

**SAVOY MEDICAL MANAGEMENT GROUP, INC.**  
**MAMOU, LOUISIANA**

**(A COMPONENT UNIT OF THE  
TOWN OF MAMOU, LOUISIANA)**

**Financial Report**

**Year Ended December 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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Board of Directors  
Savoy Medical Management Group, Inc.  
Mamou, Louisiana

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of Savoy Medical Management Group, Inc. (a nonprofit health care entity), a component unit of the Town of Mamou, consisting of Savoy Medical Center Operations Fund and Town of Mamou Building Fund, which comprise the statement of financial position as of December 31, 2021, and the related statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Savoy Medical Management Group, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Savoy Medical Management Group, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Savoy Medical Management Group, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Savoy Medical Management Group, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Savoy Medical Management Group, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The comparative statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the comparative statements and schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2022, on our consideration of Savoy Medical Management Group, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Savoy Medical Management Group, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Savoy Medical Management Group, Inc.'s internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
June 29, 2022

**FINANCIAL STATEMENTS**

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Statement of Financial Position  
December 31, 2021

	<u>Savoy Medical Center Operations Fund</u>	<u>Town of Mamou Building Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,772,087	\$ 6,039	\$ 2,778,126
Patient accounts receivable, net	1,681,329	-	1,681,329
Estimated third-party payor settlements	1,865,870	-	1,865,870
Other receivables	183,832	-	183,832
Inventory	829,834	-	829,834
Prepaid expenses	<u>48,203</u>	<u>-</u>	<u>48,203</u>
Total current assets	7,381,155	6,039	7,387,194
Property, plant and equipment, net	2,140,134	2,830,068	4,970,202
Deposits	<u>1,828</u>	<u>-</u>	<u>1,828</u>
Total assets	<u>\$ 9,523,117</u>	<u>\$ 2,836,107</u>	<u>\$ 12,359,224</u>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Accounts payable	\$ 789,253	\$ -	\$ 789,253
Accrued salaries and payroll taxes	809,557	-	809,557
Estimated third-party payor settlements	865,867	-	865,867
Unearned revenues	2,045,085	-	2,045,085
Current portion of long-term debt	<u>79,602</u>	<u>-</u>	<u>79,602</u>
Total current liabilities	4,589,364	-	4,589,364
Long-term liabilities:			
Long-term debt	<u>109,603</u>	<u>-</u>	<u>109,603</u>
Total liabilities	4,698,967	-	4,698,967
Net assets:			
Without donor restrictions-			
Unrestricted and undesignated	<u>4,824,150</u>	<u>2,836,107</u>	<u>7,660,257</u>
Total liabilities and net assets	<u>\$ 9,523,117</u>	<u>\$ 2,836,107</u>	<u>\$ 12,359,224</u>

The accompanying notes are an integral part of this statement.

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Statement of Operations and Changes in Net Assets  
Year Ended December 31, 2021

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Totals
Operating revenue:			
Net patient service revenue (net of provision for bad debts of \$1,688,739)	\$ 23,499,802	\$ -	\$ 23,499,802
Other operating revenues	<u>2,516,432</u>	<u>-</u>	<u>2,516,432</u>
Net operating revenue	<u>26,016,234</u>	<u>-</u>	<u>26,016,234</u>
Operating expenses:			
Salaries and wages	9,212,109	-	9,212,109
Employee benefits	1,743,855	-	1,743,855
Professional fees	446,914	-	446,914
Supplies	4,996,235	8	4,996,243
Utilities	906,444	-	906,444
Contract services	880,735	-	880,735
Insurance	491,088	-	491,088
Licenses and fees	71,415	-	71,415
Management fee	120,000	-	120,000
Other	258,122	-	258,122
Rents and leases	256,857	-	256,857
Repairs and maintenance	597,579	-	597,579
Interest expense	13,584	-	13,584
Intergovernmental transfer - access grants	10,010,000	-	10,010,000
Depreciation	<u>533,394</u>	<u>125,230</u>	<u>658,624</u>
Total operating expenses	<u>30,538,331</u>	<u>125,238</u>	<u>30,663,569</u>
Operating loss	(4,522,097)	(125,238)	(4,647,335)
Nonoperating revenues (expenses):			
Grant income	5,478,974	-	5,478,974
Interest income	<u>32,321</u>	<u>8</u>	<u>32,329</u>
Total nonoperating revenues (expenses)	<u>5,511,295</u>	<u>8</u>	<u>5,511,303</u>
Change in net assets without donor restrictions	989,198	(125,230)	863,968
Net assets, beginning	<u>3,834,952</u>	<u>2,961,337</u>	<u>6,796,289</u>
Net assets, ending	<u>\$ 4,824,150</u>	<u>\$ 2,836,107</u>	<u>\$ 7,660,257</u>

The accompanying notes are an integral part of this statement.



SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Statement of Cash Flows  
Year Ended December 31, 2021

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Totals
Cash flows from operating activities:			
Operating loss	\$(4,522,097)	\$(125,238)	\$(4,647,335)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation and amortization	533,394	125,230	658,624
Provision for bad debts	1,688,739	-	1,688,739
Increase in accounts receivable	(1,626,040)	-	(1,626,040)
Decrease in third party payer receivables	328,737	-	328,737
Increase in other receivables	(143,516)	-	(143,516)
Decrease in inventory	(172,751)	-	(172,751)
Increase in prepaid expenses	16,315	-	16,315
Decrease in accounts payable/accrued expenses	(391,775)	-	(391,775)
Increase in accrued salaries and payroll taxes	50,092	-	50,092
Increase in unearned revenues	<u>1,385,684</u>	<u>-</u>	<u>1,385,684</u>
Net cash used by operating activities	<u>(2,853,218)</u>	<u>(8)</u>	<u>(2,853,226)</u>
Cash flows from investing activities:			
Interest earned on interest-bearing deposits	32,321	8	32,329
Purchase of property and equipment	<u>(1,329,430)</u>	<u>-</u>	<u>(1,329,430)</u>
Net cash provided (used) by investing activities	<u>(1,297,109)</u>	<u>8</u>	<u>(1,297,101)</u>
Cash flows from financing activities:			
Grant received	190,404	-	190,404
Principal paid on capital leases	<u>(134,682)</u>	<u>-</u>	<u>(134,682)</u>
Net cash provided by financing activities	<u>55,722</u>	<u>-</u>	<u>55,722</u>
Net decrease in cash and cash equivalents	(4,094,605)	-	(4,094,605)
Cash and cash equivalents, beginning of year	<u>6,866,692</u>	<u>6,039</u>	<u>6,872,731</u>
Cash and cash equivalents, end of year	<u>\$ 2,772,087</u>	<u>\$ 6,039</u>	<u>\$ 2,778,126</u>
Supplemental disclosures:			
Interest paid	<u>\$ 13,584</u>	<u>\$ -</u>	<u>\$ 13,584</u>

The accompanying notes are an integral part of this statement.

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Organization and Purpose

The Town of Mamou (Town) is the sole member of Savoy Medical Management Group, Inc. (Organization). The Organization, a component unit of the Town, is a nonprofit corporation organized under the laws of the State of Louisiana for the purpose of managing and operating a quality, cost effective health care facility for patients of the communities located in Evangeline Parish. The Town owns the Savoy Medical Center located in Mamou, Louisiana, which is operated by the Organization.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net assets without donor restrictions* - Net assets that are not subject to donor-imposed stipulations.

*Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations that will be met, either (1) expire by incurring expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time or other events (time restricted), or (2) will never expire (perpetual in nature). When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

C. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

D. Patient Accounts Receivable

Patient accounts receivable are stated at net realizable value. The Organization maintains allowance for uncollectible accounts and for estimated losses resulting from a payer's inability to make payments on accounts. The Organization estimates the allowance for uncollectible accounts based on management's assessment of historical and expected net collections considering historical and current business and economic conditions, trends in healthcare coverage, and other collections indicators. Accounts receivable are charged to the allowance for uncollectible accounts when they are deemed uncollectible.

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

E. Inventory

Inventory, consisting primarily of pharmaceuticals and other medical supplies, are stated at the lower of cost, using an average cost method, or market.

F. Property and Equipment

The Organization's capitalization policy is \$5,000 for property and equipment recorded at cost, if purchased, or at estimated fair market value if donated. Donations of property and equipment are recorded as contributions at their estimated fair value. In the absence of donor stipulations regarding how long the contributed assets must be used, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expires over useful lives of the assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Typical useful lives are 7 to 40 years for buildings and improvements and 4 to 15 years for equipment and furniture.

G. Revenue and Expense Recognition

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include prospectively determined rates per admission or visit, reimbursed costs, discounted charges, and per diem rates. Net patient service revenues contain a single delivery element and is recognized at a point in time when the services are provided. The estimated net amount due from patients and third-party payors for services rendered, including estimated adjustments under reimbursement agreements with third-party payors, are subject to audit by administering agencies. These adjustments are accrued on an estimated basis and are adjusted, as needed, in future periods. The Organization also provides care to self-pay patients. The revenue on services provided to these patients are recognized at the time services are rendered. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting.

H. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. However, the organization's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the organization, and has concluded that as of December 31, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2018.

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

I. Compensated Absences

The Organization allows employees annual leave based on years of service. Upon termination of employment, an employee is paid for the value of any accrued leave through the date of separation at their current rate of pay. At December 31, 2021, the accrued compensated absences amounted to \$452,089, which is included in accrued salaries and payroll taxes in the statement of financial position.

J. Advertising Expense

Advertising costs are expensed as incurred. Total advertising expense was \$15,422 for the year ended December 31, 2021.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Liquidity and Availability of Financial Assets

The Organization has \$4,464,072 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenses consisting of \$733,041 in cash, \$1,681,329 of patient accounts receivable, \$1,865,870 of estimated third-party payor settlements, and \$183,832 of other receivables.

(3) Cash and interest-bearing deposits

As of December 31, 2021, the Organization had cash and interest-bearing deposits in the amount of \$2,778,126. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Organization's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. Deposit balances (bank balances) as of December 31, 2021 are secured as follows:

Bank balances	<u>\$3,056,155</u>
Federal deposit insurance	2,889,941
Pledged securities	<u>166,214</u>
Total	<u>\$3,056,155</u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

Deposits in the amount of \$166,214 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Organization's name. The Organization does not have a policy for custodial credit risk.

(4) Patient Accounts Receivable

Patient accounts receivable at December 31, 2021 consisted of the following:

Medicare	\$ 758,855
Medicaid	1,012,843
Other third-party payors	1,372,894
Patients	<u>2,423,470</u>
Total patient accounts receivable	5,568,062
Less: allowance for uncollectible accounts	<u>(3,886,733)</u>
Patient accounts receivable, net	<u>\$ 1,681,329</u>

(5) Estimated Third-Party Settlements

The estimated third-party payors settlements receivable consisted of the following at December 31, 2021:

Estimated third-party payor settlements:

Receivable-

<u>Cost Report Year:</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>Uncompensated Care Cost (UCC)</u>	<u>Total</u>
2021	\$ 166,000	\$ -	\$ 1,579,079	\$ 1,745,079
2020	<u>-</u>	<u>120,791</u>	<u>-</u>	<u>120,791</u>
	<u>\$ 166,000</u>	<u>\$ 120,791</u>	<u>\$ 1,579,079</u>	<u>\$ 1,865,870</u>

Payable-

<u>Cost Report Year:</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>Uncompensated Care Cost (UCC)</u>	<u>Total</u>
2021	\$ -	\$ 501,000	\$ -	\$ 501,000
2019	-	168,056	-	168,056
2017	<u>3,381</u>	<u>193,430</u>	<u>-</u>	<u>196,811</u>
	<u>\$ 3,381</u>	<u>\$ 862,486</u>	<u>\$ -</u>	<u>\$ 865,867</u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

(6) Property, Plant and Equipment

Property, plant and equipment consisted of the following at December 31, 2021:

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Total
Land	\$ -	\$ 430,000	\$ 430,000
Construction in progress	608,233	-	608,233
Buildings and improvements	1,683,913	18,722,013	20,405,926
Equipment	5,962,913	2,471,663	8,434,576
Furniture	425,585	27,061	452,646
Total property, plant and equipment	8,680,644	21,650,737	30,331,381
Less: Accumulated depreciation	(6,540,510)	(18,820,669)	(25,361,179)
Net property, plant and equipment	<u>\$2,140,134</u>	<u>\$ 2,830,068</u>	<u>\$ 4,970,202</u>

Depreciation expense charged to operations amounted to \$533,394 and \$125,230 for Savoy Medical Center's Operations Fund and Town of Mamou Building Fund, respectively, for the year ended December 31, 2021.

Savoy Medical Center Operations Fund leases equipment with a cost basis of \$1,447,553 under a capital lease. The depreciation for the year ended December 31, 2021 on these assets is \$148,924, and the accumulated depreciation balance at December 31, 2021 is \$1,271,347.

Savoy Medical Center Operations Fund incurred interest charges in the amount of \$13,584 for assets purchased under a capital lease. The total amount was charged to operations for the year ended December 31, 2021.

