



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

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 and 2020

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REPORT





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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of St. Thomas Community Health Center, Inc. and Subsidiary (the Clinic), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Thomas Community Health Center, Inc. and Subsidiary as of December 31, 2021 and 2020, 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 Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of St. Thomas Community Health Center, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Thomas Community Health Center, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 St. Thomas Community Health Center, Inc. and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Thomas Community Health Center, Inc. and Subsidiary'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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments Chief Executive Officer is required by Louisiana Revised Statute 24:513(A)(3) and is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards for the year ended December 31, 2021 and 2020, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 consolidated financial statements. Such information is the responsibility of

management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2022, on our consideration of St. Thomas Community Health Center, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of St. Thomas Community Health Center, Inc. and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Thomas Community Health Center, Inc. and Subsidiary's internal control over financial reporting and compliance.

Cam, Riggs & Ingram, L.L.C.

Metairie, Louisiana
June 29, 2022



FINANCIAL STATEMENTS



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

<i>December 31,</i>	2021		2020	
Assets				
Current assets				
Cash and cash equivalents	\$	7,583,989	\$	5,336,470
Grants receivable		290,934		256,227
Patient accounts receivable		846,317		677,748
Other receivable		95,011		-
Inventory		118,387		110,359
Prepaid expenses		-		209,733
Total current assets		8,934,638		6,590,537
Non-current assets				
Deposits and other non-current assets		25,463		144,883
Beneficial interest in trust		9,543,904		8,547,086
Property and equipment, net		11,477,423		11,472,183
Total non-current assets		21,046,790		20,164,152
Total assets	\$	29,981,428	\$	26,754,689
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued liabilities	\$	892,672	\$	700,560
Uncompensated absences		163,791		154,887
Current maturities of long-term debt		472,149		1,106,578
Total current liabilities		1,528,612		1,962,025
Long-term liabilities				
Long-term debt, net of current maturities		3,839,960		5,508,631
Total liabilities		5,368,572		7,470,656
Net assets				
Without donor restrictions		15,068,952		10,736,947
With donor restriction		9,543,904		8,547,086
Total net assets		24,612,856		19,284,033
Total liabilities and net assets	\$	29,981,428	\$	26,754,689

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

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

<i>For the year ended December 31, 2021</i>	Without Donor Restrictions	With Donor Restrictions	2021 Total
Revenue and Other Support			
Patient service revenue	\$ 10,568,609	\$ -	\$ 10,568,609
Contributions	369,018	-	369,018
Grant revenues	5,960,575	-	5,960,575
340b drug program	609,639	-	609,639
Donated facilities and services	139,568	-	139,568
Pharmacy revenues	10,111,387	-	10,111,387
Other revenues	983,883	-	983,883
Paycheck protection program income	1,808,800	-	1,808,800
Change in value of interest in beneficial trust	-	1,477,241	1,477,241
Net assets released from restrictions	480,423	(480,423)	-
Total revenue and other support	31,031,902	996,818	32,028,720
Expenses			
<i>Program services</i>			
Health care	21,168,686	-	21,168,686
Total program services	21,168,686	-	21,168,686
<i>Supporting services</i>			
Management and general	5,531,211	-	5,531,211
Total supporting services	5,531,211	-	5,531,211
Total expenses	26,699,897	-	26,699,897
Change in net assets	4,332,005	996,818	5,328,823
Net assets at beginning of year	10,736,947	8,547,086	19,284,033
Net assets at end of year	\$ 15,068,952	\$ 9,543,904	\$ 24,612,856

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

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

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

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

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

For the year ended December 31, 2021

	<u>Program Services</u>		<u>Support Services</u>	2021 Total
	Health Care	Management and General		
Salaries, benefits, and payroll taxes	\$ 11,077,793	\$ 3,535,779	\$ 14,613,572	\$ 14,613,572
Professional fees and contract services	1,294,622	762,951	2,057,573	2,057,573
Accounting, audit and legal fees	-	142,516	142,516	142,516
Billing fees	70,646	23,800	94,446	94,446
Depreciation	353,422	101,350	454,772	454,772
Insurance	184,187	68,405	252,592	252,592
Interest	171,675	-	171,675	171,675
Other	1,230,118	413,374	1,643,492	1,643,492
Postage	-	19,780	19,780	19,780
Rent	645,481	83,795	729,276	729,276
Repairs and maintenance	246,266	41,175	287,441	287,441
Pharmacy expense	4,933,903	218,056	5,151,959	5,151,959
340b drug program	241,397	-	241,397	241,397
Supplies	564,842	46,435	611,277	611,277
Trash and waste removal	15,186	19,086	34,272	34,272
Travel, meetings and conferences	28,685	29,100	57,785	57,785
Training and continuing education	34,449	-	34,449	34,449
Utilities	76,014	25,609	101,623	101,623
Total	\$ 21,168,686	\$ 5,531,211	\$ 26,699,897	\$ 26,699,897

