

**TANGIPAHOA PARISH HOSPITAL  
SERVICE DISTRICT NO. 2  
D/B/A HOOD MEMORIAL HOSPITAL**

Financial Statements

September 30, 2020 and 2019



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## Independent Auditor's Report

To the Board of Commissioners  
Tangipahoa Parish Hospital Service District No. 2  
d/b/a Hood Memorial Hospital  
Amite, Louisiana

### Report on Financial Statements

We have audited the accompanying financial statements of the Tangipahoa Parish Hospital Service District No. 2 (d/b/a Hood Memorial Hospital) (the Hospital) as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tangipahoa Parish Hospital Service District No. 2 (d/b/a Hood Memorial Hospital), as of September 30, 2020 and 2019, and the changes in financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hospital's basic financial statements. The schedules identified in the table of contents as other supplementary information, and the Schedule of Expenditures of Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 March 8, 2021 on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Hospital'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 the Hospital's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Metairie, LA  
March 8, 2021

**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Statements of Net Position**  
**September 30, 2020 and 2019**

|   | 2020                 | 2019                |
|---|----------------------|---------------------|
| <b>Assets</b>   |                      |                     |
| <b>Current Assets</b>   |                      |                     |
| Cash and Cash Equivalents                                       | \$ 11,054,015        | \$ 1,016,244        |
| Patient Accounts Receivable, Net                                | 1,496,823            | 1,044,411           |
| Due from Third Party Payors                                     | 715,734              | 1,284,912           |
| Grant Receivables   | 328,173              | -                   |
| Other Receivables   | 46,877               | -                   |
| Inventories   | 295,404              | 234,210             |
| Prepaid Expenses  | 54,681               | 20,528              |
| <b>Total Current Assets</b>                                     | <b>13,991,707</b>    | <b>3,600,305</b>    |
| <b>Assets Whose Use is Limited or Restricted</b>                |                      |                     |
| By Bond Indenture   |                      |                     |
| Bond Account  | -                    | 100                 |
| Board Designated Funds  |                      |                     |
| Cash  | -                    | 34,553              |
| Investments   | 29,970               | 29,731              |
| Accrued Interest Receivable                                     | -                    | 148                 |
| <b>Total Assets Whose Use is Limited or Restricted</b>          | <b>29,970</b>        | <b>64,532</b>       |
| <b>Property, Plant, and Equipment</b>                           |                      |                     |
| Property, Plant, and Equipment, Net of Accumulated Depreciation | 1,823,312            | 2,148,333           |
| <b>Total Assets</b>   | <b>\$ 15,844,989</b> | <b>\$ 5,813,170</b> |

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

**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Statements of Net Position (Continued)**  
**September 30, 2020 and 2019**

|   | 2020                 | 2019                |
|---|----------------------|---------------------|
| <b>Liabilities and Net Position</b>               |                      |                     |
| <b>Current Liabilities</b>                        |                      |                     |
| Accounts Payable                                  | \$ 795,541           | \$ 763,970          |
| Accrued Salaries and Related Withholdings         | 487,611              | 344,996             |
| Due to Third Party Payors                         | 1,125,097            | 475,387             |
| Accrued Estimated Health Benefits                 | 121,949              | 211,774             |
| Paycheck Protection Program Loan                  | 1,838,072            | -                   |
| Current Portion of Limited Tax Bonds, Series 2013 | 85,000               | 85,000              |
| Current Portion of Capital Lease Obligations      | 145,455              | 142,099             |
| Accrued Interest Payable                          | 510                  | -                   |
| Advance Liabilities                               | 4,152,405            | -                   |
| <b>Total Current Liabilities</b>                  | <b>8,751,640</b>     | <b>2,023,226</b>    |
| <b>Long-Term Liabilities</b>                      |                      |                     |
| Advance Liabilities                               | 1,433,150            | -                   |
| Limited Tax Bonds, Series 2013                    | 90,000               | 175,000             |
| Capital Lease Obligations                         | 152,621              | 298,076             |
| <b>Total Long-Term Liabilities</b>                | <b>1,675,771</b>     | <b>473,076</b>      |
| <b>Total Liabilities</b>                          | <b>10,427,411</b>    | <b>2,496,302</b>    |
| <b>Net Position</b>                               |                      |                     |
| Net Investment in Capital Assets                  | 1,350,236            | 1,448,158           |
| Restricted  |                      |                     |
| Bond Construction Account (Expendable)            | -                    | 100                 |
| By Board (Expendable)                             | 29,970               | 64,432              |
| Unrestricted                                      | 4,037,372            | 1,804,178           |
| <b>Total Net Position</b>                         | <b>5,417,578</b>     | <b>3,316,868</b>    |
| <b>Total Liabilities and Net Position</b>         | <b>\$ 15,844,989</b> | <b>\$ 5,813,170</b> |

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

**TANGIPAOA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended September 30, 2020 and 2019**

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| <b>Revenues</b>  |                     |                     |
| Net Patient Service Revenue Before Provision for Doubtful Accounts | \$ 16,720,793       | \$ 16,596,587       |
| Provision for Doubtful Accounts                                    | (1,591,073)         | (1,376,171)         |
| Net Patient Service Revenues After Provision for Doubtful Accounts | 15,129,720          | 15,220,416          |
| Intergovernmental Transfers - Operating Grants                     | 2,179,896           | 3,180,630           |
| Other Operating Revenue  | 184,155             | 140,836             |
| <b>Total Revenues</b>  | <b>17,493,771</b>   | <b>18,541,882</b>   |
| <b>Operating Expenses</b>  |                     |                     |
| Salaries and Wages   | 7,755,920           | 7,544,648           |
| Employee Benefits  | 1,685,172           | 1,798,733           |
| Physician Fees   | 1,863,074           | 1,719,062           |
| Professional Fees  | 1,203,092           | 458,657             |
| Purchased Services   | 2,024,392           | 2,616,792           |
| Supplies and Maintenance   | 1,486,406           | 1,457,433           |
| Depreciation and Amortization                                      | 389,667             | 519,316             |
| Insurance and Other  | 355,994             | 357,567             |
| Telephone and Utilities  | 238,943             | 244,898             |
| <b>Total Operating Expenses</b>                                    | <b>17,002,660</b>   | <b>16,717,106</b>   |
| <b>Operating Income</b>  | <b>491,111</b>      | <b>1,824,776</b>    |
| <b>Non-Operating Revenues (Expenses)</b>                           |                     |                     |
| Coronavirus Relief Funds   | 1,256,052           | -                   |
| Grant Income   | 120,048             | 34,819              |
| Ad Valorem Taxes   | 199,405             | 194,698             |
| Donation Revenue   | 41,970              | -                   |
| Interest Expense   | (23,428)            | (49,931)            |
| Investment Income  | 16,309              | 4,214               |
| Unrealized (Loss) Gain on Investments                              | (757)               | 34                  |
| <b>Total Non-Operating Revenues, Net</b>                           | <b>1,609,599</b>    | <b>183,834</b>      |
| <b>Change in Net Position</b>                                      | <b>2,100,710</b>    | <b>2,008,610</b>    |
| <b>Net Position, Beginning of Year</b>                             | <b>3,316,868</b>    | <b>1,308,258</b>    |
| <b>Net Position, End of Year</b>                                   | <b>\$ 5,417,578</b> | <b>\$ 3,316,868</b> |