(7) Changes in Long-Term Debt

The following is a summary of changes for the year ended December 31, 2021:

	Balance 1/1/2021	Additions	Reductions	Balance 12/31/2021	Due Within One Year
Savoy Medical Center Operations Fund:					
Capital leases	<u>\$ 323,887</u>	<u>\$ -</u>	<u>\$ (134,682)</u>	<u>\$ 189,205</u>	<u>\$ 79,602</u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

Long-term debt at December 31, 2021 is comprised of the following individual issues:

Savoy Medical Center Operations Fund:

Capital Leases –

\$24,489 capital lease payable to Ally Financial, dated June 6, 2018, due in monthly installments of \$600 through June 6, 2022, interest at 8.163%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of \$2,041.	\$ 5,428
\$98,127 capital lease payable to Marlin Business Bank, dated December 15, 2016, due in monthly installments of \$1,813 through December 15, 2021, interest at 4.136%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of \$1,635.	1,807
\$360,403 capital lease payable to GE Healthcare Equipment Finance, dated June 1, 2019, due in monthly installments of \$6,131 through June 1, 2024, interest at 0.807%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of \$174,195.	<u>181,970</u>
Total capital leases	<u>\$ 189,205</u>

Scheduled maturities of long-term debt as of December 31, 2021 are as follows:

Year Ending December 31,	Principal	Interest
2022	\$ 79,602	\$ 1,290
2023	72,953	615
2024	<u>36,650</u>	<u>134</u>
Total	<u>\$ 189,205</u>	<u>\$ 2,039</u>

(8) Net Patient Service Revenue

Outpatient services are reimbursed based on fee schedules provided by Medicare/Medicaid and other insurance companies. Billings are adjusted in order to reflect amounts to be reimbursed. Net patient service revenue consisted of the following at December 31, 2021:

Gross patient charges	\$ 110,894,823
Less: Contractual allowances and discounts	<u>(85,706,282)</u>
Patient service revenue (net of contractual allowances and discounts)	25,188,541
Less: Provision for bad debts	<u>1,688,739</u>
Net patient service revenue (net of provision for bad debt)	<u>\$ 23,499,802</u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

(9) Operating Leases

Savoy Medical Center Operations Fund entered into various operating leases for equipment and building leases for hospital clinics commencing from 2017 through 2021 with terms ranging from 24 to 120 months. Future minimum lease payments due under the lease terms are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Equipment</u>	<u>Building</u>	<u>Total</u>
2022	\$ 64,765	\$ 67,200	\$ 131,965
2023	35,768	67,200	102,968
2024	19,183	65,400	84,583
2025	19,183	60,000	79,183
2026	4,796	60,000	64,796
2027-2028	-	30,000	30,000
Total	<u>\$ 143,695</u>	<u>\$ 349,800</u>	<u>\$ 493,495</u>

Operating lease expense amounted to \$256,857 for the year ended December 31, 2021.

(10) Functional Expenses

The Organization provides general health care services to residents within its geographic location. The financial statements report certain categories of expenses that are attributable to the program and supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. For the year ended December 31, 2021, expenses related to providing these services were as follows:

Health care services:	
Salaries and wages	\$ 9,212,109
Employee benefits	1,743,855
Professional fees	446,914
Supplies	4,951,500
Utilities	870,344
Contract services	786,573
Insurance	319,207
Licenses and fees	71,415
Management fee	120,000
Other	167,121
Rents and leases	256,857
Repairs and maintenance	593,115
Interest expense	13,584
Intergovernmental transfer - access grants	10,010,000
Depreciation	<u>533,394</u>
Total program expenses	<u>30,095,988</u>

(continued)



SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

Functional Expenses (Continued)

General, administrative, and other:

Contract services	94,162
Supplies	44,735
Insurance	171,881
Other	91,001
Repairs and maintenance	4,464
Utilities	<u>36,100</u>
Total management and general expenses	<u>442,343</u>
Total expenses	<u>\$ 30,538,331</u>

(11) Intergovernmental Transfer Grants

The Organization entered into a Low Income and Needy Care Collaboration Agreement on July 31, 2013 with other hospitals in the region. The purpose of the agreement is to ensure that low income and needy patients have access to and receive quality hospital services by increasing funding for the Medicaid population and to access funding to which the hospitals are eligible under Medicaid supplemental payments. For the year ended December 31, 2021, the Organization provided intergovernmental transfer grants to other Hospitals in the amount of \$10,010,000.

(12) Fair Value Measurements

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, patient accounts receivable, estimated third-party payor settlements, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

(13) Town of Mamou Building Fund

Prior to January 1, 2011, the operations of the Town of Mamou Building Fund were reported in the Savoy Cancer Center, Inc.'s (Center) financial statements. Effective January 1, 2011, the operations of Center were transferred to the Savoy Medical Center, which is operated by the Organization. As a result, the financial position and the changes in net assets and cash flows of the Town of Mamou Building Fund are reported in the financial statements of the Organization.