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

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

For the year ended December 31, 2020

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

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

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

<i>For the years ended December 31,</i>	2021	2020
Operating Activities		
Changes in net assets	\$ 5,328,823	\$ 1,219,194
Adjustments to reconcile excess of revenues over expenses and gains and losses to net cash provided by operating activities:		
Depreciation	454,772	423,779
Bad debts	140,555	386,703
Paycheck protection program income	(1,808,800)	-
Unrealized gain on beneficial interest in trust	(1,477,241)	(1,204,256)
Change in operating assets and liabilities		
Grants receivable	(34,707)	(160,338)
Patient accounts receivable	(309,124)	(265,769)
Other receivable	(95,011)	-
Inventory	(8,028)	(37,865)
Prepaid expenses	209,733	(181,821)
Deposits and other assets	119,420	(144,883)
Accounts payable and accrued liabilities	192,112	171,784
Uncompensated absences	8,904	129,097
Net cash provided by operating activities	2,721,408	335,625
Investing Activities		
Purchases of property and equipment	(460,011)	(56,821)
Disbursements from beneficial interest in trust	480,423	423,249
Net cash provided by investing activities	20,412	366,428
Financing Activities		
Proceeds from long-term debt	-	1,958,700
Payments of long-term debt	(494,301)	(432,048)
Net cash (used in) provided by financing activities	(494,301)	1,526,652
Net change in cash and cash equivalents	2,247,519	2,228,705
Cash and cash equivalents at beginning of year	5,336,470	3,107,765
Cash and cash equivalents at end of year	\$ 7,583,989	\$ 5,336,470
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 171,675	\$ 183,539

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

St. Thomas Community Health Center, Inc. and Subsidiary Notes to the Consolidated Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

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

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

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

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

In order to assist in meeting its goals and mission of providing services as a primary health care clinic, the Clinic has applied for and has been awarded several grants from both governmental and private programs. During the years ended December 31, 2021 and 2020, the Clinic received and administered the following:

GOVERNMENTAL GRANTS

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

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

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

St. Thomas Community Health Center, Inc. and Subsidiary Notes to the Consolidated Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION (Continued)

PRIVATE FOUNDATION AND TRUST PROGRAMS

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of St. Thomas Community Health Center, Inc., and its wholly-owned subsidiary, St. Thomas Specialty Services, LLC (collectively, the Clinic). STSS provides out-of-scope cardiological diagnostic tests in support of the Clinic's primary care services and patients. The Clinic consolidates an entity if the Clinic has a controlling interest in the entity. All significant intercompany balances and transactions have been eliminated.

Basis of Accounting

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

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to expected amounts to be received for services provided and depreciation of property and equipment.

Risk Management

The Clinic is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters;

St. Thomas Community Health Center, Inc. and Subsidiary Notes to the Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risk Management (continued)

medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

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

The Clinic purchases medical malpractice coverage under claims-made policies for claims that are not covered under the scope of the FTCA. Under these policies, only claims made and reported to the insurer are covered during the policy term, regardless of when the incident giving rise to the claim occurred.

Cash and Cash Equivalents

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

Patient Accounts Receivable and Patient Service Revenue

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

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

St. Thomas Community Health Center, Inc. and Subsidiary Notes to the Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Patient Accounts Receivable and Patient Service Revenue (continued)

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

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

As provided for under the guidance, the Clinic does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less.

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

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

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

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

St. Thomas Community Health Center, Inc. and Subsidiary Notes to the Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Patient Accounts Receivable and Patient Service Revenue (continued)

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

For receivables associated with uninsured patients (also known as 'self-pay'), which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Clinic records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many uninsured patients are often either unable or unwilling to pay the full portion of their bill for which they are financially responsible. The difference between standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

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

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant in 2021 or 2020.

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

Inventory

Inventories are stated at the lower of cost or net realizable value, determined using the first-in, first-out method (FIFO).

Prepaid Expenses

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

St. Thomas Community Health Center, Inc. and Subsidiary Notes to the Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When indicators of impairment are present, management evaluates the carrying amount of such assets in relation to the operating performance and future estimated undiscounted net cash flows expected to be generated by the assets or underlying operations. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved. In the opinion of management, no long-lived assets were significantly impaired as of December 31, 2021 and 2020.

Beneficial Interest in Trust

The beneficial interest in trust is carried at fair value.

Fair Value Measurements

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note 5. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

Net Assets

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

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

St. Thomas Community Health Center, Inc. and Subsidiary Notes to the Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (continued)

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

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

Uncompensated Absences

The Clinic allows regular full-time employees, with a minimum of three months employment, to receive compensated absences (vacation and sick leave) based on length of service: 1-4 years, 136 hours; 5-9 years, 176 hours; and 10+ years, 216 hours. Employees are eligible to carry-over to the following year up to 40 hours of accrued time. Any hours above 40 at the end of each year will be forfeited. Upon termination, all accrued hours are paid to an employee at full value based on base hourly rates as of termination date. As of December 31, 2021 and 2020, accrued uncompensated absences were \$163,791 and \$154,887, respectively.

Revenue Recognition

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

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

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

Donated Assets – Donated medical supplies are recorded at fair value as received and include medications and related medical supplies donated to the Clinic. Donated facilities are recorded at fair

St. Thomas Community Health Center, Inc. and Subsidiary Notes to the Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

market value in the statements of activities and include the Clinic's parking lot surface, which is not included in the Clinic's building lease.

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

Electronic Health Records Incentive Program

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

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

The Clinic received and recognized EHR incentive payments prior to fiscal 2019. The Clinic received an \$80,850 settlement in 2020 from its previous EHR system provider relating to Medicaid provider incentives from fiscal 2018. No other incentive payments were received or recognized in 2021 or 2020, and management believes it is unlikely that any additional significant meaningful use incentives will be received in the future, as the terms of the program are coming to a close. However, prior incentive payments remain subject to future audits and recoupments.

Incentive Revenue

The Clinic participates in various incentive programs with third party insurers who provide bonus payments based on quality measures and metrics established by the program. The Clinic recognizes incentive payments as revenue when it is reasonably assured that the quality measures and metrics have been achieved. Total incentive revenue was \$955,339 and \$399,334 for the years ended December 31, 2021 and 2020, respectively, and is included as a component of other revenue on the consolidated statements of activities.

