1,303,149**
Total investments at fair value	$ -	$ -	$ **8,547,086**	$ **8,547,086**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

December 31, 2019	Level 1	Level 2	Level 3	Total
Common stocks	$ -	$ -	$ 5,953,339	$ 5,953,339
Money market funds	-	-	450,494	450,494
Mutual funds	-	-	1,354,379	1,354,379
Total investments at fair value	$ -	$ -	$ 7,758,212	$ 7,758,212

Refundable Advance – PPP Loan

On April 13, 2020, the Clinic received a loan in the amount of $1,808,800 under the Payroll Protection Program ("PPP") pursuant to the CARES Act and administered by the SBA. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, rent and utilities.

Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%. The deferral period is either the (1) the date that SBA remits the borrower's loan forgiveness amount to the lender or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period.

The Clinic is using the PPP loan funds for its payroll and benefits costs and utilities, purposes consistent with the PPP. While the Clinic currently believes that its use of the PPP funds are meeting the conditions for forgiveness of the PPP loan, no assurance can be provided that the Clinic will obtain forgiveness of the loan, in whole or in part. Further, loans issued under $2 million may be subject to audit by the SBA. The Clinic may be required to return a portion of the loan proceeds at the conclusion of the SBA audit. Any proceeds required to be returned will be repaid under the statutory terms of the PPP Program, including interest at 1%. As of the report date, the Clinic has not received formal forgiveness from the SBA.

Net Assets

The Clinic reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Clinic, the environment in which it operates, the purposes specified in it corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Uncompensated Absences

The Clinic allows regular full-time employees, with a minimum of three months employment, to receive compensated absences (vacation and sick leave) based on length of service: 1-4 years, 136 hours; 5-9 years, 176 hours; and 10+ years, 216 hours. Employees are eligible to carry-over to the following year up to 40 hours of accrued time. Any hours above 40 at the end of each year will be forfeited. Upon termination, all accrued hours are paid to an employee at full value based on base hourly rates as of termination date. As of December 31, 2020 and 2019, accrued uncompensated absences were $154,887 and $25,790, respectively.

Revenue Recognition

340b Drug Program – The 340b drug program is a federal program whereby drug manufacturers provide outpatient drugs to eligible healthcare organizations at significantly reduced cost. The Clinic tracks separately the revenues and expenses related to the outpatient drugs provided under this program.

Grants and Contributions – From time to time, the Clinic receives grants from other governmental entities as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted either for specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as operating revenues. Amounts restricted to capital acquisition are reported after nonoperating revenue and expenses.

Pharmacy – During the 2018 fiscal year, the Clinic opened a retail delivery pharmacy managed by a third party. Pharmacy revenue is recognized at the time pharmaceuticals or medical supplies are delivered to patients. Pharmacy revenue is reported at the net realizable amounts due from customers or third-party payors.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Donated Assets – Donated medical supplies are recorded at fair value as received and include medications and related medical supplies donated to the Clinic. Donated facilities are recorded at fair market value in the statements of activities and include the Clinic's use of space for clinic operations at a local school.

Donated Services – Donated services are recorded at fair value and recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Clinic.

Electronic Health Records Incentive Program

The Electronic Health Records (EHR) Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009,* provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified EHR technology.

The Medicare incentive payment is for qualifying costs of the purchase of certified EHR technology multiplied by the Clinic's Medicare share fraction, which includes a 20% incentive. This payment is an acceleration of amounts that would have been received in future periods based on reimbursable costs incurred, including depreciation. If meaningful use criteria are not met in future periods, the Clinic is subject to penalties that would reduce future payments for services. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services (CMS). The final amount for any payment year under both programs is determined based upon an audit by the Medicare Administrative Contractor.

The Clinic received and recognized EHR incentive payments prior to fiscal 2019. The Clinic received an $80,850 settlement from its previous EHR system provider in 2020 relating to Medicaid provider incentives from fiscal 2018. No other incentive payments were received or recognized in 2020 or 2019, and management believes it is unlikely that any additional significant meaningful use incentives will be received in the future, as the terms of the program are coming to a close. However, prior incentive payments remain subject to future audits and recoupments.

