GENERAL HEALTH SYSTEM

Consolidated Financial Statements
and
Audit Reports and Schedules Related to
the Uniform Guidance

Years Ended September 30, 2021 and 2020

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

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Independent Auditor's Report

To the Board of Trustees
General Health System
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of General Health System (the System), which comprise the consolidated balance sheets as of September 30, 2021 and 2020, the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of General Health System as of September 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1 to the consolidated financial statements, the System changed its method of revenue recognition and financial statement presentation as a result of ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

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

Other Reporting Required by *Governmental Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2022, on our consideration of General Health System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of General Health System'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 General Health System's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Metairie, LA
February 8, 2022

GENERAL HEALTH SYSTEM
Consolidated Balance Sheets
September 30, 2021 and 2020

	2021	2020
	(In Thousands)	
Assets		
Current assets		
Cash and cash equivalents	**$ 30,946**	$ 28,588
Patient accounts receivable, net (Note 1)	**51,946**	39,943
Current portion of unconditional promises to give, net	**1,615**	2,511
Inventories	**12,521**	10,178
Prepaid expenses and other assets	**25,767**	13,109
Trust receivable	**1,113**	-
Amounts due from contractual third-party payors	**1,837**	-
Short-term investments	**222,553**	213,414
Total current assets	**348,298**	307,743
Cash and cash equivalents - limited to use	**682**	682
Investments - limited to use	**24,671**	23,931
Investments - donor restricted	**8,071**	7,459
Unconditional promises to give, net, less current portion	**853**	872
Investments in affiliates	**11,675**	10,738
Goodwill	**5,089**	5,089
Trust receivable	**19,878**	22,987
Other assets	**10,376**	7,744
Property, plant, and equipment, net	**252,410**	245,198
Total assets	**$ 682,003**	$ 632,443
Liabilities and net assets		
Current liabilities		
Trade accounts payable	**$ 29,111**	$ 30,460
Accrued expenses	**31,334**	19,416
Medicare advances	**26,500**	8,947
Deferred revenue	**4,655**	36,778
Amounts due to contractual third-party payors	**-**	4,581
Paycheck Protection Program Loan	**-**	715
Current portion of self-insurance reserves	**10,401**	8,429
Current portion of long-term debt	**12,249**	11,513
Total current liabilities	**114,250**	120,839
Medicare advances	**7,840**	34,330
Self-insurance reserves, less current portion	**1,091**	1,408
Long-term debt, less current portion		
Principal amount	**161,542**	168,131
Less: debt issuance costs	**(2,704)**	(2,973)
Other long-term liabilities	**3,718**	4,648
Total liabilities	**285,737**	326,383
Net assets		
Without donor restrictions	**386,242**	295,676
With donor restrictions	**10,024**	10,384
Total net assets	**396,266**	306,060
Total liabilities and net assets	**$ 682,003**	$ 632,443

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

GENERAL HEALTH SYSTEM
Consolidated Statements of Operations
For the Years Ended September 30, 2021 and 2020

	2021	2020
	(In Thousands)	
Revenues, gains, and other support without donor restrictions		
Net patient service revenue	**$ 480,823**	$ 434,766
Provision for bad debts	**-**	(15,878)
Net patient service revenue after provision for bad debts	**480,823**	418,888
Other revenue	**60,378**	47,364
Transfers to net assets with donor restrictions	**(387)**	(240)
Net assets released from donor restrictions	**36,067**	19,419
Total revenues, gains, and other support without donor restrictions	**576,881**	485,431
Expenses		
Salaries, wages, and benefits	**250,735**	213,637
Supplies and other expenses	**237,324**	231,378
Depreciation	**18,408**	16,144
Interest expense	**6,427**	6,060
Total expenses	**512,894**	467,219
Operating income	**63,987**	18,212
Earnings of subsidiaries	**3,343**	2,206
Investment return, net	**21,450**	(5,036)
Nonoperating gain	**-**	25
Excess of revenues over expenses	**$ 88,780**	$ 15,407

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

GENERAL HEALTH SYSTEM
Consolidated Statements of Changes in Net Assets
For the Years Ended September 30, 2021 and 2020

	2021	2020
	(In Thousands)	
Net assets without donor restrictions		
Excess of revenues over expenses	$ 88,780	$ 15,407
Net assets released from donor restrictions - capital	1,786	12,872
Increase in net assets without donor restrictions	90,566	28,279
Net assets with donor restrictions		
Contributions	37,106	33,864
Transfers from net assets without donor restrictions	387	240
Net assets released from donor restrictions	(37,853)	(32,291)
(Decrease) Increase in net assets with donor restrictions	(360)	1,813
Change in net assets	90,206	30,092
Net assets, beginning of year	306,060	275,968
Net assets, end of year	$ 396,266	$ 306,060

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

GENERAL HEALTH SYSTEM
Consolidated Statements of Cash Flows
Years Ended September 30, 2021 and 2020

	2021	2020
	(In Thousands)	
Cash flows from operating activities		
Change in net assets	$ **90,206**	$ 30,092
Adjustments to reconcile change in net assets		
to net cash provided by operating activities		
Depreciation	**18,408**	16,144
Amortization included in interest	**269**	249
Gain from disposal of assets	**(5)**	(305)
Provision for bad debts	**-**	15,878
Unrealized (gain) loss on investments and other assets	**(18,165)**	6,108
Realized (gain) loss on investments and other assets	**(235)**	1,342
Forgiveness of Paycheck Protection Program Loan	**(715)**	-
(Increase) decrease in operating assets		
Patient accounts receivable	**(12,003)**	(22,410)
Inventories, prepaid expenses, and other current assets	**(14,105)**	(2,450)
Other assets	**(3,137)**	(1,849)
Increase (decrease) in operating liabilities		
Trade accounts payable	**(1,349)**	6,621
Accrued expenses	**11,918**	1,755
Medicare advances	**(8,937)**	43,277
Deferred revenue	**(32,123)**	35,789
Accrued self-insurance reserves	**1,655**	(1,656)
Amounts due to contractual third-party payors	**(6,418)**	(90)
Other long-term liabilities	**(930)**	4,648
Net cash provided by operating activities	**24,334**	133,143
Cash flows from investing activities		
Purchases of property, plant, and equipment	**(25,620)**	(45,827)
Proceeds from disposal of property, plant, and equipment	**5**	305
Proceeds from trust	**7,338**	2,053
Payments to trust	**(5,342)**	(4,907)
Sales of investments	**13,810**	27,713
Purchases of investments	**(6,314)**	(108,086)
Net cash used in investing activities	**(16,123)**	(128,749)
Cash flows from financing activities		
Proceeds from note payable	**6,367**	15,352
Principal payments on outstanding debt	**(12,220)**	(11,354)
Proceeds from Paycheck Protection Program Loan	**-**	715
Net cash (used in) provided by financing activities	**(5,853)**	4,713
Net increase in cash and cash equivalents	**2,358**	9,107
Cash, cash equivalents, and restricted cash at beginning of year	**29,270**	20,163
Cash, cash equivalents, and restricted cash at end of year	$ **31,628**	$ 29,270
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ **5,690**	$ 6,713
Reconciliation of cash, cash equivalents, and restricted cash		
Cash and cash equivalents	**30,946**	28,588
Cash and cash equivalents - limited to use	**682**	682
	$ **31,628**	$ 29,270

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

Note 1. Significant Accounting Policies

Organization

General Health System (the System) is a private, community-owned, nonprofit health care system located in Baton Rouge, Louisiana. The System primarily provides health care services, including primary care, acute care, rehabilitative services, skilled nursing care, and psychiatric services, all of which are designed to meet the health care needs of the southeast Louisiana area.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The consolidated financial statements include the accounts of the System and its directly and indirectly owned entities supported by the System. Those entities primarily include Baton Rouge General Medical Center (BRGMC or the Hospital), which provides substantially all of the System's health care services, General Health System Foundation d/b/a Baton Rouge General Foundation (the Foundation), and Baton Rouge General Physicians, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

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

The System considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its consolidated financial statements, including the following: recognition of net patient revenue, which includes explicit and implicit pricing concessions, such as contractual allowances discounts, collectability assessment of outstanding accounts receivables, and self-insurance reserves. Management bases its estimates on historical experience and various other assumptions that it believes are reasonable under the particular facts and circumstances. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

Effective October 1, 2020, the System adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09) using a modified retrospective method of application to contracts that were not complete as of the date of initial application. The core principle of the guidance in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The System utilized the portfolio approach practical expedient in Topic 606 to assess the impact of ASU 2014-09 on patient service revenue.