St. Thomas Community Health Center, Inc. and Subsidiary Notes to the Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest

Interest costs are charged to expense as incurred.

Advertising

Advertising costs are expensed as incurred and totaled \$172,241 and \$176,608 for the years ended December 31, 2021 and 2020, respectively. Advertising costs are included as a component of other expense on the consolidated statements of functional expense.

Functional Allocations of Expenses

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

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

Current Healthcare Environment

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

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

- Significant capital investment in healthcare information technology
- Continuing volatility in state and federal government reimbursement programs
- Effective management of multiple major regulatory mandates, including the previously mentioned audit activity

St. Thomas Community Health Center, Inc. and Subsidiary Notes to the Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Healthcare Environment (continued)

- Significant potential business model changes throughout the healthcare system, including within the healthcare commercial payer industry

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

Income Taxes

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

St. Thomas Community Health Center, Inc. utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2021 and 2020, the Clinic has no uncertain tax provisions that qualify for recognition or disclosure in the consolidated financial statements. The Clinic believes it is no longer subject to income tax examinations for years prior to 2018.

St. Thomas Specialty Services, LLC, with the consent of its member, has elected to be a limited liability company. In lieu of corporate income taxes, the member of the limited liability company is taxed on their proportionate share of each member's taxable income. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements.

Accounting Guidance Not Yet Adopted

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

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. For nonpublic entities, the standard is now effective for fiscal years beginning after December 15, 2021, as a delay in

St. Thomas Community Health Center, Inc. and Subsidiary Notes to the Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Guidance Not Yet Adopted (continued)

adoption was recently approved. Early adoption is permitted. The Clinic is currently evaluating the impact of the guidance on its financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, June 29, 2022. See Note 6 and Note 14 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Note 3: FINACIAL ASSET AVAILABILITY

The Clinic has \$8,816,251 of financial assets available within one year of the consolidated statements of financial position dated December 31, 2021 consisting of cash and cash equivalents of \$7,583,989, grants and other receivables of \$385,945, and patient accounts receivable of \$846,317. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for the general expenditure within one year of the consolidated statements of financial position date. The Clinic has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 30 days of normal operating expenses, which are, on average, approximately \$2,228,425. Management believes it has appropriate available financial resources.

Note 4: PROPERTY AND EQUIPMENT

The components of property and equipment at December 31, 2021 and 2020 are as follows:

	Estimated Useful Lives (in years)	2021	2020
Buildings	39 years	\$ 12,639,264	\$ 12,639,264
Leasehold improvements	5-10 years	1,550,503	1,779,405
Vehicles	7 years	175,350	-
Furniture and fixtures	5-7 years	188,570	139,560
Computer equipment	3-7 years	162,458	162,458
Medical equipment	3-7 years	409,386	409,386
		15,125,531	15,130,073
Less: accumulated depreciation		(3,979,408)	(3,989,190)
Land		331,300	331,300
Property and equipment, net		\$ 11,477,423	\$ 11,472,183

St. Thomas Community Health Center, Inc. and Subsidiary Notes to the Consolidated Financial Statements

Note 4: PROPERTY AND EQUIPMENT (Continued)

Depreciation expense for the years ended December 31, 2021 and 2020 was \$454,772 and \$423,779, respectively.

Note 5: FAIR VALUE MEASUREMENTS

Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Clinic has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

St. Thomas Community Health Center, Inc. and Subsidiary Notes to the Consolidated Financial Statements

Note 5: FAIR VALUE MEASUREMENTS (Continued)

Fair Value Measurements (continued)

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the trust are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the trust are deemed to be actively traded.

Beneficial Interest in Trust

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

As of December 31, 2021 and 2020, the Clinic's beneficial interest in trust, fair value, was considered a Level 3 Input.

The following table sets forth a summary of changes in the fair value of the Clinic's level 3 assets for the year end December 31, 2021 and 2020:

	2021	2020
Beginning balance	\$8,547,086	\$ 7,766,079
Income	128,521	159,474
Deposit	298	15,751
Disbursements	(545,422)	(423,249)
Bank fees	(86,263)	(78,431)
Change in market value	1,499,684	1,107,462
Ending balance	\$9,543,904	\$ 8,547,086

Note 6: LONG-TERM DEBT

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

	2021	2020
Note payable to Louisiana Recovery Authority (LRA)	\$ 1,035,626	\$ 1,137,767
Economic Injury Disaster note payable to Small Business Administration (SBA)	149,259	149,900
Payroll Protection Program notes payable to Whitney Bank	-	1,808,800
Notes payable to Whitney Bank	3,127,224	3,518,742
Total debt outstanding	4,312,109	6,615,209
Less: current maturities	(472,149)	(1,106,578)
Long-term debt	\$ 3,839,960	\$ 5,508,631

St. Thomas Community Health Center, Inc. and Subsidiary Notes to the Consolidated Financial Statements

Note 6: LONG-TERM DEBT (Continued)

LRA Loan

A loan agreement was executed between the Clinic and the LRA, a division of the State of Louisiana's Office of Community Development (the OCD), in the amount of \$2,000,000 which matures 20 years from the Closing Date of March 28, 2011, and an interest rate of 1.00%. Interest only was payable monthly until February 2012, when principal and interest payments of \$9,198 began monthly until the maturity date. As collateral, the Clinic granted to the OCD a continuing security interest in substantially all of its assets. As of December 31, 2021 and 2020, the unpaid principal balance of this loan was \$1,035,626 and \$1,137,767, respectively. The lender has the option to forgive up to 50% of the loan proceeds (up to \$1,000,000) on the date that the principal repayment is complete.