Incentive Revenue

The Clinic participates in various incentive programs with third party insurers who provide bonus payments based on patient quality measures and metrics established by the program. The Clinic recognizes incentive payments as revenue when it is reasonably assured that the quality measures and metrics have been achieved. Total incentive revenue was $399,334 and $327,546 for the years-ended December 31, 2020 and 2019, respectively.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocations of Expenses

Any costs related to program administration are functionally classified as program service expenses. Any costs related to activities that constitute direct conduct or direct supervision of program service are program expenses. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function of the Clinic.

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services and management and general based on actual or percentage of use. The expenses that are allocated include depreciation, insurance, rent, donated services, and utilities which are allocated on a square footage basis. Salaries and wages, benefits and payroll taxes, contractual services, accounting and legal services, billing fees, other, postage, repairs and maintenance, pharmacy expense, 340b drug program, trash and waste removal, travel, meetings, and conferences, and training and continuing education are allocated on basis of estimates of time and effort.

Current Healthcare Environment

The Clinic monitors economic conditions closely, both with respect to potential impacts on the healthcare industry and from a more general business perspective. Management recognizes that economic conditions may continue to impact the Clinic in a number of ways, including, but not limited to, uncertainties associated with the United States and state political landscape and rising uninsured patient volumes and corresponding increases in uncompensated care.

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the ongoing impacts of the federal healthcare reform legislation. Potential impacts of ongoing healthcare industry transformation include, but are not limited to:

- Significant capital investment in healthcare information technology
- Continuing volatility in state and federal government reimbursement programs
- Effective management of multiple major regulatory mandates, including the previously mentioned audit activity
- Significant potential business model changes throughout the healthcare system, including within the healthcare commercial payer industry

The business of healthcare in the current economic, legislative, and regulatory environment is volatile. Any of the above factors, along with others both currently in existence and which may or may not arise in the future, could have a material adverse impact on the Clinic's financial position and operating results.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, St. Thomas Community Health Center, Inc. is exempt from taxes on income other than unrelated business income. Unrelated business income results from rent, administration of self-insurance activities, and commissions.

St. Thomas Community Health Center, Inc. utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2020 and 2019, the Clinic has no uncertain tax provisions that qualify for recognition or disclosure in the consolidated financial statements. The Clinic believes it is no longer subject to income tax examinations for years prior to 2018.

St. Thomas Specialty Services, LLC, the Clinic’s wholly owned subsidiary, is a disregarded entity for income tax purposes. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements.

Recently Adopted Accounting Standards

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Clinic is currently evaluating the impact of the guidance on its consolidated financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, June 18, 2021 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Note 3: FINANCIAL ASSET AVAILABILITY

The Clinic has $6,270,445 of financial assets available within one year of the consolidated statements of financial position dated December 31, 2020 consisting of cash and cash equivalents of $5,336,470, grants receivable of $256,227, and patient receivables of $677,748. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for the general expenditure within one year of the statements of financial position date. The Clinic has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 30 days of normal operating expenses, which are, on average, approximately $2,185,000. Management believes it has appropriate available financial resources.

Note 4: PROPERTY AND EQUIPMENT

	2020	2019
Land	**$ 331,300**	$ 331,300
Buildings	**12,639,264**	12,639,264
Leasehold improvements	**1,779,405**	1,744,180
Furniture and fixtures	**139,560**	139,560
Computer equipment	**162,458**	133,163
Medical equipment	**409,386**	719,691
	15,461,373	15,707,158
Less: accumulated depreciation	**(3,989,190)**	(3,868,017)
Property and equipment, net	**$ 11,472,183**	$ 11,839,141

Depreciation expense for the years ended December 31, 2020 and 2019 was $423,779 and $528,870, respectively.

Note 5: BENEFICIAL INTEREST IN TRUST

The beneficial interest in trust consists of the fair market value of a sole beneficiary interest in certain assets held in an irrevocable trust with a perpetual term by the trustee. The donor restrictions imposed limit the Clinic to receive only quarterly distributions to be distributed by the trustee. All gains and losses are taxable to the trustee. As the Clinic does not receive direct benefits or losses from changes in market values, those assets are restricted due to the trust's perpetual term.