Note 1. Significant Accounting Policies (Continued)

Recently Adopted Accounting Pronouncements (Continued)

Under ASU 2014-09, the estimated uncollectable amounts due are generally considered implicit price concessions that are a direct reduction to net operating revenues, with a corresponding material reduction in the amounts presented separately as provision for doubtful accounts. For the year ended September 30, 2021, approximately $22,388,000 of such implicit price concessions were recorded as a direct reduction of net operating revenues that would have been recorded as provision for doubtful accounts prior to the adoption of ASU 2014-09. Approximately $13,275,000 was recorded as a direct reduction of accounts receivable, at September 30, 2021, that would have been disclosed as an allowance for doubtful accounts prior to the adoption of ASU 2014-09.

Cash Equivalents and Investments

Cash equivalents include investments in money market accounts and highly liquid investments with original maturities of three months or less when purchased, excluding amounts whose use is limited by Board designation, under trust agreements, or amounts pledged to third parties. Certain cash and cash equivalents generated in the Hospital's investment accounts are classified as short-term investments.

Investments that can be readily traded are considered current assets.

Inventories

Inventories are valued at the latest invoice price. This method approximates the lower of cost (first-in, first-out method) or market.

Prepaid Expenses and Deferred Debt Issuance Costs

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis. Deferred debt issuance costs and original issue premium on the System's revenue bonds are being amortized over the term of the bonds and included in interest expense on the combined statements of operations.

In accordance with ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs related to a recognized debt liability are presented in the consolidated balance sheets as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts.

Note 1. Significant Accounting Policies (Continued)

Assets - Limited to Use

Several funds were established concurrent with the issuance of tax-exempt debt. Trustees maintain the capital improvement and debt retirement funds, which include investments and cash and cash equivalents, as special trust accounts for the benefit and security of the holders and owners of the debt. The limited use assets as of September 30th are as follows:

	2021	2020
	(In Thousands)	
Debt retirement funds	**$ 24,540**	$ 23,800
Other restricted assets	**813**	813
	$ 25,353	$ 24,613

Property, Plant, and Equipment

All property, plant, and equipment acquisitions are recorded at cost, except for donated assets, which are recorded at fair market value on the date of donation. Any interest expense incurred on funds acquired to be used for the construction of assets is capitalized and included in construction in process during the construction phase, as discussed in Note 8. After construction is complete, the capitalized interest is transferred along with the other costs to the asset to be depreciated. Capital leases are recorded at the present value of future minimum lease payments, and the related amortization is included in depreciation and amortization expense in the consolidated statements of operations. Depreciation of plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the assets range from 3 to 50 years.

Trust Receivable

The System entered into irrevocable trust agreements beginning in 2012. The purpose of the trusts is to purchase life insurance policies for certain individuals in which the System has an insurable interest. The trusts act as both the owner and the beneficiary of the life insurance proceeds and are not controlled by the System. Therefore, they are not consolidated in the System's consolidated financial statements. The System has made loans to the trusts in the form of notes receivable to allow the trusts to meet their operational cash needs. The receivables will be paid by the trusts as the benefits of the life insurance policies held by the trusts are realized. The carrying value of the receivables is not reduced by any reserves for potential uncollectability based on the cash surrender value of the policies held by the trusts and the contracted policy benefits anticipated. Based on current estimates, management has included $1,113,000 of net paydown of the receivables in current assets and $19,878,000 as noncurrent assets at September 30, 2021. Management included $-0- of net paydown of the receivables as current assets and $22,987,000 as noncurrent assets at September 30, 2020.

Note 1. Significant Accounting Policies (Continued)

Fair Values

The System follows ASU 2011-04, regarding disclosure requirements about recurring and non-recurring fair value measurements, including significant transfers into and out of Level 1 and Level 2 fair value measurements, and information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of Level 3 fair value measurements. It also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value.

The following methods and assumptions were used by the System in estimating the fair value of its financial instruments:

Cash and cash equivalents and cash and cash equivalents limited to use: The carrying amount reported in the consolidated balance sheets approximates its fair value.

Investments, Investments limited to use, and Investments donor restricted: Fair values, which are the amounts reported in the consolidated balance sheets, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. The carrying amount reported in the consolidated balance sheets is fair value.

Trade accounts payable: The carrying amount reported in the consolidated balance sheets for trade accounts payable approximates its fair value.

Accrued expenses: The carrying amount reported in the consolidated balance sheets for accrued expenses approximates its fair value.

Medicare advances: The carrying amount reported in the consolidated balance sheets for Medicare advances approximates its fair value.

Deferred revenue: The carrying amount reported in the consolidated balance sheets for deferred revenue approximates its fair value.

Amounts due to contractual third-party payors: The carrying amount reported in the consolidated balance sheets for estimated third-party payor settlements approximates its fair value.

Long-term debt: The fair values of bonds and other long-term debt is estimated using discounted cash flow analyses, based on the System's current incremental borrowing rates for similar types of borrowing arrangements.

Other long-term liabilities: The carrying amount reported in the consolidated balance sheets for other long-term liabilities approximates its fair value.

Note 1. Significant Accounting Policies (Continued)

Fair Values (Continued)

The carrying amounts and fair values of the System's financial instruments at September 30th are as follows (in thousands):

	2021		2020	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Cash and cash equivalents	**$ 30,946**	**$ 30,946**	$ 28,588	$ 28,588
Investments	**$ 222,553**	**$ 222,553**	$ 213,414	$ 213,414
Cash and cash equivalents - limited to use	**$ 682**	**$ 682**	$ 682	$ 682
Investments - limited to use	**$ 24,671**	**$ 24,671**	$ 23,931	$ 23,931
Investments - donor restricted	**$ 8,071**	**$ 8,071**	$ 7,459	$ 7,459
Trade accounts payable	**$ 29,111**	**$ 29,111**	$ 30,460	$ 30,460
Accrued expenses	**$ 31,334**	**$ 31,334**	$ 19,416	$ 19,416
Medicare advances	**$ 26,500**	**$ 26,500**	$ 8,947	$ 8,947
Deferred Revenue	**$ 4,655**	**$ 4,655**	$ 36,778	$ 36,778
Amounts due to contractual third-party payors	**$ -**	**$ -**	$ 4,581	$ 4,581
Long-term debt	**$ 173,791**	**$ 144,538**	$ 179,644	$ 146,873
Other long-term liabilities	**$ 3,718**	**$ 3,718**	$ 4,648	$ 4,648

Goodwill

The System's goodwill represents the amount by which the total consideration paid exceeded the estimated fair value of assets acquired in multiple transactions. The System tests goodwill for impairment on an annual basis, or more often if events or circumstances indicate that there may be impairment.