Subsequent to year-end, the Clinic made final payment and submitted an application receive formal forgiveness from the lender. To date, the Clinic has not received correspondence from the lender declaring formal forgiveness of the loan.

Economic Injury Disaster Loan

On May 15, 2020, a loan agreement was executed between the Clinic and the SBA in the amount of \$150,000, bearing interest at a fixed rate of 2.75% with monthly principal and interest payments of \$641 beginning May 15, 2021, maturing on May 15, 2050, unsecured. As of December 31, 2021 and 2020, the unpaid principal balance of this loan was \$149,259 and \$149,900, respectively.

Whitney Bank Loans

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

- Loan agreement dated August 3, 2016 for the amount of \$880,000, bearing interest at a fixed 4.15% with monthly principal and interest payments of \$8,998, maturing August 3, 2026, secured by property. The balance as of December 31, 2021 and 2020 was \$471,214 and \$555,961, respectively.
- Loan agreement dated August 3, 2016 for the amount of \$250,000, bearing interest at a fixed 4.15% with monthly principal and interest payments of \$4,628, maturing August 3, 2021, unsecured. The balance was paid in full as of December 31, 2021. At December 31, 2020, the balance on the loan was \$50,455.
- Loan agreement dated August 10, 2018 for the amount of \$492,699, bearing interest at a fixed 5.50% with monthly principal and interest payments of \$9,429, maturing August 10, 2023, unsecured. The balance as of December 31, 2021 and 2020 was \$199,328 and \$307,404, respectively.

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

St. Thomas Community Health Center, Inc. and Subsidiary
Notes to the Consolidated Financial Statements

Note 6: LONG-TERM DEBT (Continued)

Whitney Bank Loans (continued)

- Loan agreement dated October 12, 2017 for the amount of \$3,046,000, bearing interest at a fixed 4.49% with principal and interest payments of \$23,286, maturing October 12, 2032, secured by property. The balance as of December 31, 2021 and 2020 was \$2,456,682 and \$2,604,922, respectively. The loan agreement contains a debt service ratio financial covenant.

Long-term debt outstanding at December 31, 2021 matures as follows:

Year Ending December 31,	
2022	\$ 472,149
2023	475,953
2024	394,316
2025	408,401
2026	401,340
Thereafter	2,159,950
	\$ 4,312,109

Interest expense was \$171,675 and \$183,539 for the years ended December 31, 2021 and 2020, respectively.

Note 7: PATIENT REVENUES

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

For the years ended December 31, 2021 and 2020, the Clinic received or expects to receive \$9,163,659 and \$7,710,267 in reimbursements for Medicaid and Medicare claims submitted, respectively.

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

St. Thomas Community Health Center, Inc. and Subsidiary
Notes to the Consolidated Financial Statements

Note 7: PATIENT REVENUES (Continued)

The table below shows the sources of patient service revenues:

	2021	2020
Medicaid and Medicare	\$ 9,163,659	\$ 7,710,267
Commercial	809,695	799,464
Private pay	595,255	743,270
Total	\$ 10,568,609	\$ 9,253,001

Note 8: OTHER REVENUES

As of December 31, 2021 and 2020, other revenues consisted of the following:

	2021	2020
Other incentives	\$ 955,339	\$ 488,822
Other grants	22,020	-
Other revenue	6,524	151,085
Total	\$ 983,883	\$ 639,907

Note 9: 340B DRUG PRICING PROGRAM

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

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

Note 10: CONCENTRATION OF CREDIT RISK

The Clinic maintains cash with multiple financial institutions in excess of the FDIC limit of \$250,000 by \$6,587,419 and \$4,469,583 at December 31, 2021 and 2020, respectively.

St. Thomas Community Health Center, Inc. and Subsidiary Notes to the Consolidated Financial Statements

Note 10: CONCENTRATION OF CREDIT RISK (Continued)

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

<i>December 31,</i>	2021	2020
Medicaid	65 %	53 %
Medicare	14 %	20 %
Commercial and Private Pay	21 %	27 %
Total	100 %	100 %

Note 11: PENSION PLAN

Effective January 1, 2006, the Clinic established the St. Thomas Community Healthcare Center Retirement Plan (the Plan), a 401(k) Plan. Employees over the age of 18, who have worked for the Clinic for more than 90 days, and have 1,000 hours of service in a plan year, are eligible to participate in the Plan. Plan expenses may be paid by the Clinic or by the Plan. Matching contributions are determined annually by the Clinic. The Clinic matches 100% of employee contributions up to 6% of gross pay. For the years ended December 31, 2021 and 2020, the Clinic incurred \$386,396 and \$494,682, respectively, of administrative costs and matching contributions related to the Plan.

Note 12: COMMITMENTS AND CONTINGENCIES

Operating Leases

Total rent expense for operating leases, primarily related to facilities and equipment, was \$729,276 and \$968,668 for the years ended December 31, 2021 and 2020, respectively. The leases have various maturities through May 31, 2025, with minimum monthly payments ranging from \$381 to \$12,724.