Note 5: BENEFICIAL INTEREST IN TRUST (Continued)

The following table sets forth a summary of changes in the fair value of the Clinic's level 3 assets for the year ended December 31, 2020 and 2019:

	2020	2019
Beginning balance	**$ 7,766,079**	$ 6,248,750
Income	**159,474**	133,596
Deposits	**15,751**	2,403
Disbursements	**(423,249)**	(273,569)
Bank fees	**(78,431)**	(74,271)
Change in market value	**1,107,462**	1,729,170
Ending balance	**$ 8,547,086**	$ 7,766,079

The Clinic received distributions totaling $423,249 and $273,569 for the years ended December 31, 2020 and 2019, respectively.

Note 6: LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

	2020	2019
Note payable to Louisiana Recovery Authority (LRA)	**$ 1,137,767**	$ 1,211,791
Economic Injury Disaster note payable to Small Business Administration (SBA)	**149,900**	-
Payroll Protection Program notes payable to Whitney Bank	**1,808,800**	-
Notes payable to Whitney Bank	**3,518,742**	3,876,766
Total debt outstanding	**6,615,209**	5,088,557
Less: current maturities	**(1,106,578)**	(568,621)
Long-term debt	**$ 5,508,631**	$ 4,519,936

LRA Loan

A loan agreement was executed between the Clinic and the LRA, a division of the State of Louisiana's Office of Community Development (the OCD), in the amount of $2,000,000 which matures 20 years from the Closing Date of March 28, 2011, and an interest rate of 1.00%. Interest only was payable monthly until February 2012, when principal and interest payments of $9,198 began monthly until the maturity date. As of December 31, 2020 and 2019, the unpaid principal balance of this loan was $1,137,767 and $1,211,791, respectively. The lender has the option to forgive up to 50% of the loan proceeds (up to $1,000,000) on the date that the principal repayment is complete. To date, the Clinic has not received any formal correspondence from the lender declaring their intention to forgive any portion of the principal. As collateral, the Clinic granted to the OCD a continuing security interest in substantially all of its assets.

Note 6: LONG-TERM DEBT (Continued)

Economic Injury Disaster Loan

On May 15, 2020, a loan agreement was executed between the Clinic and the SBA in the amount of $150,000, bearing interest at a fixed rate of 2.75% with monthly principal and interest payments of $641 beginning May 15, 2021, maturing on May 15, 2050, unsecured. The balance as of December 31, 2020 was $149,900.

Payroll Protection Program Loan

On April 13, 2020, a loan agreement was executed between the clinic and the SBA, serviced by Whitney Bank, in the amount of $1,808,800, bearing an interest rate of 1.00% maturing on April 13, 2022.

Whitney Bank Loans

During the year ended December 31, 2016, the Clinic entered into two loan agreements with Whitney Bank to fund construction of a new clinic site as follows:

- Loan agreement dated August 3, 2016 for the amount of $880,000, bearing interest at a fixed 4.15% with monthly principal and interest payments of $8,998, maturing August 3, 2026, secured by property. The balance as of December 31, 2020 and 2019 was $555,961 and $618,644, respectively.

- Loan agreement dated August 3, 2016 for the amount of $250,000, bearing interest at a fixed 4.15% with monthly principal and interest payments of $4,628, maturing August 3, 2021, unsecured. The balance as of December 31, 2020 and 2019 was $50,455 and $89,286, respectively.

- Loan agreement dated August 10, 2018 for the amount of $492,699, bearing interest at a fixed 5.50% with monthly principal and interest payments of $9,429, maturing August 10, 2023, unsecured. The balance as of December 31, 2020 and 2019 was $307,404 and $366,771, respectively.

During the year ended December 31, 2017, the Clinic entered into two loan agreements and one line of credit agreement with Whitney Bank to purchase a building and fund construction of a new clinic site as follows:

- Loan agreement dated September 22, 2017 for the amount of $200,000, bearing interest at a fixed 5.5% with principal and interest payments of $6,039, maturing December 31, 2020, which is unsecured. The balance was paid in full as of December 31, 2020. The balance as of December 31, 2019 was $50,000.