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



**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Statements of Cash Flows**  
**For the Years Ended September 30, 2020 and 2019**

|  | 2020                 | 2019                |
|--|----------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>                      |                      |                     |
| Receipts from and on Behalf of Patients                          | \$ 15,896,196        | \$ 14,152,286       |
| Cash Received from Operating Grants                              | 1,851,723            | 3,502,549           |
| Payments to Suppliers and Contractors                            | (7,235,677)          | (7,139,271)         |
| Cash Payments to Employees for Services and Benefits             | (9,388,302)          | (9,619,734)         |
| Other Receipts from Operations                                   | 1,775,164            | 140,836             |
| <b>Net Cash Provided by Operating Activities</b>                 | <b>2,899,104</b>     | <b>1,036,666</b>    |
| <b>Cash Flows from Non Capital Financing Activities</b>          |                      |                     |
| Non-Capital Grant Income   | 120,048              | 34,819              |
| Donation Revenue   | 41,970               | -                   |
| Provider Relief Funds  | 3,947,669            | -                   |
| Paycheck Protection Program Proceeds                             | 1,838,072            | -                   |
| Coronavirus Relief Fund Proceeds                                 | 1,256,052            | -                   |
| <b>Net Cash Provided by Non Capital Financing Activities</b>     | <b>7,203,811</b>     | <b>34,819</b>       |
| <b>Cash Flows from Capital and Related Financing Activities</b>  |                      |                     |
| Ad Valorem Taxes   | 199,405              | 194,698             |
| Purchases of Property and Equipment                              | (64,646)             | -                   |
| Principal Payments on Limited Tax Bonds, Series 2013             | (85,000)             | (80,000)            |
| Principal Payments on Capital Lease Obligations                  | (142,099)            | (238,599)           |
| Interest Payments on Bonds and Capital Lease Obligations         | (22,918)             | (50,923)            |
| <b>Net Cash Used in Capital and Related Financing Activities</b> | <b>(115,258)</b>     | <b>(174,824)</b>    |
| <b>Cash Flows from Investing Activities</b>                      |                      |                     |
| Investment Income  | 16,457               | 4,223               |
| (Loss) Gain from the Sale of Assets Whose Use is Limited         | (996)                | 8,362               |
| <b>Net Cash Provided by Investing Activities</b>                 | <b>15,461</b>        | <b>12,585</b>       |
| <b>Increase in Cash and Cash Equivalents</b>                     | <b>10,003,118</b>    | <b>909,246</b>      |
| <b>Cash and Cash Equivalents, Beginning of Year</b>              | <b>1,050,897</b>     | <b>141,651</b>      |
| <b>Cash and Cash Equivalents, End of Year</b>                    | <b>\$ 11,054,015</b> | <b>\$ 1,050,897</b> |
| <b>Cash and Cash Equivalents</b>                                 |                      |                     |
| Unrestricted Cash and Cash Equivalents                           | \$ 11,054,015        | \$ 1,016,244        |
| Cash and Cash Equivalents Whose Use is Limited                   | -                    | 34,653              |
| <b>Total Cash and Cash Equivalents</b>                           | <b>\$ 11,054,015</b> | <b>\$ 1,050,897</b> |

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

**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Statements of Cash Flows (Continued)**  
**For the Years Ended September 30, 2020 and 2019**

|   | 2020                | 2019                |
|---|---------------------|---------------------|
| <b>Reconciliation of Operating Income to Net Cash</b>                                     |                     |                     |
| <b>Provided by Operating Activities</b>   |                     |                     |
| Operating Income  | \$ 491,111          | \$ 1,824,776        |
| Adjustments to Reconcile Operating Income to<br>Net Cash Provided by Operating Activities |                     |                     |
| Depreciation and Amortization   | 389,667             | 519,316             |
| Provision for Doubtful Accounts   | 1,591,073           | 1,376,171           |
| Changes in Operating Assets and Liabilities   |                     |                     |
| Patient Accounts Receivable and Due from (to) Third Parties                               | (824,597)           | (2,444,301)         |
| Grant and Other Receivables   | (375,050)           | 336,874             |
| Inventories and Prepaid Expenses  | (95,347)            | 21,353              |
| Accounts Payable and Accrued Expenses   | 84,361              | (597,523)           |
| Advance Liabilities   | 1,637,886           | -                   |
|   | <u>\$ 2,899,104</u> | <u>\$ 1,036,666</u> |
| <b>Net Cash Provided by Operating Activities</b>  |                     |                     |
| <b>Non Cash Investing, Capital, and Financing Activities</b>                              |                     |                     |
| (Decrease) Increase in the Fair Market Value of Investments                               | \$ (757)            | \$ 34               |

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

**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
D/B/A HOOD MEMORIAL HOSPITAL**

**Notes to Financial Statements**

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**Note 1. Reporting Entity**

Hood Memorial Hospital (the Hospital) was created by the Tangipahoa Parish Council, as Hospital Service District No. 2 of Tangipahoa Parish, Louisiana, on November 17, 1964 (recreated on October 19, 1965) under the provision of Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950 and is exempt from federal and state income taxes. The governing authority of the District is the Tangipahoa Parish Council and accordingly, appoints members to the Hospital Board (the Board). For this reason, the Hospital is considered a component unit of the Tangipahoa Parish Council (the Council), the financial reporting entity of Tangipahoa Parish. The Board exercises all administrative functions with respect to the operation and management of the Hospital.

The accompanying basic financial statements present information only on the funds maintained by the Hospital and do not present information on the Council.

**Note 2. Significant Accounting Policies**

**Accrual Basis of Accounting**

The accrual basis of accounting is used by the Hospital. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when the liability has been incurred. Under this basis of accounting, all assets and liabilities associated with the operation of the Hospital are included in the statements of net position.

**Accounting Standards**

The Hospital's financials are presented using the economic resources measurement focus and the accrual basis of accounting under Governmental Accounting Standards Board (GASB) Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That-Use Proprietary Fund Accounting*. Hospital accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set forth in the Louisiana Governmental Audit Guide, and to the American Institute of Certified Public Accountants (AICPA), *Audit and Accounting Guide - Health Care Organizations*, published by the AICPA, and standards set by the GASB, which is the accepted standard setting body for establishing governmental accounting and financial reporting principles in the United States of America.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**TANGIPAOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
D/B/A HOOD MEMORIAL HOSPITAL**

**Notes to Financial Statements**

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**Note 2. Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

Cash and cash equivalents include investments in highly liquid instruments with an original maturity of three months or less excluding amounts whose use are limited by the Board designation.

**Patient Accounts Receivable**

Patient accounts receivable are reported at their outstanding unpaid balance adjusted for any write-offs and the allowance for doubtful accounts.

Accounts are considered past due at the time that the balance is thirty days delinquent. Accounts are sent to collections when no payment has been received on the account for one hundred twenty days. Accounts are written off when all collection efforts have been exhausted.

**Allowance for Doubtful Accounts**

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for doubtful accounts charged to earnings. Losses are charged against the allowance when management believes the un-collectability of an account is confirmed. Subsequent recoveries, if any, are credited to the allowance.

**Inventories**

Inventories, which consist primarily of drugs and supplies, are valued at the lower of cost (first-in, first-out method) or market.

**Investments in Debt and Equity Securities**

Investments are stated at fair market value based on quoted market prices. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating income when earned.

**Capital Assets**

Land, building, and equipment acquisitions with a minimum value of \$5,000 per item and that have an economic useful life that extends beyond 24 months, are recorded at cost, or an estimated fair value if donated.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Equipment lives range as follows:

|                                 |               |
|---------------------------------|---------------|
| Buildings and Land Improvements | 10 - 40 Years |
| Fixed Equipment                 | 5 - 20 Years  |
| Major Movable Equipment         | 5 - 20 Years  |

**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
D/B/A HOOD MEMORIAL HOSPITAL**

**Notes to Financial Statements**

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**Note 2. Significant Accounting Policies (Continued)**

**Net Position**

In accordance with GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended, net position is classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

***Net Investment in Capital Assets***

This component of net position consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

***Restricted***

This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Restricted funds may be designated by the board in order to comply with bond covenants, contracts, or other specific purposes. The board of commissioners must authorize use of restricted funds.

***Unrestricted***

All other net position is reported in this category.

**Net Patient Service Revenues**

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenues are reported at the estimated net amounts realizable from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

**Operating and Non-Operating Revenue**

Operating revenue includes net patient revenue, cafeteria and vendor sales, rental income, and other revenues determined by management to be derived from operations of the Hospital. Non-operating revenues include ad valorem taxes, grant revenue, donation revenue, interest income, and gains or losses not considered to be derived from operations of the Hospital.

**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
D/B/A HOOD MEMORIAL HOSPITAL**

**Notes to Financial Statements**

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**Note 2. Significant Accounting Policies (Continued)**

**Ad Valorem Taxes**

The Hospital received approximately 0.94% and 1.06% of its financial support from ad valorem taxes for the years ended September 30, 2020 and 2019, respectively. Current taxes are received beginning in December of each year and become delinquent after January 31<sup>st</sup> of the following year. See Note 16 for additional disclosure regarding ad valorem tax revenues.

**Grants and Contributions**

From time to time, the Hospital receives grants and contributions from individuals or private and public organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all the eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either 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 acquisitions are reported after non-operating revenues and expenses.

**Unearned Revenue**

The Hospital recognizes unearned revenue when a potential revenue does not meet the Hospital's revenue recognition criteria are met, or when the Hospital receives resources prior to when it has a legal claim to them. When revenue recognition criteria are met, or when the Hospital has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and revenue is recognized.