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

(14) Special Services Management Agreement

On February 15, 2015, the Organization entered into a Special Services Management Agreement with Evangeline Clinical Services. The purpose of the agreement is to gain managerial and administrative expertise in the delivery and operations of hospitals and to clinically integrate with CHRISTUS Health Central Louisiana (CHRISTUS) network of physicians, clinics and hospitals, in order to improve access, quality, availability and efficiency of care for residents of the community. CHRISTUS will administer the day-to-day operations of the hospital, subject to any required approvals and operational oversight from the Organization. In exchange for the services and cost incurred, the Organization will pay \$10,000 per month and an amount equal to each fiscal year's undisbursed operating revenue as defined by the contract. The term of this agreement is for an initial fifteen years and shall automatically continue thereafter for an additional term of five years. In accordance with the terms of the agreement, the Organization paid a management fee in the amount of \$120,000 for the year ended December 31, 2021.

(15) Concentration of Credit Risk

The Organization grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2021 is as follows:

Medicare	32.3%
Medicaid	32.5%
Other third-party payors	34.6%
Patients	<u>0.6%</u>
	<u>100.0%</u>

(16) Pension Plan

The Organization has a 401(k) profit sharing plan (a defined contribution plan), established in February 2010, which covers substantially all employees who are eighteen years of age or older with at least two consecutive months of service. The Plan, as amended, complies with the applicable provisions of the Employee Retirement Income Security Act of 1974. The employer may make matching contributions or profit sharing contributions at their discretion based on board approval. The Organization did not contribute to the Plan for the year ended December 31, 2021.

(17) Risk Management

The Organization is exposed to risks of loss in the areas of general liability, management liability and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

(18) Contingencies

The Organization evaluates contingencies based upon the best available evidence. The Organization believes that no loss contingencies are considered necessary. To the extent that resolution of contingencies results in amounts which vary from the Organization's estimates, future earning will be charged or credited.

Third-party Government Revenues – Cost reimbursements are subject to examination by agencies administering the programs. The Organization is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations and general instructions of those programs. The amount of such adjustments cannot be determined.

Management believes that the Organization is in compliance with fraud and abuse statutes as well as other applicable governmental laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

(19) Cares Act Subsidies

In response to the economic fallout of the COVID-19 pandemic in the United States, the 116<sup>th</sup> U.S. Congress passed an economic stimulus bill that was signed into law by the President on March 27, 2020. The Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized \$2.2 trillion to combat COVID-19 and its economic effects, including providing loan programs for small businesses, support for hospitals and other medical providers, and various types of economic relief for impacted businesses and industries. As a result of the CARES Act, the Hospital Service District received funding from the following programs:

*Provider Relief Funds* – The Organization received approximately \$4,284,903 in Provider Relief Funds and \$9,962 in interest earnings during the fiscal year ending December 31, 2020. This payment was issued by the U.S. Department of Health & Human Services (HHS) in response to the Coronavirus pandemic to be utilized for healthcare related expenses and lost revenues attributable to coronavirus. These amounts are reported as unearned revenue in the accompanying statement of financial position as of December 31, 2020. During the fiscal year ending December 31, 2021, the Organization submitted their final report to HHS, recognizing grant revenue in the amount of \$3,649,338 for eligible healthcare related expenses and returned the unused portion in the amount of \$652,098. The Organization received an additional Provider Relief Fund allocation of \$2,044,321 for the fiscal year ending December 31, 2021. These amounts are reported as unearned revenue in the accompanying statement of financial position as of December 31, 2021.

*Paycheck Protection Program* – On June 4, 2020, the Organization entered into a promissory note in the amount of \$1,647,500 through the U.S. Small Business Administration's Paycheck Protection Program (Program). The purpose of the Program was to provide funding for employee salaries and certain limited nonpayroll expenses. In accordance with the Program, the loan can be partially or completely forgiven if certain criteria are met. On April 9, 2021, the Organization's promissory note in the amount of \$1,647,500 was approved for full forgiveness. The amount was included in grant income on the statement of activities.

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Financial Statements (Continued)

(20) Compensation, Benefits, and Other Payments to Agency Head

The Organization's agency head did not receive any compensation, benefits, or other payments from public funds for the year ended December 31, 2021.

(21) New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets and liabilities for the rights and obligations created by those leases if the lease terms are more than 12 months. The guidance also will require qualitative quantitative disclosures providing additional information about the amounts recorded in the financial statements. The amendments in this update are effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Organization is evaluating the potential impact of the amendment on the Organization's financial statements. The effect of implementation of this new pronouncement on the Organization financial statements has not yet been determined.