Note 6: LONG-TERM DEBT (Continued)

Whitney Bank Loans (Continued)

- Loan agreement dated October 12, 2017 for the amount of $3,046,000, bearing interest at a fixed 4.49% with principal and interest payments of $23,286, maturing October 12, 2032, secured by property. The balance as of December 31, 2020 and 2019 was $2,604,922 and $2,723,512, respectively.

Long-term debt outstanding at December 31, 2020 matures as follows:

Year Ending December 31,	
2021	$ 1,106,578
2022	1,677,943
2023	485,283
2024	394,316
2025	408,401
Thereafter	2,542,688
	$ 6,615,209

Interest expense was $183,539 and $193,692 for the years ended December 31, 2020 and 2019, respectively.

Note 7: PATIENT REVENUES

As an FQHC, the Clinic receives a fixed rate per encounter for its Medicare and Medicaid patients. The Clinic has agreements with third party payors that provide for payments to the Clinic at amounts different from its established billing rates. The Clinic provides medical assistance to eligible Medicaid and Medicare recipients and receives reimbursements from the State of Louisiana's Department of Health and Hospitals and the U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services (CMS) for claims submitted in conjunction with those services provided.

For the years ended December 31, 2020 and 2019, the Clinic received $7,710,267 and $7,952,788 in reimbursements for Medicaid and Medicare claims submitted, respectively.

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

Note 7: PATIENT REVENUES (Continued)

The table below shows the sources of patient service revenues:

		2020		2019
Medicaid and Medicare	$	7,710,267	$	7,818,302
Commercial		799,464		745,220
Private pay		743,260		770,780
Total	$	9,253,001	$	9,334,302

Note 8: OTHER REVENUES

As of December 31, 2020 and 2019, other revenues consisted of the following:

		2020		2019
Other incentives	$	488,822	$	284,859
Other grants		-		191,143
Other revenue		154,485		71,311
Total	$	643,307	$	547,313

Note 9: 340B DRUG PRICING PROGRAM

The Clinic participates in the 340B Drug Pricing Program (340B Program), enabling the Clinic to receive discounted prices from drug manufacturers on outpatient pharmaceutical purchases. The Clinic earns revenue under this program by purchasing pharmaceuticals at a reduced cost to fill prescriptions to qualified patients. The Clinic operates an internal pharmacy and has partnered with a network of participating local pharmacies that dispense the pharmaceuticals to its patients under a contractual arrangement with the Clinic.

This program is overseen by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA). HRSA is currently conducting routine audits of these programs at health care organizations and increasing its compliance monitoring processes. Laws and regulations governing the 340B Program are complex and subject to interpretation and change. As a result, it is reasonably possible that material changes to amounts related to the 340B Program could occur in the near term.

Note 10: CONCENTRATION OF CREDIT RISK

The Clinic maintains cash with multiple financial institutions in excess of the FDIC limit of $250,000 by $4,469,583 and $2,375,237 at December 31, 2020 and 2019, respectively.

Note 10: CONCENTRATION OF CREDIT RISK (Continued)

The Clinic grants credit without collateral to its patients. At December 31, the mix of the Clinic's patient accounts receivable balances were as follows:

	2020	2019
Medicaid	**53 %**	34 %
Medicare	**20 %**	42 %
Commercial and Private Pay	**27 %**	24 %
Total	**100 %**	100 %

Note 11: PENSION PLAN

Effective January 1, 2006, the Clinic established the St. Thomas Community Healthcare Center Retirement Plan (the Plan), a 401(k) Plan. Employees over the age of 18, who have worked for the Clinic for more than 90 days, and have 1,000 hours of service in a plan year, are eligible to participate in the Plan. Plan expenses may be paid by the Clinic or by the Plan. Matching contributions are determined annually by the Clinic. The Clinic matches 100% of employee contributions up to 6% of gross pay. For the years ended December 31, 2020 and 2019, the Clinic incurred $494,682 and $221,643, respectively, of administrative costs and matching contributions related to the Plan.