**Compensated Absences**

Employees of the Hospital are entitled to paid time off depending on their length of service and other factors. Accrued compensated absences are included as a component of accrued salaries and related withholdings on the Hospital's statements of net position. The balance in accrued compensated absences was \$224,770 and \$181,493 as of September 30, 2020 and 2019, respectively.

**Self-Insured Medical Claims**

Effective November 1, 2019, the Hospital switched to a full-indemnity health insurance program. Prior to that date, the Hospital was self-insured for employee medical claims up to predetermined stop-loss amounts. Claims in excess of the stop-loss amounts were insured through a commercial insurance carrier. Management accrues its best estimate of probable claim amounts incurred but not reported based on its previous loss experience. The amount accrued for estimated health benefits for claims incurred under the Hospital's self-insurance program for the years ended September 30, 2020 and 2019 was \$121,949 and \$211,774, respectively.

**Income Taxes**

The Hospital is a political subdivision and exempt from taxes.

**TANGIPAOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
D/B/A HOOD MEMORIAL HOSPITAL**

**Notes to Financial Statements**

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**Note 2. Significant Accounting Policies (Continued)**

**Environmental Matters**

Due to the nature of the Hospital's operations, materials handled could lead to environmental concerns. However, at this time, management is not aware of any environmental matters which need to be considered.

**Risk Management**

The Hospital 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; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters.

**Recently Issued Accounting Principles**

In June 2018, the GASB issued Statement 87 (GASB 87). The objective of GASB 87, *Leases*, is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. In May 2020, the GASB issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the requirements of GASB 87 by 18 months. The requirements of this Statement are now effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of adoption on the Hospital's financial statements.

In June 2018, the GASB issued Statement 89 (GASB 89). The objective of GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, is to establish accounting requirements for interest cost incurred before the end of a construction period. In May 2020, the GASB issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the requirements of GASB 89 by one year. The requirements of this Statement are now effective for reporting periods beginning after December 15, 2020. Management is evaluating the potential impact of adoption on the Hospital's financial statements.

In May 2020, the GASB issued Statement 96 (GASB 96). The objective of GASB 96, *Subscription-Based Information Technology Arrangements*, is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022. Management is evaluating the potential impact of adoption on the Hospital's financial statements.

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**Notes to Financial Statements**

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**Note 2. Significant Accounting Policies (Continued)**

**Recently Issued Accounting Principles (Continued)**

In June 2020, the GASB issued Statement 97 (GASB 97). The objectives of GASB 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB 97 are effective for fiscal years beginning after June 15, 2021. Management is evaluating the potential impact of adoption on the Hospital's financial statements.

**Note 3. Major Source of Revenue**

The Hospital participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Hospital derived approximately 67.5% and 72.6% of its gross patient service revenue for the fiscal years ended September 30, 2020 and 2019, respectively, from patients covered by the Medicare and Medicaid programs.

**Note 4. Net Patient Service Revenue**

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows.

**Medicare**

Effective April 1, 2003, the Hospital was certified as a Critical Access Hospital. Inpatient services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2018.



**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
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**Notes to Financial Statements**

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**Note 4. Net Patient Service Revenue (Continued)**

**Medicaid**

Inpatient services are reimbursed at a fixed rate per day for medical/surgical patients. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, with certain limitations and exceptions. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports filed by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 2014.

The Louisiana Legislature, through the Healthcare Reform Act of 2007 and Act 1 of 2010, tasked the Louisiana Department of Health (LDH) to create a new system of care. In response, the LDH reformed its reimbursement methodology for Medicaid patients from a fee-for-service system to the use of a Coordinated Care Network (CCN). During 2011, the LDH enabled certain third-party payor companies to contract with providers under the CCN methodology. The Hospital is currently contracted and enrolled with payors participating in the CCN. The Hospital has filed annual cost reports with these payors, with the most final settlement date being September 30, 2014.

**Other**

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

For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue based on its standard rates for services provided. Based on historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided.

The following schedule represents total net patient service revenue:

|                                       | <b>2020</b>          | 2019          |
|---------------------------------------|----------------------|---------------|
| Gross Patient Service Revenue         | <b>\$ 28,111,305</b> | \$ 27,308,328 |
| Less: Contractual Adjustments         | <b>(11,390,512)</b>  | (10,711,741)  |
|                                       | <b>16,720,793</b>    | 16,596,587    |
| Less: Provision for Doubtful Accounts | <b>(1,591,073)</b>   | (1,376,171)   |
| <b>Net Patient Service Revenue</b>    | <b>\$ 15,129,720</b> | \$ 15,220,416 |

**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
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**Notes to Financial Statements**

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**Note 5. Bank Deposits and Investments**

Louisiana state statutes authorize the Hospital to invest in obligations of the U. S. Treasury and other Federal agencies, certificates of deposit of state banks and national banks having their principal office in the State of Louisiana, guaranteed investment contracts issued by financial institutions having one of the two highest rating categories published by Standard & Poor's or Moody's, and mutual or trust funds registered with the Securities and Exchange Commission (provided the underlying investments of these funds meet certain restrictions). Statutes also require that all the deposits of the Hospital be protected by insurance or collateral. The market value of collateral pledged must equal or exceed 100% of the deposits not covered by insurance.

As of September 30, 2020 and 2019, the balances reported by financial institutions for cash, certificates of deposit and money market accounts totaled \$11,219,035 and \$1,153,805, respectively. Of those balances, \$319,315 and \$252,227 was covered by federal depository insurance as of September 30, 2020 and 2019, respectively, and \$10,899,721 and \$901,578 was collateralized with securities held by the pledging bank in the Hospital's name as of September 30, 2020 and 2019, respectively. Total market value of securities pledged by the bank was \$17,111,007 and \$1,409,206 for September 30, 2020 and 2019, respectively. At September 30, 2020 and 2019, none of the Hospital's bank balances were exposed to custodial credit risk.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Hospital does not have a deposit policy for custodial credit risk. Investments in U. S. Government obligations are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. Government. The Hospital had investments in obligations of the U.S. Government with a fair value of \$29,970 and \$29,731 at September 30, 2020 and 2019, respectively. The Hospital also held a money market account with a third-party investment firm in the amount of \$0 and \$34,553 for the years ended September 30, 2020 and 2019, respectively.

As required under GASB Statement 40 (GASB 40), *Deposit and Investment Risk Disclosures*, an Amendment of GASB Statement 3 (GASB 3), concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. GASB 40 further defines an at-risk investment to be one that represents more than five percent (5%) of the fair value of the total investment portfolio and requires disclosure of such at-risk investments. GASB 40 specifically excludes investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments from the disclosure requirement. At September 30, 2020 and 2019, the Hospital had no investments requiring concentration of credit risk disclosure.

**TANGIPAOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
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**Notes to Financial Statements**

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**Note 5. Bank Deposits and Investments (Continued)**

**Fair Value of Financial Instruments**

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1 Inputs are based upon adjusted quoted prices for identical instruments traded in active markets.
- Level 2 Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of assets or liabilities.
- Level 3 Inputs are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

All investments are based on Level 1 inputs. The Hospital relies on the valuation procedures and methodologies of the external managers hired specifically to invest in such securities or in strategies which employ such securities.