(22) Subsequent Event Review

The Organization's management has evaluated subsequent events through June 29, 2022, the date which the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana  
Savoy Medical Center Operations Fund

Comparative Statement of Financial Position  
December 31, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,772,087	\$ 6,866,692
Patient accounts receivable, net	1,681,329	1,744,028
Estimated third-party payor settlements	1,865,870	2,219,643
Other receivables	183,832	40,316
Inventory	829,834	657,083
Prepaid expenses	48,203	64,518
Total current assets	7,381,155	11,592,280
Property, plant and equipment, net	2,140,134	1,344,098
Deposits	1,828	1,828
Total assets	\$ 9,523,117	\$ 12,938,206
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 738,253	\$ 495,479
Accrued expenses	-	685,549
Accrued salaries and payroll taxes	809,557	759,465
Estimated third-party payor settlements	916,867	890,903
Unearned revenues	2,045,085	4,300,471
Refundable advance	-	1,647,500
Current portion of long-term debt	79,602	136,489
Total current liabilities	4,589,364	8,915,856
Long-term liabilities:		
Long-term debt	109,603	187,398
Total liabilities	4,698,967	9,103,254
Net assets:		
Without donor restrictions-		
Unrestricted and undesignated	4,824,150	3,834,952
Total liabilities and net assets	\$ 9,523,117	\$ 12,938,206

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana  
Savoy Medical Center Operations Fund

Comparative Statement of Activities  
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenue:		
Net patient service revenue (net of provision for bad debts of \$1,688,739 2021 and \$1,329,973 2020)	\$ 23,499,802	\$ 23,428,628
Other operating revenues	<u>2,516,432</u>	<u>2,082,119</u>
Net operating revenue	<u>26,016,234</u>	<u>25,510,747</u>
Operating expenses:		
Salaries and wages	9,212,109	8,760,578
Employee benefits	1,743,855	1,568,439
Professional fees	446,914	519,343
Supplies	4,996,235	4,003,309
Utilities	906,444	764,776
Contract services	880,735	767,869
Insurance	491,088	531,308
Licenses and fees	71,415	60,051
Management fee	120,000	805,549
Other	258,122	361,797
Rents and leases	256,857	304,560
Repairs and maintenance	597,579	372,935
Interest expense	13,584	19,550
Intergovernmental transfer - access grants	10,010,000	5,817,272
Depreciation and amortization	<u>533,394</u>	<u>426,448</u>
Total operating expenses	<u>30,538,331</u>	<u>25,083,784</u>
Operating income (loss)	<u>(4,522,097)</u>	<u>426,963</u>
Nonoperating revenues (expenses):		
Grant income	5,478,974	28,000
Interest income	<u>32,321</u>	<u>8,973</u>
Total nonoperating revenues (expenses)	<u>5,511,295</u>	<u>36,973</u>
Change in net assets without donor restrictions	989,198	463,936
Net assets, beginning	<u>3,834,952</u>	<u>3,371,016</u>
Net assets, ending	<u>\$ 4,824,150</u>	<u>\$ 3,834,952</u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana  
Savoy Medical Center Operations Fund

Schedule of Net Patient Service Revenue  
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Gross patient charges	<u>\$ 110,894,823</u>	<u>\$ 92,991,136</u>
Less:		
Contractual allowances	(84,959,587)	(67,848,449)
Discounts	(746,695)	(384,086)
Uncollectible accounts	<u>(1,688,739)</u>	<u>(1,329,973)</u>
Total contractual allowances, discounts and uncollectible accounts	<u>(87,395,021)</u>	<u>(69,562,508)</u>
Net patient service revenue	<u>\$ 23,499,802</u>	<u>\$ 23,428,628</u>



SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana  
Savoy Medical Center Operations Fund

Schedule of Other Operating Revenues  
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Other operating revenues:		
Cafeteria	\$ 84,408	\$ 95,001
Medicaid Quality Outcomes Payments	1,861,891	1,492,523
Medical record transcripts	663	1,203
Miscellaneous	108,319	5,629
Rent income	451,063	478,387
Vending machine commissions	<u>10,088</u>	<u>9,376</u>
Total other operating revenues	<u>\$ 2,516,432</u>	<u>\$ 2,082,119</u>

**INTERNAL CONTROL, COMPLIANCE**

**AND**

**OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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

Board of Directors  
Savoy Medical Management Group, Inc.  
Mamou, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Savoy Medical Management Group, Inc. (a nonprofit health care entity), a component unit of the Town of Mamou, which comprise the statement of financial position as of December 31, 2021, and the related statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2022.

### Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

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

## **Savoy Medical Management Group, Inc.'s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Savoy Medical Management Group, Inc.'s response to the finding identified in our audit and described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. Savoy Medical Management Group, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## **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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, the report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
June 29, 2022

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
Savoy Medical Management Group, Inc.  
Mamou, Louisiana

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited Savoy Medical Management Group, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Savoy Medical Management Group, Inc.'s major federal program for the year ended December 31, 2021. Savoy Medical Management Group, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Savoy Medical Management Group, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Savoy Medical Management Group, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Savoy Medical Management Group, Inc.'s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Savoy Medical Management Group, Inc.'s federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Savoy Medical Management Group, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Savoy Medical Management Group, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Savoy Medical Management Group, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Savoy Medical Management Group, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Savoy Medical Management Group, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
June 29, 2022

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Federal Assistance I.D. Number	Federal Expenditures
Direct Programs:			
U. S. Department of Health and Human Services -			
COVID 19 - Provider Relief Fund	93.498	N/A	\$3,402,031
COVID 19 - Testing and Mitigation for Rural Health Clinics	93.697	N/A	<u>247,307</u>
TOTAL FEDERAL AWARDS			<u>\$ 3,649,338</u>



SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Notes to Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021

(1) General

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of Savoy Medical Management Group, Inc., a component unit of the Town of Mamou. Savoy Medical Management Group, Inc.'s reporting entity is defined in Note 1 to the financial statements for the year ended December 31, 2021. All federal financial assistance received directly from federal agencies is included in the schedule as well as federal financial assistance passed through other government agencies.

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in Note 1 to the Savoy Medical Management Group, Inc.'s financial statements for the year ended December 31, 2021.

(3) Indirect Cost Rate

Savoy Medical Management Group, Inc. has elected not to use the 10% de minimis indirect cost rate.

(4) Provider Relief Funds

In accordance with the federal program guidance, the schedule of expenditures of federal awards reports eligible expenditures incurred from January 1, 2020 through June 30, 2021. The schedule of expenditures of federal awards includes expenditures of \$2,301,227 that were incurred in the prior fiscal year.

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2021

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Savoy Medical Management Group, Inc. were prepared in accordance with GAAP.
2. There was one deficiency in internal control disclosed during the audit of the financial statements, which was considered a material weakness.
3. There were no instances of noncompliance material to the financial statements of Savoy Medical Management Group, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, disclosed during the audit.
4. There were no material weakness in internal control over the major federal program disclosed during the audit.
5. The auditor's report on compliance for the major federal award program for Savoy Medical Management Group, Inc. expresses an unmodified opinion on the major federal program.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) reported on this schedule.
7. The following program is considered to be a major program: Provider Relief Fund (93.498).
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. Savoy Medical Management Group, Inc. did not qualify as a low-risk auditee.

Part II Findings which are required to be reported in accordance with generally accepted *Governmental Auditing Standards*:

**A. Internal Control Findings -**

**2021-001: Inadequate Segregation of Accounting Functions**

Fiscal year finding initially occurred: 2012

CONDITION: The Organization did not have adequate segregation of duties within the accounting functions.

CRITERIA: The Organization should have a control policy according to which no person should be given responsibility for more than one related function.

CAUSE: Due to the size of the Organization, there are a small number of available employees.

SAVOY MEDICAL MANAGEMENT GROUP, INC.  
Mamou, Louisiana

Schedule of Findings and Questioned Costs (Continued)  
Year Ended December 31, 2021

EFFECT: The Organization has employees that are performing more than one related function.

RECOMMENDATION: The Organization should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will establish and monitor mitigating controls over functions that are not completely segregated.

**B. Compliance Findings -**

There were no findings reported under this section.

**Part III Findings and questioned costs for the Federal awards which include audit findings as defined in 2 CFR section 200 of the Uniform Guidance**

**A. Compliance Findings -**

There were no findings reported under this section.

**B. Internal Control Findings -**

There were no findings reported under this section.



801 Poinciana Avenue • Mamou, Louisiana 70554 • Telephone: (337) 468-5261 • Fax: (337) 468-3342

June 29, 2022

U.S. Department of Health and Human Services

The Savoy Medical Management Group, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2021.

**Audit conducted by:**

Kolder, Slaven & Company, LLC  
183 S. Beadle Road  
Lafayette, Louisiana 70508

**Audit Period:** January 1, 2021- December 31, 2021

The findings from the December 31, 2021 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDINGS- FINANCIAL STATEMENT AUDIT**

Internal Control:

*Material Weakness-*

**2021-001: Inadequate Segregation of Accounting Functions**

Finding: The Organization did not have adequate segregation of duties within the accounting functions.

Corrective Action Plan: Management will establish and monitor mitigating controls over functions that are not completely segregated.