Note 12: COMMITMENTS AND CONTINGENCIES

Operating Leases

The Clinic is obligated as a lessee under various operating leases. Total rent expense for operating leases related to facilities and equipment was $968,668 and $588,440 for the years ended December 31, 2020 and 2019, respectively.

The following schedule details future minimum lease payments annually for five years as of December 31, 2020, for operating leases with initial or remaining lease terms in excess of one year.

Years Ending December 31,	
2021	$ 661,445
2022	470,387
2023	225,921
2024	154,374
2025	59,023
Total	$ 1,571,150

Note 12: COMMITMENTS AND CONTINGENCIES (Continued)

Commitments (Continued)

The Clinic is a recipient of several grants and awards of federal and state funds. These grants and awards are governed by various federal and state guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by these grants and awards is under the contract and administration of the Clinic and is subject to audit and/or review by the applicable funding sources. Any grant or award funds found to be not properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

Contingencies

Certain claims, suits and complaints arising in the ordinary course of operations have been filed or are pending against the Clinic. In the opinion of management, all such matters are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the Clinic if disposed of unfavorably.

Note 13: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Clinic. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

SUPPLEMENTARY INFORMATION

For the years ended December 31,		**2020**		2019
Operating Activities				
Changes in net assets	**$**	**1,219,194**	$	3,487,312
Adjustments to reconcile excess of revenues over expenses and gains and losses to net cash provided by operating activities:				
Depreciation		**423,779**		528,870
Bad debts		**386,703**		160,563
Unrealized gain on beneficial interest in trust		**(1,204,256)**		(1,790,898)
Change in operating assets and liabilities				
Grants receivable		**(160,338)**		144,027
Patient accounts receivable		**(265,769)**		(249,088)
Inventory		**(37,865)**		(72,494)
Prepaid expenses		**(181,821)**		18,420
Deposits and other assets		**(144,883)**		-
Accounts payable and accrued liabilities		**171,784**		256,967
Uncompensated absences		**129,097**		(72,558)
Net cash provided by operating activities		**335,625**		2,411,121
Investing Activities				
Purchases of property and equipment		**(56,821)**		-
Disbursements from beneficial interest in trust		**423,249**		273,569
Net cash provided by investing activities		**366,428**		273,569
Financing Activities				
Net payments on line of credit		**-**		(89,964)
Proceeds from long-term debt		**1,958,700**		-
Payments of long-term debt		**(432,048)**		(460,491)
Net cash provided by (used in) financing activities		**1,526,652**		(550,455)
Net change in cash and cash equivalents		**2,228,705**		2,134,235
Cash and cash equivalents at beginning of year		**3,107,765**		973,530
Cash and cash equivalents at end of year	**$**	**5,336,470**	$	3,107,765
SUPPLEMENTAL CASH FLOW INFORMATION				
Cash paid for interest	**$**	**183,539**	$	193,692

The accompanying notes are an integral part of this financial statement.

St. Thomas Community Health Center, Inc. and Subsidiary
Consolidating Statement of Financial Position

As of December 31,				2020
	St. Thomas Community Health Center, Inc.	St. Thomas Specialty Services, LLC	Eliminations	Consolidated
Assets				
Current Assets				
Cash	$ 5,252,030	$ 84,440	$ -	**$ 5,336,470**
Grants receivable	256,227	-	-	**256,227**
Patient accounts receivable	657,814	19,934	-	**677,748**
Lease Receivable	299,104	-	(299,104)	**-**
Inventory	110,359	-	-	**110,359**
Prepaid expenses	209,733	-	-	**209,733**
Total current assets	6,785,267	104,374	(299,104)	**6,590,537**
Non-current assets				
Deposits and other non-current assets	144,883	-	-	**144,883**
Beneficial interest in trust	8,547,086	-	-	**8,547,086**
Property and equipment, net	11,472,183	-	-	**11,472,183**
Total non-current assets	20,164,152	-	-	**20,164,152**
Total assets	$ 26,949,419	$ 104,374	$ (299,104)	**$ 26,754,689**
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued liabilities	$ 700,560	$ -	$ -	**$ 700,560**
Lease Payable	-	299,104	(299,104)	**-**
Uncompensated absences	154,887	-	-	**154,887**
Current maturities of long-term debt	1,106,578	-	-	**1,106,578**
Total current liabilities	1,962,025	299,104	(299,104)	**1,962,025**
Long-term liabilities				
Long-term debt, net of current maturities	5,508,631	-	-	**5,508,631**
Total liabilities	7,470,656	299,104	(299,104)	**7,470,656**
Net assets				
Without donor restrictions	10,931,677	(194,730)	-	**10,736,947**
With donor restrictions	8,547,086	-	-	**8,547,086**
Total net assets	19,478,763	(194,730)	-	**19,284,033**
Total liabilities and net assets	$ 26,949,419	$ 104,374	$ (299,104)	**$ 26,754,689**