Future minimum rental commitments under non-cancellable operating leases with terms exceeding one year are as follows:

<i>Years Ending December 31,</i>	
2022	\$ 483,625
2023	238,035
2024	166,397
2025	63,621
Total	\$ 951,678

Commitments

The Clinic is a recipient of several grants and awards of federal and state funds. These grants and awards are governed by various federal and state guidelines, regulations, and contractual

St. Thomas Community Health Center, Inc. and Subsidiary Notes to the Consolidated Financial Statements

Note 12: COMMITMENTS AND CONTINGENCIES (Continued)

Commitments (continued)

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

Contingencies

Certain claims, suits and complaints arising in the ordinary course of operations have been filed or are pending against the Clinic. In the opinion of management, all such matters are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the Clinic if disposed of unfavorably. The results of legal proceedings cannot be predicted with certainty; however, and an unfavorable resolution of one or more of these legal proceedings could have a significant effect on the Company's financial position, or results of operations.

Note 13: PAYCHECK PROTECTION PROGRAM

On April 13, 2020, the Clinic received a loan in the amount of \$1,808,800 under the Payroll Protection Program ("PPP") pursuant to the CARES Act and administered by the SBA. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, rent and utilities. On July 1, 2021, the Clinic received formal forgiveness of the loan and accrued interest in its entirety. The full amount of the forgiven loan is included as paycheck protection program income in the consolidated statements of activities as a component of revenue and other support.

Note 14: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after December 31, 2021 through June 29, 2022, the date the Clinic's consolidated financial statements were available to be issued. In January 2022, the Clinic recorded insurance proceeds of \$114,728 related to claims made in 2021 for building damage sustained during Hurricane Ida. In March 2022, the Clinic purchased a building at 2000 Magazine Street for \$3,620,000, using a combination of cash and a construction loan bearing an interest rate of 3.69% with a term of 15 years. In May 2022, the Clinic's board approved the Clinic to purchase the building at 3500 Holiday Drive for \$900,000 which is expected to close in July 2022.



OTHER REPORTS AND SUPPLEMENTARY INFORMATION



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

As of December 31,

2021

	St. Thomas Community Health Center, Inc.	St. Thomas Specialty Services, LLC	Eliminations	Consolidated
Assets				
Current Assets				
Cash	\$ 7,494,497	\$ 89,492	\$ -	\$ 7,583,989
Grants receivable	290,934	-	-	290,934
Patient accounts receivable	831,304	15,013	-	846,317
Lease receivable	213,544	-	(213,544)	-
Other receivable	120,575	-	(25,564)	95,011
Inventory	118,387	-	-	118,387
Total current assets	9,069,241	104,505	(239,108)	8,934,638
Non-current assets				
Deposits and other non-current assets	25,463	-	-	25,463
Beneficial interest in trust	9,543,904	-	-	9,543,904
Property and equipment, net	11,477,423	-	-	11,477,423
Total non-current assets	21,046,790	-	-	21,046,790
Total assets	\$ 30,116,031	\$ 104,505	\$ (239,108)	\$ 29,981,428
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued liabilities	\$ 892,672	\$ 25,564	\$ (25,564)	\$ 892,672
Lease Payable	-	213,544	(213,544)	-
Uncompensated absences	163,791	-	-	163,791
Current maturities of long-term debt	472,149	-	-	472,149
Total current liabilities	1,528,612	239,108	(239,108)	1,528,612
Long-term liabilities				
Long-term debt, net of current maturities	3,839,960	-	-	3,839,960
Total liabilities	5,368,572	239,108	(239,108)	5,368,572
Net assets				
Without donor restrictions	15,203,555	(134,603)	-	15,068,952
With donor restrictions	9,543,904	-	-	9,543,904
Total net assets	24,747,459	(134,603)	-	24,612,856
Total liabilities and net assets	\$ 30,116,031	\$ 104,505	\$ (239,108)	\$ 29,981,428

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

For the year ended December 31,

	St. Thomas Community Health Center, Inc.	St. Thomas Specialty Services, LLC	Eliminations	2021 Consolidated
Operating revenues				
Patient service revenue	\$ 10,375,696	\$ 192,913	\$ -	\$ 10,568,609
Contributions	369,018	-	-	369,018
Grant revenues	5,960,575	-	-	5,960,575
340b drug program	609,639	-	-	609,639
Donated facilities and services	139,568	-	-	139,568
Pharmacy revenues	10,111,387	-	-	10,111,387
Other revenues	1,112,224	335	(128,676)	983,883
Paycheck protection program income	1,808,800	-	-	1,808,800
Change in value of interest in beneficial trust	1,477,241	-	-	1,477,241
Total operating revenues	31,964,148	193,248	(128,676)	32,028,720
Operating expenses				
<i>Program services</i>				
Health care	21,168,686	128,676	(128,676)	21,168,686
Total program services	21,168,686	128,676	(128,676)	21,168,686
<i>Support Services</i>				
Management and general	5,526,766	4,445	-	5,531,211
Total supporting services	5,526,766	4,445	-	5,531,211
Total operating expenses	26,695,452	133,121	(128,676)	26,699,897
Excess of revenues over (under) expenses attributable to the Clinic	\$ 5,268,696	\$ 60,127	\$ -	\$ 5,328,823

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

For the year ended December 31, 2021

Dr. Donald T. Erwin, MD, CEO

Salary	\$	-
Benefits - health insurance		-
Benefits - retirement		-
Benefits - dental and vision insurance		-
Benefits - other insurance		-
Deferred compensation		-
Car allowance		-
Vehicle provided by STCHC		-
Cell phone		-
Dues		-
Vehicle rental		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		-
Conference travel		-
Housing		-
Unvouchered expenses		-
Special meals		-
Other		-
		-
		\$
		-

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of St. Thomas Community Health Center, Inc. and Subsidiary (a nonprofit organization; the Clinic) which comprise the consolidated statements of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements, 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 consolidated financial statements, we considered the Clinic's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clinic's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clinic's internal control.