The findings noted above will be evaluated and corrective action will be taken as indicated on the respective finding. Should any federal or state pass-through agencies have questions regarding this plan, please contact Lance Armentor, CEO/Administrator at 337-468-0355.

Sincerely,

Lance Armentor  
CEO/Administrator



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Savoy Medical Management Group, Inc.  
Summary Schedule of Prior Year Audit Findings  
For the Year Ended December 31, 2021

**FINDINGS - FINANCIAL STATEMENT AUDIT:**

Internal Control Findings –

**2020-001** Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2012

Condition

The Organization did not have adequate segregation of duties within the accounting functions.

Views of Responsible Officials and Planned Corrective Action

Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Current Status: Not resolved. See Internal Control Finding 2021-001.

**2020-002** Inadequate Controls Over Reconciliations

Fiscal year finding initially occurred: 2019

Condition

The Organization did not have adequate procedures in place to reconcile the inventory and contractual adjustment general ledger accounts to appropriate supporting documentation.

Views of Responsible Officials and Planned Corrective Action

Management will review their procedures to ensure all balance sheet accounts are being reconciled and adjusted to supporting documentation on a monthly basis.

Current Status: Resolved.

Compliance Findings -

**2020-003** Uninsured and Uncollateralized Deposits

Fiscal year finding initially occurred: 2020

Condition

The Organization had uninsured and uncollateralized bank balances as of the end of their fiscal year.

Views of Responsible Officials and Planned Corrective Action

Management will coordinate with the appropriate financial institution to ensure any deposits in excess of federal deposit insurance are properly collateralized.

Current Status: Resolved.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lance Armentor', with a long horizontal flourish extending to the right.

Lance Armentor  
CEO/Administrator

**Savoy Medical Management Group, Inc.**  
Lafayette, Louisiana

Agreed-Upon Procedures Report

Year Ended December 31, 2021

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA

C. Burton Kolder CPA\*  
Of Counsel

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA - retired 2022

\* A Professional Accounting Corporation

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

WWW.KSRCPCAS.COM

To the Board of Directors of  
Savoy Medical Management Group, Inc.  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Savoy Medical Management Group, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Savoy Medical Management Group, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving.
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).



- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

### ***Board or Finance Committee***

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- 2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

### ***Bank Reconciliations***

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3. We obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

### ***Collections (excluding electronic funds transfers)***

---

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We randomly selected 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
  - a) Employees responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. We obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* We obtained supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction, and:
  - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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14. We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

## ***Contracts***

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15. We obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

## ***Payroll and Personnel***

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16. We obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

### ***Debt Service***

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21. We obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
22. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

### ***Fraud Notice***

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23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. We observed the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

### ***Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
  - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

*We performed the procedure and discussed the results with management. No exceptions noted as a result of applying this procedure.*

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*We performed the procedure and discussed the results with management. No exceptions noted as a result of applying this procedure.*

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*We performed the procedure and discussed the results with management. No exceptions noted as a result of applying this procedure.*

### ***Sexual Harassment***

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- 26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
- 27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- 28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
  - a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e) Amount of time it took to resolve each complaint.

## ***Exceptions***

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No exceptions were found as a result of applying the procedures listed above except the following:

### **Written Policies and Procedures:**

1. Written policies and procedures did not address management's actions to determine the completeness of all collections for each type of revenue, payroll processing, legal review of contracts, how credit cards are controlled, required approvers of credit card statements, credit card usage monitoring, debt issuance approval, continuing disclosure/EMMA reporting requirements, debt reserve/debt service requirements, periodic testing/verification that backups can be restored, identification of personnel, processes and tools needed to recover operations after a critical event, and sexual harassment annual employee training and reporting.

### **Bank Reconciliations:**

2. Four out of the five bank reconciliations selected for testing did not have evidence of management's review.

### **Collections:**

3. Personnel collecting cash are not covered by a bond or insurance policy for theft.

### **Credit Cards/Debit Cards/Fuel Cards/P-Cards:**

4. One out of five credit card statements selected for testing did not have documentation that it was reviewed and approved by someone other than the authorized card holder.
5. One credit card transaction out of ten selected for testing did not have documentation of the business/public purpose.
6. One credit card transaction did not contain documentation of the individuals participating in the meals purchased.

### **Sexual Harassment:**

7. The entity does not have its sexual harassment policy and complaint procedure posted on its website.
8. The entity did not prepare the annual sexual harassment report on or before the February 1<sup>st</sup> deadline.

## ***Management's Response***

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Management of Savoy Medical Management Group, Inc. concurs with the exceptions and are working to address the deficiencies identified.



We were engaged by Savoy Medical Management Group, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Savoy Medical Management Group, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
June 29, 2022