See independent auditors' report.

St. Thomas Community Health Center, Inc. and Subsidiary
Consolidating Statement Of Activities

For the year ended December 31,

	St. Thomas Community Health Center, Inc.	St. Thomas Specialty Services, LLC	Eliminations	**2020 Consolidated**
Operating revenues				
Patient service revenue	$ 8,991,131	$ 261,870	$ -	**$ 9,253,001**
Contributions	645,901	-	-	**645,901**
Grant revenues	4,991,465	90,000	-	**5,081,465**
340b drug program	1,258,728	-	-	**1,258,728**
Donated facilities and services	139,568	-	-	**139,568**
Pharmacy revenues	9,209,526	-	-	**9,209,526**
Other revenues	939,011	-	(299,104)	**639,907**
Change in value of interest in beneficial trust	1,204,256	-		**1,204,256**
Total operating revenues	27,379,586	351,870	(299,104)	**27,432,352**
Operating expenses				
Program services				
Health care	21,354,238	299,104	(299,104)	**21,354,238**
Total program services	21,354,238	299,104	(299,104)	**21,354,238**
Support Services				
Management and general	4,813,632	45,288	-	**4,858,920**
Total supporting services	4,813,632	45,288	-	**4,858,920**
Total operating expenses	26,167,870	344,392	(299,104)	**26,213,158**
Excess of revenues over (under) expenses attributable to the Clinic	$ 1,211,716	$ 7,478	$ -	**$ 1,219,194**

St. Thomas Community Health Center, Inc. and Subsidiary
Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer

For the year ended December 31, 2020	**Dr. Donald T. Erwin, MD, CEO**
Salary	$ -
Benefits - health insurance	-
Benefits - retirement	-
Benefits - dental and vision insurance	-
Benefits - other insurance	-
Deferred compensation	-
Car allowance	-
Vehicle provided by STCHC	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-
	$ -

Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expenses, per diem, and registration fees be reported as a supplemental report within the financial statement of local governmental and quasi-public auditees. In 2015 Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

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

To the Board of Directors of
St. Thomas Community Health Center, Inc. and Subsidiary
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 St. Thomas Community Health Center, Inc. and subsidiary (the Clinic) which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to consolidated financial statements, which collectively comprise the Clinic's basic consolidated financial statements, and have issued our report thereon dated June 18, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clinic'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 determination of consolidated 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*.

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 Clinic'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 Clinic's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
June 18, 2021

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	__ yes	X__ no
Significant deficiencies identified?	__ yes	X__ none noted
Noncompliance material to financial statements noted?	__ yes	X__ no

SECTION II – FINANCIAL STATEMENT AND INTERNAL CONTROL FINDINGS

None noted.

SECTION III – COMPLIANCE FINDINGS

None noted.

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-001: Significant Deficiency – Financial Close and Reporting Process

Criteria: FASB Concepts Statement No. 8 notes that 'information must be both relevant and faithfully represented if it is to be useful' meaning that information provided by the Clinic should be both timely and accurate in order to be useful.

Cause: During the year ended December 31, 2019, multiple misstatements were identified and required adjustments to the consolidated financial statements.

Recommendation: We recommend the Clinic refine internal controls necessary to ensure proper classification, recording, and review of all consolidated financial statement activity.

Status: Resolved.

SECTION III – COMPLIANCE FINDINGS

None noted.