**Note 6. Accounts Receivable - Patients**

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with Medicare, Medicaid, Commercial, and Self-Pay patients, the Hospital records a significant allowance for contractual adjustments and allowance for doubtful accounts in the period of service based on its experience and on the age of the receivable balance. The aged balance indicates that third-party claims have reached an age where the probability of payment is low and that self-pay patients are unable or unlikely to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

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**Notes to Financial Statements**

**Note 6. Accounts Receivable - Patients (Continued)**

Patients accounts receivable consists of the following:

|   | <b>2020</b>         | 2019         |
|---|---------------------|--------------|
| Total Patient Accounts Receivable         | <b>\$ 4,115,041</b> | \$ 3,135,116 |
| Less: Third-Party Contractual Adjustments | <b>(1,341,294)</b>  | (879,188)    |
| Less: Allowance for Doubtful Accounts     | <b>(1,276,924)</b>  | (1,211,517)  |
| <b>Net Patient Accounts Receivable</b>    | <b>\$ 1,496,823</b> | \$ 1,044,411 |

**Note 7. Property, Plant, and Equipment**

Property, plant, and equipment, by major category, at September 30, 2020 are as follows:

|   | Balance<br>September 30,<br>2019 | Additions           | Deletions       | Transfers   | Balance<br>September 30,<br>2020 |
|---|----------------------------------|---------------------|-----------------|-------------|----------------------------------|
| <b>Capital Assets Not Being Depreciated</b>       |                                  |                     |                 |             |                                  |
| Land  | \$ 87,893                        | \$ -                | \$ -            | \$ -        | \$ 87,893                        |
| Work in Progress                                  | -                                | 33,304              | -               | -           | 33,304                           |
| <b>Total Capital Assets Not Being Depreciated</b> | <b>87,893</b>                    | <b>33,304</b>       | <b>-</b>        | <b>-</b>    | <b>121,197</b>                   |
| <b>Capital Assets Being Depreciated</b>           |                                  |                     |                 |             |                                  |
| Land Improvements                                 | 119,766                          | -                   | -               | -           | 119,766                          |
| Buildings   | 4,057,292                        | 24,342              | -               | -           | 4,081,634                        |
| Equipment   | 3,286,631                        | 7,000               | (66,658)        | -           | 3,226,973                        |
| <b>Total Capital Assets Being Depreciated</b>     | <b>7,463,689</b>                 | <b>31,342</b>       | <b>(66,658)</b> | <b>-</b>    | <b>7,428,373</b>                 |
| <b>Less: Accumulated Depreciation</b>             | <b>(5,403,249)</b>               | <b>(389,667)</b>    | <b>66,658</b>   | <b>-</b>    | <b>(5,726,258)</b>               |
| <b>Capital Assets Being Depreciated, Net</b>      | <b>2,060,440</b>                 | <b>(358,325)</b>    | <b>-</b>        | <b>-</b>    | <b>1,702,115</b>                 |
| <b>Total</b>                                      | <b>\$ 2,148,333</b>              | <b>\$ (325,021)</b> | <b>\$ -</b>     | <b>\$ -</b> | <b>\$ 1,823,312</b>              |

**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
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**Notes to Financial Statements**

**Note 7. Property, Plant, and Equipment (Continued)**

Property, plant, and equipment, by major category, at September 30, 2019 are as follows:

|   | Balance<br>September 30,<br>2018 | Additions    | Deletions | Transfers | Balance<br>September 30,<br>2019 |
|---|----------------------------------|--------------|-----------|-----------|----------------------------------|
| <b>Capital Assets Not Being Depreciated</b>       |                                  |              |           |           |                                  |
| Land  | \$ 87,893                        | \$ -         | \$ -      | \$ -      | \$ 87,893                        |
| <b>Total Capital Assets Not Being Depreciated</b> | 87,893                           | -            | -         | -         | 87,893                           |
| <b>Capital Assets Being Depreciated</b>           |                                  |              |           |           |                                  |
| Land Improvements                                 | 185,688                          | -            | (65,922)  | -         | 119,766                          |
| Buildings   | 4,057,292                        | -            | -         | -         | 4,057,292                        |
| Equipment   | 3,372,857                        | -            | (86,226)  | -         | 3,286,631                        |
| <b>Total Capital Assets Being Depreciated</b>     | 7,615,837                        | -            | (152,148) | -         | 7,463,689                        |
| <b>Less: Accumulated Depreciation</b>             | (5,059,147)                      | (519,316)    | 175,214   | -         | (5,403,249)                      |
| <b>Capital Assets Being Depreciated, Net</b>      | 2,556,690                        | (519,316)    | 23,066    | -         | 2,060,440                        |
| <b>Total</b>                                      | \$ 2,644,583                     | \$ (519,316) | \$ 23,066 | \$ -      | \$ 2,148,333                     |

Total depreciation expense for the years ended September 30, 2020 and 2019 was \$389,667 and \$519,316, respectively.

During the year ended September 30, 2020, the Hospital entered into a cooperative endeavor agreement with Tangipahoa Parish (the Parish) whereby the Parish agreed to assist the Hospital with the purchase of a new generator. The total estimated cost of the new generator is approximately \$133,000, of which the Hospital is responsible to pay 25%, or approximately \$33,000, of this amount. The Hospital paid its required portion of the cost during the year ended September 30, 2020, and has classified the payment as Work in Progress.

**Note 8. Paycheck Protection Program Loan**

As more fully described in Note 20, the Hospital obtained a Paycheck Protection Program (PPP) loan in May 2020 for the amount of \$1,838,072. Under the terms of the PPP, the loan is forgivable if the loan proceeds are used for eligible expenditures, as well as other criteria being met. GASB Technical Bulletin 2020-1, *Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Coronavirus Diseases*, requires governmental entities to continue to report the PPP loan as a liability until that entity is legally released from the debt. As disclosed in Note 22, the Hospital received notification in November 2020 from its PPP lender that their PPP loan had been forgiven and paid in full by the SBA. Since this occurred subsequent September 30, 2020, the proceeds from the PPP loan are reported as a loan on the Hospital's statement of net position at September 30, 2020.

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**Notes to Financial Statements**

**Note 9. Advance Liabilities**

As more fully described in Note 20, the Hospital received funding pertaining to the CARES Act during the fiscal year ended September 30, 2020. Certain amounts received through the CARES Act have been classified as Advance Liabilities on the statement of net position as of September 30, 2020.

A summary of Advance Liabilities at September 30, 2020 and 2019 follows:

|  | 2020                | 2019        |
|--|---------------------|-------------|
| Accelerated and Advance Payments Program | \$ 1,637,886        | \$ -        |
| Provider Relief Funds                    | 3,947,669           | -           |
| <b>Total Advance Liabilities</b>         | <b>\$ 5,585,555</b> | <b>\$ -</b> |

A summary of Advance Liabilities at September 30, 2020 segregated between current and long-term portions follows:

|                                  | Current             | Long Term           | Total               |
|----------------------------------|---------------------|---------------------|---------------------|
| Advance Medicare Payment         | \$ 204,736          | \$ 1,433,150        | \$ 1,637,886        |
| Provider Relief Funds            | 3,947,669           | -                   | 3,947,669           |
| <b>Total Advance Liabilities</b> | <b>\$ 4,152,405</b> | <b>\$ 1,433,150</b> | <b>\$ 5,585,555</b> |

**Note 10. Long-Term Debt**

**Bonds Payable**

On April 22, 2013, the Hospital board approved a resolution to issue \$700,000 of Limited Tax Bonds. The Hospital issued these bonds on July 3, 2013, for the purposes of constructing, acquiring, and improving hospital facilities of the District, and paying the costs of issuance of the bonds. The bonds are collateralized by an irrevocable pledge and dedication of the funds to be derived from the levy and collection of the five mills ad valorem tax to be levied each year through the year 2021. They mature annually beginning on March 1, 2014 and ending on March 1, 2022. The bonds maturing on and after March 1, 2020, are callable for redemption at the option of the Issuer in full or in part at any time on or after March 1, 2019, at the principal amount, plus accrued interest to the date of redemption. The bonds bear an interest rate of 3.50%, and interest payments are due semi-annually on March 1<sup>st</sup> and September 1<sup>st</sup> of each year.

**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
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**Notes to Financial Statements**

**Note 10. Long-Term Debt (Continued)**

**Bonds Payable (Continued)**

Long-term debt at September 30, 2020 and 2019 consisted of the following:

|  | 2020             | 2019              |
|--|------------------|-------------------|
| Limited Tax Bonds, Series 2013                   | \$ 175,000       | \$ 260,000        |
| Less: Amounts Due Within One Year                | (85,000)         | (85,000)          |
| <b>Total, Net of Amounts Due Within One Year</b> | <b>\$ 90,000</b> | <b>\$ 175,000</b> |

A summary of long-term debt activity for the years ended September 30, 2020 and 2019 is as follows:

| September 30, 2020             | Beginning Balance | Additions | Reductions | Ending Balance |
|--------------------------------|-------------------|-----------|------------|----------------|
| Limited Tax Bonds, Series 2013 | \$ 260,000        | \$ -      | \$ 85,000  | \$ 175,000     |

  

| September 30, 2019             | Beginning Balance | Additions | Reductions | Ending Balance |
|--------------------------------|-------------------|-----------|------------|----------------|
| Limited Tax Bonds, Series 2013 | \$ 340,000        | \$ -      | \$ 80,000  | \$ 260,000     |