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

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

any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Cary Riggs & Ingram, L.L.C.

Metairie, Louisiana
June 29, 2022



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited St. Thomas Community Health Center, Inc. and Subsidiary's (the Clinic) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Clinic's major federal programs for the year ended December 31, 2021. The Clinic's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Clinic complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an other instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Clinic's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Clinic's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned cost as items 2021-001, 2021-002, 2021-003 and 2021-004 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Clinic's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Clinic's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Carri Riggs & Ingram, L.L.C.

Metairie, Louisiana

June 29, 2022

St. Thomas Community Health Center, Inc. and Subsidiary Schedule of Expenditures of Federal Awards

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures (\$)	Amount Passed through to Subrecipient	Total Federal Expenditures (\$)
Health Center Program Cluster					
Department of Health and Human Services					
COVID-19 Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) [April 2021 - March 2023]	93.224		\$ 2,490,819	\$ -	\$ 2,490,819
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) [March 2019 - February 2022]	93.224		2,565,060	-	2,565,060
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) [March 2019 - February 2023]	93.224		206,336	-	206,336
Total Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)			5,262,215	-	5,262,215
<i>Total Health Center Program Cluster</i>			5,262,215	-	5,262,215
COVID-19 Provider Relief Fund	93.498		401,285	-	401,285
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds	93.752		58,550	-	58,550
<i>Total Department of Health and Human Services</i>			5,722,050	-	5,722,050
Total Expenditures of Federal Awards			\$ 5,722,050	\$ -	\$ 5,722,050

St. Thomas Community Health Center, Inc. and Subsidiary Notes to the Schedule of Expenditures of Federal Awards

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 2: INDIRECT COST RATE

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

Note 3: LOAN

The Clinic did not expend federal awards related to loans or loan guarantees during the year. The balance of the loan outstanding between the Clinic and Louisiana Recovery Authority (LRA Loan) as of December 31, 2021 is \$1,035,626. The LRA Loan is described in detail in Note 6 – Long-Term Debt in the notes to the consolidated financial statements. There are no continuing requirements related to this loan.

Note 4: FEDERALLY FUNDED INSURANCE

The Clinic has no federally funded insurance.

Note 5: NONCASH ASSISTANCE

The Clinic did not receive any federal noncash assistance for the fiscal year ended December 31, 2021.

Note 6: RECONCILIATION OF FEDERAL EXPENDITURES TO FEDERAL REVENUE

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

For the year ended December 31, 2021:	
Total federal expenditures	\$ 5,722,050
Federal revenue- Provider Relief Fund – Period 2 (Amount reported as revenue in consolidated financial statements in 2021, but will be reported as expenditures on SEFA in 2022)	487,955
Federal revenue- Provider Relief Fund – Period 1 (Amount reported as revenue in consolidated financial statements in 2020, but is reported as expenditures on SEFA in 2021)	(401,285)
Grant revenues not from federal awards	151,855
Total grant revenues	\$ 5,960,575

**St. Thomas Community Health Center, Inc. and Subsidiary
Schedule of Findings and Questioned Costs**

SECTION I: SUMMARY OF AUDITORS' RESULTS

Consolidated Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(es) identified? None noted

Noncompliance material to consolidated financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(es) identified? Yes

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)? Yes

Identification of major federal programs:

Assistance Listing Number	Federal Program or Cluster
93.224	Health Center Program Cluster
93.498	COVID-19 Provider Relief Fund

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

Auditee qualified as a low-risk auditee for federal purposes? Yes

St. Thomas Community Health Center, Inc. and Subsidiary Schedule of Findings and Questioned Costs

Section II: CONSOLIDATED FINANCIAL STATEMENT FINDINGS

None noted.

Section III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-001 Significant Deficiency: Internal control over Compliance with Suspension and Debarment Requirement

Title and Assistance Listing Number of Federal Program: Health Resources and Services Administration 93.224

Federal Award Identification Number and Year: 2021

Name of Federal Agency: Department of Health and Human Services

Questioned Costs: None

Criteria: Per 2 CFR 180, non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. In accordance with 2 CFR 200.303(a), non-federal entities must establish and maintain effective internal controls over federal awards.

Condition: The Clinic did not maintain support that review for suspension and debarment was performed prior to execution of contracts for 6 of 6 contractors tested.

Cause: The Clinic has implemented controls to review for suspension or debarment, but did not maintain support that the suspension and debarment review occurred prior to execution of the contracts.

Effect: Contracts could be entered into with vendors who are suspended or debarred without documented support that a review for suspension or debarment is performed prior to execution of the contract.

Auditors' Recommendation: CRI recommends that the Clinic document controls performed to review for suspension and debarment prior to execution of contracts.

Managements Response: See corrective action plan on page 44.

St. Thomas Community Health Center, Inc. and Subsidiary Schedule of Findings and Questioned Costs

2021-002 Significant Deficiency: Internal Control over Compliance and Compliance with Special Test - Sliding Scale Requirement

Title and Assistance Listing Number of Federal Program: Health Resources and Services Administration 93.224

Federal Award Identification Number and Year: 2021

Name of Federal Agency: Department of Health and Human Services

Questioned Costs: \$140

Criteria: Health centers must prepare and apply a sliding fee discount schedule so that the amounts owed for health center services by eligible patients are adjusted (discounted) based on the patient's ability to pay. In accordance with 2 CFR 200.303(a), non-federal entities must establish and maintain effective internal controls over federal awards.