St. Thomas Community Health Community Center, Inc. and Subsidiary

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2020

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UNIFORM GUIDANCE COMPLIANCE REPORT

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

To the Board of Directors of
St. Thomas Community Health Center, Inc. and Subsidiary
New Orleans, Louisiana

Report on Compliance for the Major Federal Program

We have audited St. Thomas Community Health Center, Inc. and Subsidiary's (the Clinic) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Clinic's major federal program for the year ended December 31, 2020. The Clinic's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Clinic's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Clinic's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Clinic's compliance.

Opinion on the Major Federal Program

In our opinion, the Clinic complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Clinic is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Clinic's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Clinic's internal control over compliance.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of St. Thomas Community Health Center, Inc. and Subsidiary as of and for the year ended December 31, 2020, and have issued our report thereon dated June 18, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
August 25, 2021

St. Thomas Community Health Center, Inc. and Subsidiary
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures ($)	Amount Passed through to Subrecipient	Total Federal Expenditures ($)
Health Center Program Cluster					
Department of Health and Human Services					
COVID-19 Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224		$ 1,238,735	$ -	$ 1,238,735
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224		2,001,970	-	2,001,970
Total Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)			3,240,705	-	3,240,705
Total Health Center Program Cluster			3,240,705	-	3,240,705
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds	93.752		76,422	-	76,422
Total Department of Health and Human Services			3,317,127	-	3,317,127
Other Programs					
Federal Communications Commission					
COVID-19 Telehealth Program	32.006		999,520	-	999,520
Total Federal Communications Commission			999,520	-	999,520
Total Expenditures of Federal Awards			$ 4,316,647	$ -	$ 4,316,647

See independent auditors' report.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – This schedule includes the activity of St. Thomas Community Health Center, Inc. and Subsidiary (the Clinic) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2: INDIRECT COST RATE

The Clinic has not elected to use the 10% de minimis indirect cost rate.

Note 3: LOAN

The Clinic did not expend federal awards related to loans or loan guarantees during the year. The balance of the loan outstanding between the Clinic and Louisiana Recovery Authority (LRA Loan) as of December 31, 2020 is $1,137,767. The LRA Loan is described in detail in Note 6 – Long-Term Debt in the notes to the December 31, 2020 consolidated financial statements of the Clinic, issued June 18, 2021. There are no continuing requirements related to this loan.

Note 4: FEDERALLY FUNDED INSURANCE

The Clinic has no federally funded insurance.

Note 5: NONCASH ASSISTANCE

The Clinic did not receive any federal noncash assistance for the fiscal year ended December 31, 2020.

Note 6: RECONCILIATION OF FEDERAL EXPENDITURES TO FEDERAL REVENUE

Below is a reconciliation of the schedule of expenditures of federal awards to the grant revenues as presented on the consolidated statement of activities of the Clinic, issued June 18, 2021.

For the year ended December 31, 2020:	
Total federal expenditures	$ 4,316,647
Federal revenue- Provider Relief Fund	401,285
Grant revenues not from federal awards	363,533
Total grant revenues	$ 5,081,465

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	___ yes	X no
• Significant deficiency(es) identified?	___ yes	X none noted
Noncompliance material to consolidated financial statements noted?	___ yes	X no

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	___ yes	X no
• Significant deficiency(es) identified?	___ yes	X none noted
Type of auditors' report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)?	___ yes	X none noted

Identification of major federal programs:

Federal CFDA Number	Federal Program or Cluster
32.006	COVID-19 Telehealth Program

Dollar threshold used to distinguish between type A and B programs was $750,000 for major federal programs.

Auditee qualified as a low-risk auditee for federal purposes?	X yes	___ no

Section II – Consolidated Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

Section IV – Prior Findings for Consolidated Financial Statements

2019-001: Significant Deficiency – Financial Close and Reporting Process

Criteria: FASB Concepts Statement No. 8 notes that 'information must be both relevant and faithfully represented if it is to be useful' meaning that information provided by the Clinic should be both timely and accurate in order to be useful.

Recommendation: We recommend the Clinic refine internal controls necessary to ensure proper classification, recording, and review of all consolidated financial statement activity.

Status: Resolved.

Section V – Prior Findings and Questioned Costs for Federal Awards

No matters were reported.