Scheduled repayments on long-term debt are as follows:

| Year Ending<br>September 30, | Principal         | Interest        | Total             |
|------------------------------|-------------------|-----------------|-------------------|
| 2021                         | \$ 85,000         | \$ 4,638        | \$ 89,638         |
| 2022                         | 90,000            | 1,575           | 91,575            |
| <b>Total</b>                 | <b>\$ 175,000</b> | <b>\$ 6,213</b> | <b>\$ 181,213</b> |

**Note 11. Capital Lease Obligations**

A summary of changes in capital lease obligations for the year ended September 30, 2020 follows:

| September 30, 2020   | Beginning Balance | Additions   | Reductions        | Ending Balance    | Due Within One Year |
|----------------------|-------------------|-------------|-------------------|-------------------|---------------------|
| System Analyzers     | \$ 54,274         | \$ -        | \$ 13,651         | \$ 40,623         | \$ 14,760           |
| Fuji D-EVO Detectors | 64,994            | -           | 18,741            | 46,253            | 19,833              |
| CT Scan              | 291,135           | -           | 93,789            | 197,346           | 97,008              |
| Telemetry            | 29,772            | -           | 15,918            | 13,854            | 13,854              |
| <b>Total</b>         | <b>\$ 440,175</b> | <b>\$ -</b> | <b>\$ 142,099</b> | <b>\$ 298,076</b> | <b>\$ 145,455</b>   |

**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
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**Notes to Financial Statements**

**Note 11. Capital Lease Obligations (Continued)**

A summary of changes in capital lease obligations for the year ended September 30, 2019 follows:

| <b>September 30, 2019</b> | <b>Beginning Balance</b> | <b>Additions</b> | <b>Reductions</b> | <b>Ending Balance</b> | <b>Due Within One Year</b> |
|---------------------------|--------------------------|------------------|-------------------|-----------------------|----------------------------|
| Systemex Analyzers        | \$ 66,898                | \$ -             | \$ 12,624         | \$ 54,274             | \$ 13,651                  |
| Fuji D-EVO Detectors      | 83,067                   | -                | 18,073            | 64,994                | 18,740                     |
| CT Scan                   | 393,691                  | -                | 102,556           | 291,135               | 93,789                     |
| Telemetry                 | 44,954                   | -                | 15,182            | 29,772                | 15,919                     |
| Ultrasound                | 67,097                   | -                | 67,097            | -                     | -                          |
| <b>Total</b>              | <b>\$ 655,707</b>        | <b>\$ -</b>      | <b>\$ 215,532</b> | <b>\$ 440,175</b>     | <b>\$ 142,099</b>          |

Future minimum lease payments, by year, under the capital lease obligations consisted of the following:

| <b>Year Ending September 30,</b>   | <b>Amount</b>            |
|--|--------------------------|
| 2021   | \$ 155,712               |
| 2022   | 141,554                  |
| 2023   | 15,648                   |
| 2024   | -                        |
| 2025   | -                        |
|  | <u>312,914</u>           |
| Less: Amount Representing Imputed Interest   | <u>(14,838)</u>          |
| <b>Present Value of Net Minimum Lease Payments<br/>(Including \$145,455 Classified as Current)</b> | <u><u>\$ 298,076</u></u> |

**Note 12. Commitments and Contingencies**

**Cooperative Endeavor Agreement with North Oaks Health System**

On November 30, 2018, the Hospital entered into a Cooperative Endeavor Agreement (CEA) with Tangipahoa Parish Hospital Service District No. 1, d/b/a North Oaks Health System (North Oaks). The CEA was entered into in order for the Hospital to utilize North Oaks personnel to assist in the assessment and oversight of operational, financial, regulatory, clinical, facility, and technological needs of the Hospital in exchange for a monthly consulting fee of \$46,027 to be paid by the Hospital. The CEA was renewed in November 2019 and extended through December 31, 2022.



**TANGIPAOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
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**Notes to Financial Statements**

**Note 12. Commitments and Contingencies (Continued)**

**Cooperative Endeavor Agreement with North Oaks Health System (Continued)**

Future payments under the CEA through December 2022 are as follows:

| Year Ending<br>September 30, | Amount                     |
|------------------------------|----------------------------|
| 2021                         | \$ 552,324                 |
| 2022                         | 552,324                    |
| 2023                         | <u>138,081</u>             |
| <b>Total</b>                 | <b><u>\$ 1,242,729</u></b> |

**Operating Leases**

The Hospital leases certain equipment through operating leases that expire through 2024. Future minimum lease payments under noncancelable operating leases through 2024 are as follows:

| Year Ending<br>September 30, | Amount                  |
|------------------------------|-------------------------|
| 2021                         | \$ 57,758               |
| 2022                         | 27,166                  |
| 2023                         | 1,823                   |
| 2024                         | <u>750</u>              |
| <b>Total</b>                 | <b><u>\$ 87,497</u></b> |

Rent expense for the years ended September 30, 2020 and 2019 totaled \$71,436 and \$55,319, respectively.

**Note 13. Concentrations of Credit Risk**

The Hospital grants credit without collateral to its patients, most of who are local residents and are often insured under third-party payor agreements. The mix of receivables from patients and third-party payors, net of contractual allowances and discounts, at September 30, 2020 and 2019, was as follows:

|   | 2020                  | 2019                  |
|---|-----------------------|-----------------------|
| Medicare  | 20.0 %                | 26.4 %                |
| Medicaid  | 10.5                  | 9.1                   |
| Commercial, Managed Care, and<br>Other Third-Party Payors | <u>69.5</u>           | <u>64.5</u>           |
| <b>Total</b>  | <b><u>100.0 %</u></b> | <b><u>100.0 %</u></b> |

**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
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**Notes to Financial Statements**

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**Note 14. Pension Plan**

For the majority of the year, the Hood Memorial Hospital Employees' pension plan was a 403(b) tax-deferred annuity plan. The Hospital was the administrator of the plan. Under the terms of the plan, eligible employees of the Hospital were able to enter into an agreement to contribute a required minimum contribution of 3% of their gross salary to participate in the plan. The Hospital was then obligated to contribute 5% per the contract (excluding overtime salary). Employer contributions were vested by a percentage based on the employee's years of service. Once the contributions were made, the Hospital had no further liability. Total expense for the years ended September 30, 2020 and 2019 was \$116,270 and \$191,618, respectively.

In September 2020, the Hospital terminated its 403(b) tax-deferred annuity plan in anticipation of adopting a 457(b) plan. 457(b) plans are tax-advantaged, deferred compensation retirement plans offered by state and local governments. Eligible employees will be able to make salary deferral contributions up to an applicable dollar limit each year.

**Note 15. Risk Management**

The Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health and accident benefits.

**Workers Compensation**

The Hospital is a member of a separate trust fund established by the Louisiana Hospital Association that encompasses self-insurance for workers' compensation. The management of the trust fund has complete control over the rate setting process.

**Medical Malpractice**

During 1976, the State of Louisiana enacted legislation that created a statutory limit of \$500,000 for each medical professional liability claim and established the Louisiana Patient Compensation Fund (State Insurance Fund) to provide professional liability insurance to participating health care providers. The Hospital participates in the State Insurance Fund, which provides up to \$400,000 coverage for settlement amounts in excess of \$100,000 per claim. The Hospital is insured through the Louisiana Hospital Association Trust Fund with respect to the first \$100,000 of each claim.

**Employee Medical Benefits**

At the beginning of this fiscal year, the Hospital was self-insured for employee medical benefits up to predetermined stop-loss amounts. The Hospital purchased commercial insurance for claims in excess of stop loss limits. Effective November 1, 2019, the Hospital switched to a full-indemnity insurance program, whereby risk of loss is transferred to the third-party insurance provider. For all other risks of loss, the Hospital has purchased commercial insurance. Settled claims have not exceeded the commercial insurance in any of the three preceding years.

**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
D/B/A HOOD MEMORIAL HOSPITAL**

**Notes to Financial Statements**

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**Note 16. Ad Valorem Taxes**

In March 2012, the voters of Tangipahoa Parish approved a 5 mill property tax. The future tax revenues can be used for the expansion and/or operations of the Hospital. As detailed in Note 10, the board made a resolution to issue \$700,000 of Limited Tax Bonds to be payable from the irrevocable pledge and dedication of the funds to be derived from the levy and collection of a 5 mill ad valorem tax. The Hospital recognized \$199,405 and \$194,698 in ad valorem tax revenue for the years ended September 30, 2020 and 2019.