The System tests goodwill for impairment under a two-step approach. The first step of the goodwill impairment test compares the fair value of the reporting unit that generated the goodwill with its carrying amount, impairing goodwill if the carrying amount exceeds its fair value. The second step of the goodwill impairment test is performed to measure the amount of the impairment loss. This is determined by comparing the implied fair value of the related reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the goodwill exceeds the implied fair value of that goodwill, the System recognizes an impairment loss as an expense. Management has determined there were no impairments of goodwill at September 30, 2021 and 2020. There were no changes in the carrying value of goodwill for the year ended September 30, 2021, nor 2020.

Note 1. Significant Accounting Policies (Continued)

Self-Insurance Liabilities

The System is self-insured up to certain amounts for employee health, malpractice, general liability, and workers' compensation claims. The System is self-insured for the first $1,000,000 of each occurrence. On April 1, 2016, the System created a captive self-insurance company, RRS Insurance Company Ltd. (RRS Insurance), which is a wholly-owned subsidiary of the System. RRS Insurance obtains reinsurance from a commercial carrier specific to health care facilities professional liability, physicians professional liability, commercial general liability, and employee benefits liability risks attributable to the System and certain affiliates. The commercial general liability is a claims-occurrence policy. All other policies are claims-made policies. The System carries excess liability limits to cover claims that exceed the primary limits provided by the reinsurer. The System limits exposure to claims through indemnity insurance purchased in the commercial market.

The liabilities recorded represent management's best estimate of the ultimate unpaid cost of all reported and unreported claims incurred, including legal costs. The medical malpractice and workers' compensation claims estimates are based on actuarial projections of the historical loss development of claims incurred but not reported and case-basis estimates of claims reported prior to the end of the period. These estimates are continually reviewed and adjusted, as necessary, as experience develops, or new information becomes known; such adjustments are included in current operations.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the System reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions include those net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for healthcare programs and facilities. Net assets with donor restrictions are those net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Management has considered the disclosures required under UPMIFA and determined that the additional disclosures are unnecessary due to the immaterial amount of the endowments.

Note 1. Significant Accounting Policies (Continued)

Grants, Contributions, and Donor Restricted Gifts

The System recognizes contributions when cash, securities, or other assets; an unconditional promises to give; or notifications of a beneficial interest are received. Unconditional promises to give cash and other assets that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give cash and other assets that are expected to be collected in future years are recorded at fair value when the promise is made based on a discounted cash flow model. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. The System uses the allowance method to determine uncollectible, unconditional promises receivable. The allowance is based on prior years' experience. Management's analysis of specific promises made are reported at fair value at the date the promise is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Revenue, Gains, and Losses

The System's mission is to provide a broad range of innovative health care services delivered in a caring, consumer-oriented, and cost-effective manner through a quality-driven system. As such, activities related to this purpose are classified as revenue. Revenue is generated from direct patient care, related support services, and other revenue related to the operation of the System.

Net Patient Service Revenue and Related Receivables

Patient service revenue is reported at the amount that reflects the consideration to which the System expects to be entitled for providing patient care. These amounts are due from patients and third-party payors and include variable consideration for retroactive revenue adjustments due to settlement of reviews and audits as well as supplemental payments related to current period operations. Generally, the System bills the patients and third-party payors after the services are performed or shortly after discharge. Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the System.

Revenue for performance obligations satisfied over time is recognized based on actual charges incurred, which is reduced by an amount that reflects the consideration expected to be received for the services provided based on historic collection patterns. The System believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services. The System measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided. Management believes this method provides an accurate depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations.

Note 1. Significant Accounting Policies (Continued)

Net Patient Service Revenue and Related Receivables (Continued)

The System recognizes revenue for performance obligations satisfied at a point in time, which generally relate to patients receiving outpatient services, when: (1) services are provided; and (2) the patient no longer requires additional services.

Because its performance obligations relate to contracts with a duration of less than one year, the System has elected to apply the optional exemption provided in FASB ASC 606-10-60-14(a), and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period. As provided for under the guidance, the System does not adjust the expected net revenue from patients and third-party payors for the effects of a significant financing component due to the expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less.

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

Gross charges differ from actual pricing and generally do not reflect what a hospital is ultimately paid and, therefore, are not displayed in the consolidated statements of operations. The System has agreements with third-party payors that generally provide for payments at amounts different from the System's established rates. For uninsured patients who do not qualify for financial assistance, the System recognizes revenue based on established rates, subject to certain discounts and implicit price concessions in accordance with its policy.

Note 1. Significant Accounting Policies (Continued)

Net Patient Service Revenue and Related Receivables (Continued)

The System determines the transaction price based on standard charges for services provided, reduced by explicit price concessions provided to third-party payors, discounts provided to patients in accordance with policy, and implicit price concessions provided to patients. Explicit price concessions are based on contractual agreements, discount policies, and historical experience. Implicit price concessions represent differences between amounts billed and the estimated consideration the System expects to receive from patients, which are determined based on historical collection experience, current market conditions, and other factors. Generally, patients who are covered by third-party payors are responsible for patient responsibility balances, including deductibles and coinsurance, which vary in amount. The System estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any explicit price concessions, discounts, and implicit price concessions.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change when new information is available. This includes provisions for third-party payor settlements and supplemental payments. Adjustments arising from a change in the transaction price were not significant in 2021 or 2020.

Settlements with third-party payors for retroactive adjustments due to review and audits are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care in the period the related services are provided using the most likely outcome method. The System records retroactive Medicare and Medicaid settlements based upon estimates of amounts that are ultimately determined through annual cost reports filed with and audited by the fiscal intermediary, correspondence from the payor and the System’s historical settlement activity, including an assessment to ensure that it is probable that a significant revenue reversal in the amount of the cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known or as years are settled or are no longer subject to such reviews and audits. Adjustments arising from a change in estimated settlements increased and decreased net patient service revenue by approximately $3,943,000 and $690,000 in 2021 and 2020, respectively.

Excess of Revenues Over Expenses

The consolidated statements of operations include the excess of revenues over expenses. Changes in net assets without donor restrictions, which would be excluded from excess of revenues over expenses when present, consistent with industry practice, include contributions of, and assets released from donor restrictions related to, long-lived assets, equity transfers involving other entities that control the reporting entity, are controlled by the reporting entity, or are under common control with the reporting.

Note 1. Significant Accounting Policies (Continued)

Income Tax Status

The System, BRGMC, the Foundation, and Behavioral Health, Inc. are not-for-profit organizations as described in Internal Revenue Code Section 501(c)(3) and are exempt from federal income taxation under Internal Revenue Code Section 501(a). All other consolidated corporations/LLCs are for-profit entities electing to be taxed under Internal Revenue Code Sub-Chapter C. Income tax expense for these entities is insignificant and is included in the consolidated statements of operations under supplies and other expenses.

Advertising

The System's policy is to expense advertising costs as the costs are incurred. Advertising costs for the years ended September 30, 2021 and 2020 were approximately $2,401,000 and $2,253,000, respectively.

Significant New Accounting Pronouncements Not Yet Adopted

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606)* and *Leases (Topic 842): Effective Dates for Certain Entities* which provided a limited deferral of the effective dates of ASU 2014-09 for certain entities in the "all other category." Therefore, ASU 2016-02 will be effective for the System beginning in the year ending September 30, 2023. Management is currently evaluating the impact ASU 2016-02 will have on the consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The ASU simplifies the measurement of goodwill impairment by eliminating the requirement that an entity compute the implied fair value of goodwill based on the fair values of its assets and liabilities to measure impairment. Instead, goodwill impairment will be measured as the difference between the fair value of the reporting unit and the carrying value of the reporting unit. The ASU also clarifies the treatment of the income tax effect of tax-deductible goodwill when measuring goodwill impairment loss. ASU 2017-04 will be effective for the System in the year ending September 30, 2024. ASU 2017-04 must be applied prospectively with early adoption permitted. The System is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements.