Condition: The Clinic did not apply the sliding fee discounts to patient charges consistent with its sliding fee discount schedule.

Cause: Household income was incorrectly entered for 6 of 40 patient encounters tested, which can result in an incorrect sliding fee discount being applied to the patient encounter.

Effect: Patient encounters could be incorrectly charged for the patient's responsibility portion of the visit.

Auditors' Recommendation: The Clinic should design, implement, and monitor controls to ensure information is entered correctly in order for the electronic system to correctly apply the sliding fee discount.

Managements Response: See corrective action plan on page 44.

2021-003 Significant Deficiency: Internal control over Compliance with Allowable Costs and Activities Requirement

Title and Assistance Listing Number of Federal Program: Provider Relief Fund 93.498

Federal Award Identification Number and Year: 2021

Name of Federal Agency: Department of Health and Human Services

Questioned Costs: none

Criteria: Per 2 CFR 200.303(a), non-federal entities receiving federal awards are required to establish and maintain internal control over the federal awards that provide reasonable

St. Thomas Community Health Center, Inc. and Subsidiary Schedule of Findings and Questioned Costs

assurance that the non-federal entity is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

Condition: The transactions and related data for the Provider Relief Fund (PRF) was compiled, reviewed, and approved by the same person. Additionally, the reporting included expenses and lost revenue by should have only included lost revenue.

Cause: Although the PRF lost revenue calculation was submitted and accepted by the federal agency, controls and processes related to the PRF program were not designed such that there is an appropriate segregation of duties related to compilation, review, and approval of PRF transactions and related data. Guidance for the submission was not clear, thus expense information was included in the submission erroneously.

Effect: Lack of appropriate segregation of duties and monitoring could result in unallowable activities or costs.

Auditors' Recommendation: CRI recommends implementing controls and processes to ensure appropriate segregation of duties and monitoring.

Managements Response: See corrective action plan on page 44.

2021-004 Significant Deficiency: Internal control over Compliance with Special Reporting Requirement

Title and Assistance Listing Number of Federal Program: Provider Relief Fund 93.498

Federal Award Identification Number and Year: 2021

Name of Federal Agency: Department of Health and Human Services

Questioned Costs: none

Criteria: Per the 2021 Compliance Supplement, the Clinic was required to report expenditures and/or lost revenue through the Provider Relief Fund Reporting Portal for Period 1 no later than September 30, 2021 (further extended to November 30, 2021 as noted on the PRF website). In accordance with 2 CFR 200.303(a), non-federal entities must establish and maintain effective internal controls over federal awards.

Condition: Internal controls were not implemented such that Reporting Period 1 information was submitted timely to the Provider Relief Fund Reporting Portal.

Cause: Although lost revenues filed were eligible under the federal program and the report was accepted by the federal agency, controls over reporting were not effective and the Clinic submitted Period 1 information to the Provider Relief Fund Reporting Portal after the stated deadline.

St. Thomas Community Health Center, Inc. and Subsidiary Schedule of Findings and Questioned Costs

Effect: Lack of internal controls could result in incorrect or untimely reporting.

Auditors' Recommendation: CRI recommends that the Clinic implement controls to ensure all reporting requirements are met.

Managements Response: See corrective action plan on page 44.

Section IV: PRIOR FINDINGS FOR CONSOLIDATED FINANCIAL STATEMENTS

None noted.



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CORRECTIVE ACTION PLAN

2021-001 Significant Deficiency: Internal control over Compliance with Suspension and Debarment Requirement

Planned Corrective Action: Management has contracted with an external vendor that assists with review and documentation of suspended or debarred vendors prior to execution of contracts.

Anticipated Completion Date: September 30, 2022

Responsible Party: Indred Rogers, HR Director

2021-002 Significant Deficiency: Compliance with Special Test - Sliding Scale Requirement

Planned Corrective Action: Management will implement additional training of intake employees and additional review procedures to verify that the information entered into the electronic patient records matches the information provided by the patient.

Anticipated Completion Date: September 30, 2022

Responsible Party: Dr. Mary Abell, Associate CEO

2021-003 Significant Deficiency: Internal control over Compliance with Allowable Costs and Activities Requirement

Planned Corrective Action: Management will implement additional procedures for review and approval of all federal award reports prior to submission.

Anticipated Completion Date: September 30, 2022

Responsible Party: Robert Darrow, CFO

2021-004 Significant Deficiency: Internal control over Compliance and Compliance with Special Reporting Requirement

Planned Corrective Action: Management will set up a task reminder to ensure all federal reporting requirements are submitted timely.

Anticipated Completion Date: June 30, 2022

Responsible Party: Robert Darrow, CFO



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

AGREED-UPON PROCEDURES REPORT

December 31, 2021

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of St. Thomas Community Health Center 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. St. Thomas Community Health Center, Inc. and Subsidiary (the Center)'s management is responsible for those C/C areas identified in the SAUPs.

The Center 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. Obtain and inspect the Center's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

Results: No exceptions were found as a result of applying the procedure.

- b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Results: No exceptions were found as a result of applying the procedure.

c) *Disbursements*, including processing, reviewing, and approving.

Results: No exceptions were found as a result of applying the procedure.

d) *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: No exceptions were found as a result of applying the procedure.

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.

Results: No exceptions were found as a result of applying the procedure.

f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: No exceptions were found as a result of applying the procedure.

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, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Results: No exceptions were found as a result of applying the procedure.

h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: No exceptions were found as a result of applying the procedure.

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.

Results: Not applicable.

j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: Not applicable.