The property tax calendar is as follows:

|                           |                       |
|---------------------------|-----------------------|
| January 1 <sup>st</sup>   | Property Assessed     |
| August 31 <sup>st</sup>   | Taxes Levied          |
| December 31 <sup>st</sup> | Taxes Due and Payable |

Property taxes are recognized as revenue in the fiscal year that they are due.

**Note 17. Governmental Regulations**

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, and reimbursement for patient services. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the Centers for Medicare & Medicaid Services (CMS) to implement a so-called Recovery Audit Contractor (RAC) program on a permanent and nationwide basis. The program uses RACs to search for potentially improper Medicare payments that may have been made to health care providers that were not detected through existing CMS program integrity efforts, on payments that have occurred at least one year ago but not longer than three years ago.

**TANGIPAOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
D/B/A HOOD MEMORIAL HOSPITAL**

**Notes to Financial Statements**

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**Note 17. Governmental Regulations (Continued)**

Once a RAC identifies a claim it believes to be improper, it makes a deduction from the provider's Medicare reimbursement in an amount estimated to equal the overpayment.

Similarly, the CMS created new entities titled Audit Medicaid Integrity Contractors (MIC) in order to continue its efforts to ensure the highest integrity of its healthcare programs. The goal of the provider audits is to identify overpayments and to ultimately decrease the payment of inappropriate Medicaid claims. The MIC is to review claims submitted by all types of Medicaid providers, including all settings of care and types of services, with most audits taking place at staff headquarters and on occasion on-site at a provider's place of business.

In March 2010, the Patient Protection and Affordable Care Act (PPACA) was signed into law. The PPACA has created sweeping changes across the healthcare industry, including how care is provided and paid for. A primary goal of this comprehensive reform legislation is to extend health coverage to uninsured legal U.S. residents through a combination of public program expansion and private sector health insurance reforms.

To fund the expansion of insurance coverage, the legislation contains measures designed to promote quality and cost efficiency in health care delivery and to generate budgetary savings in the Medicare and Medicaid programs. Management of the Hospital is studying and evaluating the anticipated effects and developing strategies needed to prepare for implementation and is preparing to work cooperatively with other consultants to optimize available reimbursement.

**Note 18. Charity Care**

The Hospital provides services without charge or at amounts less than its rates to patients who meet the criteria of its charity care policy. The criteria for charity care consider items such as family income, net worth, extent of financial obligations for healthcare services, etc. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported in net patient service revenue.

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy. Charges forgone, based on established rates, were approximately \$0 and \$20,585 for the years ended September 30, 2020 and 2019, respectively.

**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
D/B/A HOOD MEMORIAL HOSPITAL**

**Notes to Financial Statements**

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**Note 19. Operating Grant Revenues**

**Intergovernmental Grant Income**

To improve or expand essential healthcare services provided to their service population, the Hospital entered into a cooperative endeavor agreement (CEA) with a regional public rural hospital (Grantor) whereby the Grantor awards, as an intergovernmental transfer (IGT), funds to be used solely to provide adequate and essential medically necessary and available healthcare services to the Hospital's service population, subject to the availability of such grant funds. The aggregate IGT grant income, which is included in operating revenues, totaled \$999,838 and \$897,585 for the years ended September 30, 2020 and 2019, respectively. The amount of funds receivable in relation to this grant was \$79,778 and \$0 at September 30, 2020 and 2019, respectively.

**Physician Rate Enhancement Program**

Louisiana Department of Health (LDH) has implemented a supplemental payment program for non-state owned public hospitals, such as the Hospital, to enhance Medicaid fees for service payments to physicians employed by or contracted to provide services at such hospitals. LDH contracts with the Healthy Louisiana Program managed care organizations, including those currently under contract with LDH, to provide core benefits and services for individuals enrolled in the Healthy Louisiana Program (Medicaid enrollees) that are compensated by specified monthly capitation rates on a per member per month (PMPM) basis.

To ensure uniform reimbursement in the Medicaid program for physician services, provide greater opportunity and incentives for managed care organizations contracted with LDH to provide services to Medicaid beneficiaries to improve recipient health outcomes, add benefits for Medicaid enrollees, and support the health care safety-net for low income and needy patients, LDH increased the PMPM rate for reimbursement of physician services to include the full Medicaid pricing (FMP) component of the Mercer Rate Methodology (enhanced PMPM rate) for safety-net physicians to receive rates more consistent with their fee-for-service payments (referred to herein as Physician Rate Enhancement Funds and the Physician Rate Enhancement Program).

Physician Rate Enhancement Funds can be paid to a hospital political subdivision, such as the Hospital, that elects to provide the state match for the federal funding associated with these Physician Rate Enhancement Funds, if an assignment agreement is in place between the hospital and a physician group that has contracted with the hospital to provide inpatient and outpatient services is eligible to receive Physician Rate Enhancement Funds as a result of such services. This is the first year the Hospital participated in the Physician Rate Enhancement Program. Revenue earned during the year ended September 30, 2020 as a result of participation in this program and included in operating revenues totaled \$369,000, with \$249,395 recognized as a receivable as of September 30, 2020.

**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
D/B/A HOOD MEMORIAL HOSPITAL**

**Notes to Financial Statements**

**Note 19. Operating Grant Revenues (Continued)**

**Managed Care Quality Incentive Program**

The LDH amended its agreements with its contracted Managed Care Organizations (MCOs) to include quality-based performance measures and quality-based outcomes. With the expected achievement of the defined quality measures, LDH will fund the MCOs, who in turn will fund the network that the hospitals contact with for this Managed Care Incentive Payment (MCIP). The Hospital began participating in this program this past year and recognized \$514,058 as revenue for the year ended September 30, 2020, which is included in operating revenues.

Operating grant revenue for the years ended September 30, 2020 and 2019 consists of the following:

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| IGT Grant Income - Uncompensated Care Cost | \$ 999,838          | \$ 897,585          |
| Physician Rate Enhancement Funds           | 369,000             | -                   |
| Managed Care Incentive Payment             | 514,058             | -                   |
| State of Louisiana - Equipment Grant       | 297,000             | 283,045             |
| State of Louisiana - Operating Grant       | -                   | 1,250,000           |
| Advance Funding - LDH                      | -                   | 750,000             |
| <b>Total Operating Grant Revenue</b>       | <b>\$ 2,179,896</b> | <b>\$ 3,180,630</b> |

**Note 20. Funding Related to COVID-19 Relief Programs**

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Security Act (CARES Act) which established several programs and provided sources of funding to assist providers in paying expenditures incurred with battling the COVID-19 crisis. A summary of the program and funding utilized by the Hospital are as follows:

**Advanced Medicare Payment**

The federal agency that administers Medicare and Medicaid programs (CMS) can make accelerated or advanced payments to eligible health care entities during periods of claims payment disruption or unusual operating circumstances.

Under this program, qualifying healthcare entities can request advances against payments for future claims they are expected to submit to Medicare. The Hospital received a total of \$1,637,886 through this program during the year ended September 30, 2020, and has recognized the entire amount as an Advance Liability on its statement of net position as of September 30, 2020 (see Note 9). Repayment of the Advanced Medicare Payment will begin April 2021 and end on October 2022. Beginning in April of 2021, Medicare will automatically recoup 25% of submitted claims through March 2022, and 50% afterwards through October 2022. After October 2022, any remaining balance will be due.

**TANGIPAOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
D/B/A HOOD MEMORIAL HOSPITAL**

**Notes to Financial Statements**

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**Note 20. Funding Related to COVID-19 Relief Programs (Continued)**

**Provider Relief Funds**

The CARES Act also established a Provider Relief Fund to be used for economic support of healthcare entities in connection with health care-related expenses or lost revenues attributable to COVID-19 and treatment of uninsured COVID-19 patients. Health care entities such as the Hospital would recognize these funds as voluntary nonexchange transactions that are subject to eligibility requirements. Payment amounts received that exceed recognizable revenue are reported as a liability on the statement of net position. During the year ended September 30, 2020, the Hospital received a total \$3,947,669 through this program, and has recognized the entire amount as an Advance Liability (see Note 9) in its statement of net position as of September 30, 2020.

**Paycheck Protection Program Loan**

Established under the CARES Act and administered by the U.S. Small Business Administration (SBA), the Paycheck Protection Program (PPP) allowed entities who met eligibility requirements to take out a loan from a local lender to support payroll, rent and utility expenses for a defined period of time during 2020. If the loan proceeds were fully utilized to pay qualified expenses over the covered period, the full principal amount of the PPP loan could potentially qualify for loan forgiveness.