Reclassifications

Certain reclassifications have been made to the prior year balances in order to comply with current year presentation.

Note 2. Community Benefits - Unaudited

The System provides healthcare services to patients who are economically disadvantaged and medically underserved. These patients may not be able to afford health care because of inadequate resources or they may be uninsured.

See Note 3 for a discussion of the System's financial assistance policy.

As a long-standing member of the Baton Rouge community and one of the largest employers in the Baton Rouge area, BRGMC recognizes the positive impact of non-profit organizations working to improve our community. That's why BRGMC developed the Community Enhancement Award (CEA), a grant program that allows us to select and support large projects with significant, multi-year grants. This award replaces our former sponsorship process to focus on complex initiatives that align with our mission to restore and maintain health, one person at a time.

Front Yard Bikes was selected as one recipient of the CEA, for its youth development program in partnership with Cristo Rey Baton Rouge. BRGMC's investment supports high school equivalency testing and job training for hundreds of young people between 14 and 22. The grant funds apprentice training for four Cristo Rey students who will then assist instructors in certifying other young people in mechanics or welding.

The Arts Council of Greater Baton Rouge was also selected as a recipient for its heART trails project, which uses existing infrastructure to develop heart-shaped walking trails throughout Baton Rouge. BRGMC's investment will allow for the design and installation of three heART trails at targeted locations around Baton Rouge. The heART trails project makes moderate aerobic activity accessible to everyone and encourages a healthy lifestyle by creating a more walkable and bikeable Baton Rouge.

BRGMC named HOPE Ministries' The Way to Work Sustainable Workforce SOLUTIONS (TWTW) division as the recipient of its first CEA, for its work educating both employers and potential and existing employees on the relationship between life skills, job retention, and advancement.

Decades ago, BRGMC recognized the need to invest in the Mid-City neighborhood surrounding its flagship hospital. As a result, General Health System established the Mid-City Redevelopment Alliance (MCRA), a separate nonprofit 501(c)(3) organization with the mission of revitalizing the heart of Baton Rouge. Though MCRA was launched to independence in 2011, General Health System continues to provide funding to support its programs, which improve the quality of life in the central urban core of Baton Rouge. More than 300 homes and businesses have benefitted from improvement projects led by MCRA, and the number of merchants in the area has grown to more than 150. MCRA is actively building new affordable housing units and is working with existing residents to strengthen all Mid City neighborhoods.

Note 2. Community Benefits - Unaudited (Continued)

BRGMC recognizes the critical role of education in cultivating future clinician leaders. For more than 25 years we have had the privilege of training aspiring medical professionals in healthcare. As BRGMC treats patients of all ages and virtually every type of medical condition, our hospital is an ideal setting for undergraduate and graduate medical, nursing, and allied healthcare training. Every year BRGMC trains more than 100 residents, paving a bright future for comprehensive healthcare access in Louisiana. In addition to our School of Nursing and School of Radiologic Technology, undergraduate medical students in the clinical years are able to rotate on services that satisfy medical school requirements in certain disciplines and/or pursue desired electives. BRGMC is affiliated with several medical school programs, including the Tulane School of Medicine, LSU School of Medicine, and the American University of the Caribbean School of Medicine. BRGMC also offers graduate medical education residency programs in internal medicine and family medicine and serve as a participating site in surgery and emergency medicine residency programs.

The region's only verified burn center is located at BRGMC. Recognized by the American Burn Association and American College of Surgeons as Louisiana's only verified burn center, and the only verified center between Florida and Texas, BRGMC treats nearly 90 percent of all burns in the Baton Rouge region each year, including pediatric and adult burn patients. From almost 200 zip codes between Gainesville, FL.; through New Orleans, LA; and to Dallas, TX, BRGMC treats all aspects of burn injuries including flame, scald, electrical, chemical, and hot substances. The Burn Center's 42-member multidisciplinary team has 400 years of combined experience, and includes burn surgeons, specialty nurses, dietitians, respiratory therapists, rehabilitation therapists, psychiatrists, ophthalmologists, ENTs, and social workers.

Health education is one of BRGMC's highest priorities. The Hospital provides many free educational events, health screenings, and special programs encouraging community health and wellness. This year, the COVID-19 pandemic dramatically affected the Hospital's community outreach. Restricted visitor policies at the Hospital, state stay-at-home orders, and guidelines on group gatherings hindered most screenings and health events planned. Between technology and smart, safe planning, BRGMC was able to host some key events.

In FY2021, BRGMC held the following community events:

- Each year, BRGMC provides health screenings to aid in early detection. The screenings are led by physicians and other clinical experts.
    - Mammography Screening held in October - 57 women were screened.
    - Every October, BRGMC launches its annual Protect your Pumpkins campaign encouraging women 40 and older to schedule their mammogram. In previous years, there was a large pop-up pink pumpkin patch on the hospital's Bluebonnet campus, to further engage the community in the breast cancer awareness message. However, this year BRGMC couldn't hold the pumpkin patch due to COVID.

Note 2. Community Benefits - Unaudited (Continued)

- BRGMC hosted a Peripheral Artery Disease Screening series held in February, March, and April - 47 people were screened.
- Boomers & Beyond Senior Wellness Screening held in October - 26 people were screened.
- BRGMC offered free COVID vaccine events where over 1,000 people were vaccinated.
- BRGMC hosts Holiday Lights each year starting in late November. For FY2021, we did not host the large Family Night events due to COVID, but the public could walk through or drive by the lights every night from November 20 - December 31.
- BRGMC hosted a women's event called Find the Right Fit where women could speak with different BRGMC women's services. 106 women attended.
- BRGMC offered drive-up flu shot events in the fall. Physician clinics teamed up with various YMCA locations to reach the community, including Zachary, Mid-City, and the O'Neal area - 98 people received flu shots.
- BRGMC provides tours of its Birth Center, classes for expecting parents with topics such as childbirth preparation, breastfeeding, caring for a baby, and baby CPR techniques as well as a breastfeeding support group that are led by clinicians and health experts. Tours and classes were held pre-COVID, however the childbirth classes transitioned to virtual learning packets.
- BRGMC offers small-group classes for both boys (Boys to Men) and girls (Girl Talk) to discuss puberty, including skin. In FY2021, there were 84 children in attendance.

For patients who meet certain criteria under the System's financial assistance policy, care is provided without charge or at amounts that are less than established rates. Benefits to the indigent also include charges and costs in excess of government payments for services provided to Medicaid beneficiaries.

The System also commits significant time and resources to others who may not qualify as indigent, but who still require special services and support. These benefits include charges and costs in excess of government payments for care provided to Medicare beneficiaries.

Note 2. Community Benefits - Unaudited (Continued)

A summary of charges and estimated costs in excess of payments related to community benefits provided during the years ended September 30, 2021 and 2020 is as follows:

	2021		2020	
	Charges	Estimated Costs In Excess of Payments	Charges	Estimated Costs In Excess of Payments
	(In Thousands)			
Benefits for the indigent				
Financial assistance	$ 3,053	$ 630	$ 5,096	$ 1,162
Medicaid program services	199,017	-	136,954	-
	202,070	630	142,050	1,162
Other community benefits				
Medicare program services	242,351	-	222,406	-
Other community benefits	-	796	-	319
	242,351	796	222,406	319
Total quantifiable benefits	$ 444,421	$ 1,426	$ 364,456	$ 1,481

During the years ended September 30, 2021 and 2020, there were additional community benefit payments made by the Hospital totaling approximately $17,000,000 and $45,975,000, respectively, which are recorded in supplies and other expenses on the consolidated statements of operations.