- 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.

Results: No exceptions were found as a result of applying the procedure.

- l) *Sexual Harassment*, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: Not applicable.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) *Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.*

Results: No exceptions were found as a result of applying the procedure.

- 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 reference or include financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Results: No exceptions were found as a result of applying the procedure.

- c) *For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.*

Results: Not applicable.

Bank Reconciliations

3. Obtain listing of the entities bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for 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);

Results: No exceptions were found as a result of applying the procedure.

b) Bank reconciliations included evidence that a member of management or a 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

Results: No exceptions were found as a result of applying the procedure.

c) Management has documentation reflecting that it has researched reconciling items that had been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were found as a result of applying the procedure.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: No exceptions were found as a result of applying the procedure.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

a) Employees responsible for cash collections do not share cash drawers/registers.

Results: No exceptions were found as a result of applying the procedure.

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.*

Results: No exceptions were found as a result of applying the procedure.

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 posting to each other and to the deposit.*

Results: No exceptions were found as a result of applying the procedure.

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.*

Results: No exceptions were found as a result of applying the procedure.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Results: No exceptions were found as a result of applying the procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliation" 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). Obtain supporting documentation for each of the 10 deposits and:

a) *Observe that receipts are sequentially pre-numbered.*

Results: No exceptions were found as a result of applying the procedure.

b) *Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.*

Results: No exceptions were found as a result of applying the procedure.

c) *Trace the deposit slip total to the actual deposit per the bank statement.*

Results: No exceptions were found as a result of applying the procedure.

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).*

Results: No exceptions were found as a result of applying the procedure.

e) *Trace the actual deposit per the bank statement to the general ledger.*

Results: No exceptions were found as a result of applying the procedure.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: No exceptions were found as a result of applying the procedure.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), 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.

Results: No exceptions were found as a result of applying the procedure.

b) At least two employees are involved in processing and approving payments to vendors.

Results: No exceptions were found as a result of applying the procedure.

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.

Results: No exceptions were found as a result of applying the procedure.

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 payment. [Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

Results: No exceptions were found as a result of applying the procedure.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

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.

Results: No exceptions were found as a result of applying the procedure.

b) *Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.*

Results: No exceptions were found as a result of applying the procedure.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: No exceptions were found as a result of applying the procedure.

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.]*

Results: No exceptions were found as a result of applying the procedure.

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

Results: Exception noted – a late fee of 39\$ was assessed on one of the two credit card statements selected.

13. Using the monthly statements or combined statement 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 purpose/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 has a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increase scrutiny.

Results: No exceptions were found as a result of applying the procedure.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 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 Administration (www.gsa.gov).*

Results: No exceptions were found as a result of applying the procedure.

b) *If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.*

Results: No exceptions were found as a result of applying the procedure.

c) *Observe that 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).*

Results: No exceptions were found as a result of applying the procedure.

d) *Observe that each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.*

Results: No exceptions were found as a result of applying the procedure.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, material and supplies, lease, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

a) *Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.*

Results: No exceptions were found as a result of applying the procedure.

b) *Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).*

Results: No exceptions were found as a result of applying the procedure.

- c) *If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).*

Results: No exceptions were found as a result of applying the procedure.

- 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 condition of the contract.*

Results: No exceptions were found as a result of applying the procedure.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions were found as a result of applying the procedure.

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.)*

Results: No exceptions were found as a result of applying the procedure.

- b) *Observe whether supervisors approved the attendance and leave of the selected employees or officials.*

Results: No exceptions were found as a result of applying the procedure.

- c) *Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.*

Results: No exceptions were found as a result of applying the procedure.

- d) *Observe the rate paid to the employees or official agree to the authorized salary/pay rate found within the personnel file.*

Results: No exceptions were found as a result of applying the procedure.

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' authorized pay rates in the employee or official's personnel files, and agree the termination payment to entity policy.

Results: No exceptions were found as a result of applying the procedure.

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.

Results: No exceptions were found as a result of applying the procedure.

Ethics

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.

Results: Not applicable; entity is a non-profit.

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.

Results: Not applicable; entity is a non-profit.

Debt Service

21. Obtain a listing of bonds/notes and other debt instrument issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

Results: Not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select 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).

Results: Not applicable.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representations that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: No exceptions were found as a result of applying the procedure.

24. Observed that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud waste, or abuse of public funds.

Results: No exceptions were found as a result of applying the procedure.

Information Technology Disaster Recovery/Business Continuity

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.*

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

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

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

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

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

Sexual Harassment

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.

Results: Not applicable.

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).

Results: Not applicable.

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;*

Results: Not applicable.

- b) *Number of sexual harassment complaints received by the agency;*

Results: Not applicable.

- c) *Number of complaints which resulted in a finding that sexual harassment occurred;*

Results: Not applicable.

- d) *Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and*

Results: Not applicable.

- e) *Amount of time it took to resolve each complaint.*

Results: Not applicable.

We performed the procedure and discussed the results with management. We were not engaged to and did not perform 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 the Clinic and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is solely to describe the scope of procedures performed on the 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.

Cam, Riggs & Ingram, L.L.C.

Metairie, Louisiana

June 29, 2022



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RE: Management's Response to Statewide Agreed-Upon Procedures
St. Thomas Community Health Center, Inc.

Dear Sirs:

St. Thomas Community Health Center, Inc. will review policies and procedures in regard to the comments for each financial function and make appropriate changes that will improve operations and internal controls in each area that are cost effective and within our budget constraints.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Darrow".

Robert Darrow
Chief Financial Officer