In May 2020, the Hospital received proceeds of \$1,838,072 under the PPP provided through First Guaranty Bank. Based on the terms and conditions of the loan agreement, the loan had an annual interest rate of 1.0%. In November 2020, the Hospital received notification from First Guaranty Bank that their PPP loan had been forgiven and paid in full by the SBA.

**Note 21. Reclassification of Prior Year Presentation**

In the financial statements and certain schedules in the supplementary information section, certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

**Note 22. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 8, 2021, and determined that the following events are required to be disclosed:

As disclosed in Note 20 above, the Hospital received notice from First Guaranty Bank (the Lender) in November 2020 that the balance of their \$1,838,072 PPP loan was forgiven in full. The proceeds from the loan are reported as grant revenue on the financial statements.

No further subsequent events occurring after March 8, 2021 have been evaluated for inclusion in these financial statements.

## **OTHER SUPPLEMENTARY INFORMATION**



**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Schedule of Patient Service Revenues**  
**For the Years Ended September 30, 2020 and 2019**

|  | 2020             | 2019             |
|--|------------------|------------------|
| <b>Inpatient Service Revenues</b>      |                  |                  |
| Daily Patient Services                 |                  |                  |
| Room and Board                         | \$ 172,582       | \$ 217,558       |
| Swing-Bed                              | 2,696,639        | 1,977,725        |
| Central Supply                         | 332,609          | 275,452          |
|  | <hr/>            | <hr/>            |
| <b>Total</b>                           | <b>3,201,830</b> | <b>2,470,735</b> |
|  | <hr/>            | <hr/>            |
| Other Nursing Services                 |                  |                  |
| Emergency Service                      | 40,111           | 37,980           |
|  | <hr/>            | <hr/>            |
| <b>Total</b>                           | <b>40,111</b>    | <b>37,980</b>    |
|  | <hr/>            | <hr/>            |
| Other Professional Services            |                  |                  |
| Blood                                  | 13,053           | 15,174           |
| Electrocardiology                      | 46,380           | 52,540           |
| Intravenous Therapy                    | 13,320           | 15,715           |
| Laboratory                             | 936,407          | 977,710          |
| Pharmacy                               | 2,403,977        | 2,752,764        |
| Radiology                              | 158,530          | 175,387          |
| Respiratory                            | 274,407          | 263,462          |
| Therapy Services                       | 935,855          | 800,615          |
| Wound Care                             | 211,346          | 375,859          |
|  | <hr/>            | <hr/>            |
| <b>Total</b>                           | <b>4,993,275</b> | <b>5,429,226</b> |
|  | <hr/>            | <hr/>            |
| <b>Total Inpatient Service Revenue</b> | <b>8,235,216</b> | <b>7,937,941</b> |

See independent auditor's report.

**TANGIPAOA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Schedule of Patient Service Revenues (Continued)**  
**For the Years Ended September 30, 2020 and 2019**

|   | 2020                 | 2019                 |
|---|----------------------|----------------------|
| <b>Outpatient Service Revenues</b>        |                      |                      |
| Other Nursing Services                    |                      |                      |
| Emergency Service                         | 3,867,333            | 2,680,919            |
| Central Supply                            | 8,323                | 22,433               |
|   | <hr/>                | <hr/>                |
| <b>Total</b>                              | <b>3,875,656</b>     | <b>2,703,352</b>     |
| <br>                                      |                      |                      |
| Other Professional Services               |                      |                      |
| Blood                                     | 12,547               | 9,273                |
| Clinic                                    | 2,457,296            | 2,005,639            |
| Electrocardiology                         | 254,959              | 259,700              |
| Intravenous Therapy                       | 276,570              | 269,635              |
| Laboratory                                | 7,357,913            | 7,632,538            |
| Pharmacy                                  | 788,678              | 938,076              |
| Nursing Services                          | 7,803                | 8,032                |
| Professional Fee                          | 64,882               | 48,775               |
| Radiology                                 | 3,615,173            | 4,259,636            |
| Respiratory                               | 146,704              | 83,793               |
| Therapy Services                          | 1,070                | 1,070                |
| Treatment Room                            | 81,194               | 90,681               |
| Wound Care                                | 935,644              | 1,060,206            |
| Kid Med                                   | -                    | (19)                 |
|   | <hr/>                | <hr/>                |
| <b>Total</b>                              | <b>16,000,433</b>    | <b>16,667,035</b>    |
| <br>                                      |                      |                      |
| <b>Total Outpatient Service Revenue</b>   | <b>19,876,089</b>    | <b>19,370,387</b>    |
| <br>                                      |                      |                      |
| Gross Patient Service Revenue             | 28,111,305           | 27,308,328           |
| <br>                                      |                      |                      |
| Contractual Adjustments                   | (11,390,512)         | (10,711,741)         |
| <br>                                      |                      |                      |
| <b>Net Patient Service Revenue Before</b> |                      |                      |
| <b>Provision for Doubtful Accounts</b>    | <b>\$ 16,720,793</b> | <b>\$ 16,596,587</b> |
|   | <hr/> <hr/>          | <hr/> <hr/>          |

See independent auditor's report.

**TANGIPAOA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Schedule of Other Operating Revenues**  
**For the Years Ended September 30, 2020 and 2019**

|                     | <b>2020</b>       | <b>2019</b>       |
|---------------------|-------------------|-------------------|
| Rental Income       | \$ 75,125         | \$ 69,051         |
| 340B Program Income | 47,602            | -                 |
| Other Revenue       | 61,428            | 71,785            |
| <b>Total</b>        | <b>\$ 184,155</b> | <b>\$ 140,836</b> |

See independent auditor's report.

**TANGIPAOHA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Schedule of Salaries and Wages**  
**For the Years Ended September 30, 2020 and 2019**

|                                 | 2020                | 2019                |
|---------------------------------|---------------------|---------------------|
| <b>Salaries and Wages</b>       |                     |                     |
| Administrative                  | \$ 490,327          | \$ 613,852          |
| Central Supply                  | 69,780              | 68,304              |
| Clinics                         | 991,045             | 1,180,952           |
| Dietary                         | 253,646             | 144,034             |
| Emergency Room                  | 1,188,212           | 955,787             |
| Housekeeping                    | 169,925             | 126,473             |
| Information Technology          | 44,367              | 43,574              |
| Laboratory                      | 498,359             | 528,197             |
| Maintenance                     | 112,752             | 128,682             |
| Medical Records                 | 123,772             | 147,900             |
| Mid Level Hospitalists          | 290,725             | 285,617             |
| Nursing                         | 2,201,844           | 1,917,068           |
| Pharmacy                        | 229,572             | 247,446             |
| QI/Education                    | 187,029             | 253,895             |
| Radiology                       | 457,659             | 449,365             |
| Respiratory                     | 330,600             | 309,519             |
| Social Services                 | (563)               | 41,523              |
| Wound Care                      | 116,869             | 102,460             |
| <b>Total Salaries and Wages</b> | <b>\$ 7,755,920</b> | <b>\$ 7,544,648</b> |

See independent auditor's report.

**TANGIPAOA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Schedule of Physician Fees**  
**For the Years Ended September 30, 2020 and 2019**

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| <b>Physician Fees</b>                    |                     |                     |
| Clinics                                  | \$ 159,800          | \$ 51,205           |
| Emergency Room                           | 1,414,797           | 1,590,593           |
| Hospital Services (Medical and Surgical) | 206,017             | 45,154              |
| Medical Director                         | 58,960              | 8,610               |
| Wound Care                               | 23,500              | 23,500              |
|  | <hr/>               | <hr/>               |
| <b>Total Physician Fees</b>              | <b>\$ 1,863,074</b> | <b>\$ 1,719,062</b> |

See independent auditor's report.

**TANGIPAOA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Schedule of Professional Fees**  
**For the Years Ended September 30, 2020 and 2019**

|                                     | 2020                | 2019              |
|-------------------------------------|---------------------|-------------------|
| <b>Professional Fees</b>            |                     |                   |
| Administration                      | \$ 865,817          | \$ -              |
| Audit and Reporting                 | 121,611             | -                 |
| Collections                         | 31,384              | 15,875            |
| Legal                               | 32,589              | 105,050           |
| Nursing and Other Hospital Services | 151,691             | 337,732           |
| <b>Total Professional Fees</b>      | <b>\$ 1,203,092</b> | <b>\$ 458,657</b> |

See independent auditor's report.