Note 3. Third-Party Reimbursement

As mentioned in Note 1, the System has agreements with third-party payors that provide for payments to the System at amounts different from established rates. The primary third-party programs include Medicare and Medicaid, which account for a significant amount of the System's revenue. A summary of the payment arrangements with major third-party payors follows:

Medicare - The System is paid for inpatient and outpatient acute care services rendered to Medicare program beneficiaries under prospectively determined rates. Outpatient services are also reimbursed prospectively under a rate per Ambulatory Payment Classification. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Final settlement is determined after submission of the System's annual cost reports and audits thereof by the Medicare fiscal intermediary.

The System's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2014.

Note 3. Third-Party Reimbursement (Continued)

Medicaid - Inpatient care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per day. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The System is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicaid fiscal intermediary.

The System's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 2013.

During the years ended September 30, 2021 and 2020, approximately 36% and 42%, respectively, of consolidated net patient service revenue was derived from Medicare and Medicaid program beneficiaries. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The System has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates-per-discharge, discounts from established charges and prospectively determined daily rates. The System provides healthcare services to patients who are economically disadvantaged and medically underserved. Either these patients generally cannot afford health care because of inadequate resources, or they are uninsured.

The System follows ASU 2010-23, *Health Care Entities (Topic 954): Measuring Charity Care for Disclosure*, which states that the level of financial assistance provided should be measured based on the health care entity's direct and indirect costs of providing financial assistance services. It further states that if the costs cannot be specifically attributed to services provided to financial assistance patients, management may estimate the costs of those services using reasonable techniques, including calculating a ratio of costs to gross charges and multiplying that ratio by the gross uncompensated charges associated with providing financial assistance. The Hospital measures its financial assistance based on the direct and indirect costs of providing financial assistance services as tracked by the accounting systems. The System also follows the new regulation under Section 501(r) as established by the Affordable Care Act, which requires policies for financial assistance, emergency medical care, and billing and collections.

Charges foregone (representing charges in excess of payments) and estimated costs in excess of payments related to financial assistance totaled approximately $3,053,000 and $630,000, respectively, during the year ended September 30, 2021. Charges foregone (representing charges in excess of payments) and estimated costs in excess of payments related to financial assistance totaled approximately $5,096,000 and $1,162,000, respectively, during the year ended September 30, 2020.

Note 4. Unconditional Promises to Give

Unconditional promises to give at September 30, 2021 and 2020 were as follows:

	2021	2020
	(In Thousands)	
Receivable in less than one year	**$ 2,121**	$ 2,992
Receivable in one to five years	**937**	941
Receivable in more than five years	**7**	19
Total unconditional promises to give	**3,065**	3,952
Less: discount to net present value (discount rate was 1.63% and 1.68% as of September 30, 2021 and 2020, respectively)	**(52)**	(11)
Less: allowance for unfulfilled pledges	**(545)**	(558)
Net unconditional promises to give	**$ 2,468**	$ 3,383

Note 5. Investments

The System's investments at September 30, 2021 and 2020 were as follows:

	2021	2020
	(In Thousands)	
Investments		
Cash and cash equivalents	**$ 1,741**	$ 10,609
Money market deposits	**5,919**	4,297
Certificates of deposit	**231**	239
Exchange traded funds (ETFs)	**100,110**	77,272
Bond funds	**82,869**	91,015
Mutual funds	**45**	38
Government securities	**21,620**	22,502
Alternative investments	**42,760**	38,832
Total investments	**$ 255,295**	$ 244,804

See Note 1, Significant Accounting Policies, for further information about assets whose use is limited.

Note 5. Investments (Continued)

As mentioned in Note 1, fair value measurements are based on a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the System has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

Note 5. Investments (Continued)

Assets measured at fair value on a recurring basis at September 30, 2021 and 2020 are summarized below (in thousands), and are included on the consolidated balance sheets as assets whose use is limited and short-term investments:

	2021			
Assets	**Level 1**	**Level 2**	**Level 3**	**Net Balance**
		(In Thousands)		
Cash and cash equivalents	**$ 1,741**	**$ -**	**$ -**	**$ 1,741**
Money market deposits	**5,919**	**-**	**-**	**5,919**
Certificates of deposit	**231**	**-**	**-**	**231**
ETFs	**100,110**	**-**	**-**	**100,110**
Bond funds	**82,869**	**-**	**-**	**82,869**
Mutual funds	**45**	**-**	**-**	**45**
Government securities	**21,286**	**334**	**-**	**21,620**
Investments measured at NAV per share*	**-**	**-**	**-**	**42,760**
	$ 212,201	**$ 334**	**$ -**	**$ 255,295**

	2020			
Assets	Level 1	Level 2	Level 3	Net Balance
		(In Thousands)		
Cash and cash equivalents	$ 10,609	$ -	$ -	$ 10,609
Money market deposits	4,297	-	-	4,297
Certificates of deposit	239	-	-	239
ETFs	77,272	-	-	77,272
Bond funds	91,015	-	-	91,015
Mutual funds	38	-	-	38
Government securities	21,951	551	-	22,502
Investments measured at NAV per share*	-	-	-	38,832
	$ 205,421	$ 551	$ -	$ 244,804

*Certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2021 from those used in 2020.

- *Common stocks, corporate bonds, and U.S. government securities*: Valued at the closing price reported on the active market on which the individual securities are traded.

Note 5. Investments (Continued)

- *Exchange traded funds (ETF) and mutual funds*: Valued at the daily closing price as quoted in active markets. Mutual funds held by the System are open-end mutual funds that are registered with the Securities and Exchange Commission (SEC). The Net Asset Value (NAV) of an ETF is calculated in the same manner as it is for a mutual fund: by summing the total assets and subtracting the total liabilities, divided by the number of shares outstanding. The NAV is the value used to compare it with other funds and to calculate performance statistics. However, the NAV may not represent the current value of an ETF since the component prices change throughout the trading day. Therefore, the NAV is calculated only at the end of the trading day. The ETFs held by the System are deemed to be actively traded and valued at the NAV calculated at the end of the trading day.

- *Cash and cash equivalents, money market deposits, and certificates of deposit*: Valued at cost which approximates fair value.

- *Alternative investments (hedge funds)*: Hedge funds are usually organized as limited partnerships, with the manager being the general partner who makes the investment decisions, and has a significant stake in the fund. Since hedge funds are private investment pools, securities are issued as private offerings. Valued based on the net asset value per share, without further adjustment. Net asset value is based upon the fair value of the underlying investments.

Note 5. Investments (Continued)

Fair Value of Investments that Calculate Net Asset Value per Share

The following table summarizes investments measured at fair value based on net asset value per share as of September 30, 2021 (in thousands):

September 30, 2021		Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Hedge Funds:					
AQR Style Premia Fund L.P. (CL B)	(A)	$ 1,587	None	15th Calendar Day of Each Month or Last Business Day of Each Month	15/30 Days
Cumulus Energy Fund, LP (CL A)	(B)	2	None	Monthly	30 Days
Lyxor-Balyasny Atlas Enhanced Fund LTD (CL L Unrestrict	(C)	1,852	None	Quarterly	65 Days
Lyxor-Balyasny Atlas Enhanced Fund LTD (CL L)	(C)	2,111	None	Quarterly	65 Days
Lyxor-Bridgewater Fund LTD (CL B)	(D)	2,508	None	Weekly	2 days
Lyxor-Sandler Plus Offshore Fund Limited (CL B)	(E)	2,950	None	Weekly	2 days
Millennium International LTD	(F)	7,047	None	Quarterly	90 Days
Palmetto Fund, LTD (Nephila) (CL D)	(G)	462	None	Quarterly	90 Days
PIMCO Loan Interests and Credit Offshore Fund LTD	(H)	22	None	Monthly	60 Days
Two Sigma Absolute Return Cayman Fund LTD (CL A1)	(I)	2,490	None	Monthly	30 Days
York Credit Opportunities Unit Trust (CL A)	(K)	215	None	Annually	60 Days
Oceanic Hedge Fund (CL B)	(M)	1,857	None	Monthly	90 Days
Luminus Energy Partners, LTD	(O)	1,059	None	Quarterly	90 Days
Seer Capital Partners Offshore Fund, LTD	(P)	2,513	None	Quarterly	90 Days
CFM-Discus Feeder Fund Limited (CL B)	(Q)	2,653	None	Monthly	15 Days
Marshall Wace Tops Fund PLC	(R)	3,472	None	Monthly	30 Days
Kepos Alpha Fund Ltd (CL A)	(S)	1,444	None	Monthly	45 Days
Radcliffe Inl Ultra Short Duration Fund	(T)	1,756	None	Quarterly	65 Days
Silver Point Capital Fund Ltd	(U)	3,056	None	Annually	90 Days
Twin Beech Capital Offshore Fund LP	(V)	1,252	None	Quarterly	60 Days
Verition Intl Multi-Strategy Fund Ltd Cl A	(W)	1,179	None	Quarterly	45 Days
ZP Offshore Utility Fund Ltd (Class E)	(X)	1,273	None	Quarterly	45 Days
		$ 42,760			

Note 5. Investments (Continued)

Fair Value of Investments that Calculate Net Asset Value per Share (Continued)

The following table summarizes investments measured at fair value based on net asset value per share as of September 30, 2020 (in thousands):

September 30, 2020		Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Hedge Funds:					
AQR Style Premia Fund L.P. (CL B)	(A)	$ 1,743	None	15th Calendar Day of Each Month or Last Business Day of Each Month	15/30 Days
Cumulus Energy Fund, LP (CL A)	(B)	2	None	Monthly	30 Days
Lyxor-Balyasny Atlas Enhanced Fund LTD (CL B)	(C)	2,307	None	Monthly	45 Days
Lyxor-Balyasny Atlas Enhanced Fund LTD (CL L)	(C)	1,144	None	Quarterly	65 Days
Lyxor-Bridgewater Fund LTD (CL B)	(D)	2,234	None	Weekly	2 days
Lyxor-Sandler Plus Offshore Fund Limited (CL B)	(E)	3,000	None	Weekly	2 days
Millennium International LTD	(F)	7,772	None	Quarterly	90 Days
Palmetto Fund, LTD (Nephila) (CL D)	(G)	1,758	None	Quarterly	90 Days
PIMCO Loan Interests and Credit Offshore Fund LTD	(H)	1,896	None	Monthly	60 Days
Two Sigma Absolute Return Cayman Fund LTD (CL A1)	(I)	2,526	None	Monthly	30 Days
Winton Futures Fund LTD (CL B)	(J)	1,783	None	Monthly	30 Days
York Credit Opportunities Unit Trust (CL A)	(K)	585	None	Annually	60 Days
DW Catalyst Offshore Fund, LTD (CL A)	(L)	1,096	None	Quarterly	90 Days
Oceanic Hedge Fund (CL B)	(M)	1,350	None	Monthly	90 Days
Lyxor - Marshall Wace TOPS European Fund, LTD	(N)	288	None	Weekly	2 days
Luminus Energy Partners, LTD	(O)	1,480	None	Quarterly	90 Days
Seer Capital Partners Offshore Fund, LTD	(P)	3,178	None	Quarterly	90 Days
CFM Discus Feeder Fund Limited (CL B)	(Q)	2,107	None	Monthly	15 Days
Marshall Wace Tops Fund PLC	(R)	2,583	None	Monthly	30 Days
		$ 38,832			

(A) AQR Style Premia Fund, L.P. is a feeder fund in a master-feeder structure and invests exclusively in AQR Style Premia Master Account, L.P., an exempted limited partnership incorporated under the laws of the Cayman Islands. AQR Style Premia Fund, L.P. and AQR Style Premia Master Account, L.P.'s primary objectives are to produce high risk-adjusted returns while maintaining low-to-zero correlation to traditional markets. AQR Style Premia Master Account, L.P. pursues these goals by investing in a combination of different investment strategies that apply quantitative return forecasting models and systematic risk control methods. Each of these investment strategies is designed to (a) target positive excess returns over a cash investment, (b) target a specific controlled level of volatility, and (c) exhibit low-to-zero correlation to other traditional and nontraditional markets. AQR Style Premia Master Account, L.P. will invest globally in a broad range of instruments, including without limitation, equities, currencies, futures, forwards, options, swaps, and other derivative products.

Note 5. Investments (Continued)

Fair Value of Investments that Calculate Net Asset Value per Share (Continued)

(B) Cumulus Energy Fund, LP is organized as a feeder fund and all of the Fund's assets (to the extent not retained in cash) are invested solely in the shares of Cumulus Energy Master Fund, an open-ended multi-class exempted company incorporated with limited liability in the Cayman Islands. Cumulus Energy Fund, LP is a shareholder in Cumulus Energy Master Fund together with another entity. The investment objective of Cumulus Energy Master Fund is to achieve an enhanced risk-adjusted return from the available assets through focusing typically, but not exclusively, on opportunities arising from weather and climate events and expectations while seeking to minimize exposure to general market risk.

(C) Lyxor-Balyasny Atlas Enhanced Fund LTD is setup as a multi-class investment fund whose investment objective is to primarily achieve capital appreciation and deliver absolute returns across a number of investment strategies in all market environments.

(D) Lyxor-Bridgewater Fund LTD is setup as a multi-class investment fund to provide a competitive return by trading the global markets.

(E) Lyxor-Sandler Plus Offshore Fund Limited is a hedge fund that invests in public equity markets. It also employs long/short strategy to make its investments. Lyxor/Sandler Plus Offshore Fund Limited is domiciled in the United States.

(F) Millennium International LTD is the domestic feeder fund of Millennium Partners L.P. Millennium Partners, L.P. is a trading partnership engaged in the business of trading equities, fixed income products, options, futures, and other financial instruments.

(G) Palmetto Fund, LTD (Nephila) is incorporated under the laws of Bermuda as an open-ended investment company and seeks to achieve its investment objectives through investing substantially all of its investable assets in Palmetto Catastrophe Master Fund, LTD.

(H) PIMCO Loan Interests and Credit Offshore Fund LTD is a hedge fund that invests all or substantially all of its assets in PIMCO Loan Interests and Credit Master Fund. PIMCO Loan Interests and Credit Offshore Fund, LTD. and PIMCO Loan Interests and Credit Master Fund's investment objective is to provide enhanced risk-adjusted total return through investment primarily in high-yield instruments, including without limitation, investing in the global loan, and high-yield bond markets.

(I) Two Sigma Absolute Return Cayman Fund LTD was organized as a Cayman Islands exempted company, registered under the Cayman Islands' Mutual Funds Law. The investment objective of Two Sigma Absolute Return Cayman Fund LTD is to achieve absolute U.S. dollar-denominated returns primarily by combining multiple model-driven investment strategies with proprietary risk management and execution techniques.

Note 5. Investments (Continued)

Fair Value of Investments that Calculate Net Asset Value per Share (Continued)

(J) Winton Futures Fund LTD is incorporated under the laws of the British Virgin Islands as an open-ended investment company with limited liability and engages in the speculative trading and investment in international futures, options, and forward markets.