**TANGIPAOA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Schedule of Purchased Services**  
**For the Years Ended September 30, 2020 and 2019**

|                                      | 2020                | 2019                |
|--------------------------------------|---------------------|---------------------|
| <b>Purchased Services</b>            |                     |                     |
| Administrative                       | \$ 387,722          | \$ 986,934          |
| Clinic Services                      | 20,997              | 45,718              |
| Dietary                              | 8,326               | 18,372              |
| Emergency Room                       | 232,708             | 212,522             |
| Housekeeping                         | 35,188              | 46,760              |
| Information Technology               | 235,541             | 203,307             |
| Laboratory                           | 155,716             | 105,899             |
| Maintenance                          | 19,627              | 39,853              |
| Medical Records                      | 19,694              | 12,385              |
| Nursing Services                     | 325,106             | 305,981             |
| Pharmacy                             | 4,433               | 944                 |
| Physical/Occupational/Speech Therapy | 440,135             | 449,750             |
| Radiology/MRI/EKG                    | 90,848              | 109,789             |
| Respiratory Therapy                  | 1,099               | 15,035              |
| QI/Education                         | 4,563               | 3,996               |
| Transportation                       | 42,689              | 59,547              |
| <b>Total Purchased Services</b>      | <b>\$ 2,024,392</b> | <b>\$ 2,616,792</b> |

See independent auditor's report.

**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Schedule of Supplies and Maintenance**  
**For the Years Ended September 30, 2020 and 2019**

|                                       | 2020                | 2019                |
|---------------------------------------|---------------------|---------------------|
| <b>Supplies and Maintenance</b>       |                     |                     |
| Administrative                        | \$ 28,564           | \$ 15,492           |
| Blood                                 | 16,398              | 24,205              |
| Central Supply                        | (13,896)            | 11,834              |
| Clinic                                | 36,747              | 25,113              |
| Dietary                               | 123,165             | 125,432             |
| Emergency Room                        | 63,272              | 23,138              |
| Housekeeping                          | 37,493              | 1,161               |
| Laboratory                            | 287,874             | 178,094             |
| Maintenance and Other                 | 119,665             | 53,619              |
| Medical Records                       | 1,411               | 1,691               |
| Nursing                               | 176,121             | 158,770             |
| Pharmacy                              | 368,007             | 588,710             |
| Physician Office                      | 12,565              | 13,024              |
| QI/Education                          | 4,034               | 1,667               |
| Radiology and Other Imaging           | 119,278             | 40,557              |
| Respiratory/Physical Therapy          | 20,879              | 5,893               |
| Wound Care                            | 84,829              | 189,033             |
| <b>Total Supplies and Maintenance</b> | <b>\$ 1,486,406</b> | <b>\$ 1,457,433</b> |

See independent auditor's report.



**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Schedule of Governing Board Compensation**  
**For the Years Ended September 30, 2020 and 2019**

| Commissioner        | 2020        | 2019          |
|---------------------|-------------|---------------|
| Raymond Cutrer      | \$ -        | \$ -          |
| Charles Guzzardo    | -           | 80            |
| Dr. Arthur Mauterer | -           | 80            |
| Randy Bracy         | -           | -             |
| Robbie Lee Jr.      | -           | 40            |
| <b>Total</b>        | <b>\$ -</b> | <b>\$ 200</b> |

See independent auditor's report.

**TANGIPAHOA PARISH HOSPITAL SERVICE DISTRICT NO. 2  
D/B/A HOOD MEMORIAL HOSPITAL  
Schedule of Compensation, Benefits, and  
Other Payments to Agency Head  
For the Year Ended September 30, 2020**

**Agency Head: Michael Whittington, CEO**

| <b>Purpose</b>                               | <b>Amount</b>    |
|--|------------------|
| Salary/Contractual Payments to Third Party * | \$262,111        |
| Reimbursements                               | \$255            |
| Registration Fees                            | \$952            |
|  |                  |
| <b>Total</b>                                 | <b>\$263,318</b> |

\* - The Agency Head is contracted through a third-party provider. The amount reported in "Salary/Contractual Payments to Third Party" represents the total amount paid to the third-party provider for the individual that serves as the Hospital's Agency Head.

## **UNIFORM GUIDANCE SECTION**

**TANGIPAOA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2020**

| Federal Grantor/Pass-<br>Through Grantor/<br>Program Title      | Federal<br>CFDA<br>Number | Pass-Through<br>Entity's Identifying<br>Number | Federal<br>Revenue<br>Recognized | Federal<br>Expenditures |
|---|---------------------------|--|----------------------------------|-------------------------|
| <b><u>U.S. Department of the Treasury</u></b>                   |                           |  |                                  |                         |
| Passed through Louisiana Governor's Office of Homeland Security |                           |  |                                  |                         |
| Disaster Grants - Coronavirus Relief Fund                       | 21.019                    | CARES ACT #375                                 | \$ 1,256,052                     | \$ 1,256,052            |
| <b>Total - U.S. Department of the Treasury</b>                  |                           |  | <u>1,256,052</u>                 | <u>1,256,052</u>        |
| <b>Total Expenditures and Federal Awards</b>                    |                           |  | <u>\$ 1,256,052</u>              | <u>\$ 1,256,052</u>     |

See accompanying notes to schedule of expenditures of federal awards.

**TANGIPAOA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2020**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the grant activity of Tangipahoa Parish Hospital Service District No. 2, d/b/a Hood Memorial Hospital (the Hospital) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

The Hospital has elected to use the indirect cost rate as specified under the grant agreement.

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

Independent Auditor's Report

To the Board of Commissioners  
Tangipahoa Parish Hospital Service District No. 2  
d/b/a Hood Memorial Hospital  
Amite, 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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tangipahoa Parish Hospital Service District No. 2 (d/b/a Hood Memorial Hospital) (the Hospital) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements, and have issued our report thereon dated March 8, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital'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 combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Hospital's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the Board of Commissioners, management, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Metairie, LA  
March 8, 2021

## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM: AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

### Independent Auditor's Report

To the Board of Commissioners  
Tangipahoa Parish Hospital Service District No. 2  
d/b/a Hood Memorial Hospital  
Amite, Louisiana

#### **Report on Compliance for Each Major Federal Program**

We have audited Tangipahoa Parish Hospital Service District No. 2's (d/b/a Hood Memorial Hospital) (the Hospital) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Hospital's major federal programs for the year ended September 30, 2020. The Hospital's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### **Auditor's Responsibility**

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

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

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

In our opinion, the Hospital, 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 major federal programs for the year ended September 30, 2020.



## Report on Internal Control Over Compliance

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

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

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

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Metairie, LA  
March 8, 2021

**TANGIPAOHA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2020**

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**Part I - Summary of Auditor's Results**

**Financial Statement Section**

|   |               |
|---|---------------|
| Type of Auditor's Report Issued:  | Unmodified    |
| Internal Control over Financial Reporting:  |               |
| Material Weakness(es) Identified?   | No            |
| Significant Deficiency(ies) Identified not Considered<br>To be Material Weakness(es)? | None Reported |
| Noncompliance Material to Financial Statements Noted?                                 | No            |

**Federal Awards Section**

|   |               |
|---|---------------|
| Internal Control over Major Programs:   |               |
| Material Weakness(es) identified?   | No            |
| Significant Deficiency(ies) Identified not Considered<br>To be Material Weakness(es)?                 | None reported |
| Type of Auditor's Report Issued on Compliance for Major Federal Programs:                             | Unmodified    |
| Any Audit Findings Disclosed that are Required to be Reported in Accordance<br>With 2 CFR 200.516(a)? | No            |

Identification of Major Programs:

| <u>Title</u>            | <u>CFDA Number</u> |
|-------------------------|--------------------|
| Coronavirus Relief Fund | 21.019             |

|  |           |
|--|-----------|
| Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| Auditee qualified as Low-Risk Auditee?                                   | No        |

**Part II - Financial Statements Findings**

None

**Part III - Federal Award Findings**

None

**TANGIPAOA PARISH HOSPITAL SERVICE DISTRICT NO. 2**  
**D/B/A HOOD MEMORIAL HOSPITAL**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended September 30, 2020**

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**Prior Year Findings Related to the Basic Financial Statements and Status:**

None