(K) York Credit Opportunities Unit Trust is a fund that invests in a master fund which in turn invests in long and short positions in equity and debt of companies undergoing Chapter 11 reorganization or other types of restructuring.

(L) DW Catalyst Offshore Fund, LTD, formerly Brevan Howard Credit Catalysts Fund Limited, is a feeder fund in a master-feeder structure and invests exclusively in DW Partners, L.P., an exempted company with limited liability which was incorporated under the Companies Law of the Cayman Islands. The investment objective of DW Partners, L.P. is to employ a multi-strategy approach to investing in order to generate attractive risk-adjusted returns via careful investment selection, portfolio construction, and risk management.

(M) Oceanic Hedge Fund is an exempted company incorporated in the Cayman Islands. Oceanic Hedge Fund's objective is to achieve capital appreciation through focused long/short investments in the shipping, energy, and related sectors and associated commodities.

(N) Lyxor-Marshall Wace TOPS European Fund, LTD is a hedge fund that invests in long- and short-term positions in equities and related derivatives.

(O) Luminus Energy Partners, LTD is a hedge fund that invests all or substantially all of its assets in Luminus Energy Partners Master Fund, LTD, Luminus Energy Partners, LTD, and Luminus Energy Partners Master Fund, LTD's investment objectives are to generate and deliver consistent absolute returns, in both up and down markets, while substantially limiting market risk by investment in core investment sectors including power, energy, utilities, and related industries and sectors.

(P) Seer Capital Partners Offshore Fund, LTD, is a hedge fund that invests all or substantially all of its assets in Seer Capital Partners Master Fund L.P. and Subsidiary. Seer Capital Partners Offshore Fund, LTD, and Seer Capital Partners Master Fund, L.P. and Subsidiary is a diversified, credit focused investment firm that primarily invests in structured credit and loans.

(Q) CFM-Discus Feeder Fund Limited is a feeder fund that invests all or substantially all of its assets in Discus Holdings LTD. CFM-Discus Feeder Fund Limited's investment objective is to achieve long-term capital appreciation through returns that seek to be uncorrelated with traditional asset classes by investing its assets in Discus Holdings LTD that follows the Discus trading program.

(R) Marshall Wace Tops Fund PLC is a feeder fund with thirteen active sub-funds with varying investment objectives including providing investors with above absolute returns, average absolute returns, long-term capital growth, risk-adjusted returns, above average absolute returns with variable net market exposure, above average absolute returns with low net market exposure, and consistent absolute returns, primarily through investing and trading in various equities and equity related instruments and other funds.

Note 5. Investments (Continued)

Fair Value of Investments that Calculate Net Asset Value per Share (Continued)

(S) Kepos Alpha Fund, LTD was organized as an exempted company incorporated under the provision of the Companies Law (2010 revision) of the Cayman Islands. The fund acts as a feeder fund in a master feeder fund structure and accordingly invests a portion of its capital in Kepos Alpha Master Fund, LP. The master fund's investment objective is to provide investors with an attractive total return on investment capital over an entire three- to five-year market cycle while maintaining a low correlation with global equity markets.

(T) Radcliffe International Ultra Short Duration Fund, LTD is a Cayman Islands exempted company. The company implements its strategy by investing substantially all of its assets through a master feeder fund structure in Radcliffe Ultra Short Duration Master Fund, L.P. The fund's investment objective is to seek to achieve meaningfully higher net returns than short-term high-grade bond funds, with minimal default risk, while avoiding both the duration risk and credit risk of other fixed income strategies.

(U) Silver Point Capital Fund, LTD is a Cayman Islands exempted company, that participated or transferred substantially all of its interests in financial instruments, agreements and other assets and related liabilities, to Silver Point Capital Offshore Master Fund, LP. The investment objective of the fund is to achieve superior risk-adjusted returns by investing in debt, equity or other securities or obligations of misvalued, leveraged, or financially distressed companies and in event-oriented and other special situations.

(V) Twin Beech Capital Offshore Fund, LP is a Cayman Islands exempted company. The company implements its strategy by investing substantially all of its assets through a master feeder fund structure in Twin Beech Capital Master Fund, L.P. The fund's investment objective is to seek positive attractive absolute and risk-adjusted returns through a research-intensive, data-driven systematic trading and investment program.

(W) Verition International Multi-Strategy Fund, LTD is a Cayman Islands exempted company. The company implements its strategy by investing substantially all of its assets through a master feeder fund structure in Verition Multi-Strategy Master Fund, LTD. The fund's investment objective is superior risk-adjusted returns through implementation of a diversified range of alternative investment strategies.

(X) ZP Offshore Utility Fund, LTD is a Cayman Islands exempted company. The company implements its strategy by investing substantially all of its assets through a master feeder fund structure in ZP Master Utility Fund, LTD. The fund's investment objective is to employ an energy infrastructure-focused, long/short strategy which seeks to deliver absolute returns in all market conditions with minimal correlation to energy section indices and broader market indices.

Note 6. Affiliates

Investment in Affiliates

On December 23, 2009, the System purchased a 45% interest in Baton Rouge Rehabilitation Hospital, L.L.C. (BRRH) and Baton Rouge Rehabilitation Development, L.L.C. (BRRD) for a purchase price of $4,380,000. Baton Rouge Rehabilitation Hospital is an 80 bed, Medicare certified inpatient rehabilitation hospital that offers a variety of rehabilitation services to Baton Rouge and the surrounding area. The investments in BRRH and BRRD are reported on the equity method of accounting.

On July 17, 2012, the System entered into an operating agreement to own and operate Radiation Oncology Center - Zachary (ROC-Zachary) with the Hospital Service District No. 1 of the Parish of East Baton Rouge, Louisiana, a Louisiana political subdivision d/b/a Lane Regional Medical Center, and Bayou Income Group, LLC. The purpose of ROC-Zachary is to operate a radiation oncology center. The center opened in February 2014. On October 1, 2017, the System increased its membership interest from 50% to 70%. In accordance with its 70% membership interest, the System entered into a contribution agreement for contributions when needed. The investment in ROC-Zachary is reported on the equity method of accounting because management determined the other LLC Member has substantive participating rights.

On January 1, 2015, the System purchased a 50% interest in Verity Healthnet, L.L.C. (Verity) for a purchase price of $4,969,853. Verity operates as a healthcare provider network based in Louisiana to represent self-funded employers, third-party administrators, and other managed care organizations. The investment in Verity is reported on the equity method of accounting and is included in the accompanying consolidated balance sheets as other assets. On October 9, 2018, the System sold 12.5% of its interest in Verity for $1,800,000. This has been reported as a non-operating gain in the accompanying consolidated statements of operation. On July 1, 2020, the System repurchased 12.5% of its interest in Verity for $1,800,000. The system currently holds 50% interest in Verity.

On April 1, 2016, the System purchased a 33% interest in Hood Home Health Service, L.L.C. for a purchase price of $51,650. The joint venture operates a Home Health agency in the state of Louisiana under the name of Baton Rouge General Home Health. The investment in Baton Rouge General Home Health is reported on the equity method of accounting.

On November 1, 2017, the System purchased an 18% interest in Transformyx Inc. for a purchase price of $2,970,000. Transformyx Inc. provides strategic technology and business solutions to Baton Rouge. The investment in Transformyx Inc. is reported on the equity method of accounting because management determined the System has significant influence on the operations of Transformyx Inc. This investment is included in the accompanying consolidated balance sheets as other assets. The System contracts with Transformyx Inc. for information technology services. During the years ended September 30, 2021 and 2020, these contract payments totaled approximately $1,556,000 and $3,983,000, respectively. At September 30, 2020, the System owed Transformyx approximately $105,000, related to these services which is included in the accompanying consolidated balance sheets as trade accounts payable. Nothing was owed as of September 30, 2021.

Note 6. Affiliates (Continued)

Investment in Affiliates (Continued)

On January 1, 2018, the System purchased a 50% interest in Dutchtown Urgent Care, LLC (DUTC) for a purchase price of $250,000. DUTC operates an urgent care center in Geismar, Louisiana, specializing in common illnesses and injuries. The investment in DUTC is reported on the equity method of accounting.

On March 1, 2018, the System purchased a 30% interest in Mid City Specialty Center, L.L.C. (MCSC) for a purchase price of $207,000. The joint venture operates an ambulatory surgery center located at the System's Mid City campus, specializing in same-day surgeries and minimally invasive procedures for vascular patients. The investment in MCSC is reported on the equity method of accounting.

On December 5, 2019, the System purchased a 50% interest in Baton Rouge Wellness and Recovery Services, L.L.C. (BRWR) for a purchase price of $122,000. BRWR was created to own and operate certain inpatient and outpatient facilities providing psychiatric and addiction services in the Baton Rouge, Louisiana area. The investment in BRWR is reported on the equity method of accounting.

On February 28, 2020, the System purchased a 52.65% interest in Louisiana Independent Hospital Network Coalition, L.L.C. (LIHNC) for a purchase price of $60,064. LIHNC operates a joint venture with other regional healthcare providers to increase access and quality of care and improving operational efficiencies between its members. In 2021, additional members joined LIHNC, which resulted in diluting the System's interest to 17.1% as of September 30, 2021 The investment in LIHNC is reported on the equity method of accounting.

Note 6. Affiliates (Continued)

Investment in Affiliates (Continued)

These investments are summarized as follows:

	2021	2020
	(In Thousands)	
Baton Rouge Rehabilitation Hospital, L.L.C. (BRRH)		
Beginning balance	$ 2,255	$ 1,576
Distributions	(2,510)	(1,408)
Net income (45%)	2,332	2,087
	$ 2,077	$ 2,255
Baton Rouge Rehabilitation Development, L.L.C. (BRRD)		
Beginning balance	$ 2,584	$ 2,665
Distributions	(704)	(666)
Net income (45%)	596	585
	$ 2,476	$ 2,584
Radiation Oncology Center - Zachary (ROC-Zachary)		
Beginning balance	$ 744	$ 1,053
Contributions	609	79
Net loss (70%)	(307)	(388)
	$ 1,046	$ 744
Baton Rouge General Home Health		
Beginning balance	$ 43	$ 64
Distributions	(74)	(133)
Net income (33%)	95	112
	$ 64	$ 43
Transformyx, Inc.		
Beginning balance	$ 2,866	$ 2,891
Contributions	-	-
Distributions	-	-
Net income (loss) (18%)	500	(25)
	$ 3,366	$ 2,866
Dutchtown Urgent Care, LLC (DUTC)		
Beginning balance	$ 338	$ 373
Net income (loss) (50%)	66	(35)
	$ 404	$ 338
Verity Healthnet, L.L.C. (Verity)		
Beginning balance	$ 1,850	$ (17)
Contributions	-	2,000
Distributions	-	-
Net income (loss)(50%)	12	(133)
	$ 1,862	$ 1,850

Note 6. Affiliates (Continued)

Investment in Affiliates (Continued)

		2021		2020
		(In Thousands)		
Mid-City Specialty Center, L.L.C. (MCSC)				
Beginning balance	**$**	**56**	$	312
Distributions		**(322)**		(439)
Net income (30%)		**243**		183
	$	**(23)**	$	56
Baton Rouge Wellness and Recovery Services, L.L.C. (BRWR)				
Beginning balance	**$**	**-**	$	-
Contributions		**608**		122
Net loss (50%)		**(205)**		(122)
	$	**403**	$	-
Louisiana Independent Hospital Network Coalition, L.L.C. (LIHNC)				
Beginning balance	**$**	**2**	$	-
Contributions		**-**		60
Net loss (17.1% and 52.65% at 9/30/2021 and 9/30/2020, respectively)		**(2)**		(58)
	$	**-**	$	2
Total equity investments	**$**	**11,675**	**$**	**10,738**

Summarized financial information for entities carried under the equity method are as follows as of and for the year ended September 30, 2021:

	Total Assets	Total Liabilities	Equity	Net Income (Loss)
		(In Thousands)		
BRRH	$ 8,028	$ 3,412	$ 4,616	$ 5,183
BRRD	$ 5,506	$ -	$ 5,506	$ 1,324
ROC - Zachary	$ 1,851	$ 159	$ 1,692	$ (439)
BRG Home Health	$ 637	$ 433	$ 204	$ 281
Transformyx	$ 16,277	$ 9,105	$ 7,172	$ 2,766
Verity Healthnet	$ 123	$ 133	$ (10)	$ 24
Dutchtown Urgent Care	$ 428	$ 151	$ 277	$ 132
Mid City Specialty Center	$ 1,262	$ 1,341	$ (79)	$ 811
BRWR	$ 1,800	$ 1,049	$ 751	$ (170)
LIHNC	$ 17	$ 2	$ 15	$ (12)

Note 6. Affiliates (Continued)

Investment in Affiliates (Continued)

Summarized financial information for entities carried under the equity method are as follows as of and for the year ended September 30, 2020:

	Total Assets	Total Liabilities	Equity	Net Income (Loss)
		(In Thousands)		
BRRH	$ 9,799	$ 4,788	$ 5,011	$ 4,636
BRRD	$ 5,747	$ -	$ 5,747	$ 1,300
ROC - Zachary	$ 1,487	$ 227	$ 1,260	$ (556)
BRG Home Health	$ 591	$ 460	$ 131	$ 345
Transformyx	$ 13,743	$ 9,003	$ 4,740	$ 117
Verity Healthnet	$ 351	$ 386	$ (35)	$ 169
Dutchtown Urgent Care	$ 328	$ 182	$ 146	$ (122)
Mid City Specialty Center	$ 1,409	$ 1,224	$ 185	$ 610
BRWR	$ 52	$ 174	$ (122)	$ (186)
LIHNC	$ (15)	$ -	$ (15)	$ (111)

Transactions with Affiliates

At September 30, 2021 and 2020, the System had a receivable of approximately $2,130,000 and $1,682,000, respectively, due from the above referenced affiliates for various operating and payroll expenses, which is reported in the accompanying consolidated balance sheets within prepaid expenses and other assets.

The System also contracts with other affiliates for physician services and medical teaching services. Other affiliates, as used within these statements, are persons or entities that are affiliated with the System though directorate control. During 2021 and 2020, these contract payments totaled $6,540,000 and $6,363,000, respectively.

Note 7. Property, Plant, and Equipment

Property, plant, and equipment and accumulated depreciation at September 30, 2021 and 2020, are as follows:

	2021	2020
	(In Thousands)	
Land and land improvements	$ 39,868	$ 39,868
Buildings and fixed equipment	342,048	307,338
Equipment	189,071	186,632
Construction in progress	8,025	34,525
	579,012	568,363
Less: Accumulated depreciation	(326,602)	(323,165)
	$ 252,410	$ 245,198

Depreciation expense was approximately $18,408,000 and $16,144,000 for the years ended September 30, 2021 and 2020, respectively.

Note 8. Long-Term Debt

Long-term debt, as presented on the consolidated balance sheets, is comprised of both bond indentures and bank debt. A summary of both bond indentures and bank debt is summarized as follows (in thousands):

	2021	2020
Series 2011, LA Local Government Environmental Facilities and Community Development Authority-Gulf Opportunity Zone Revenue Bonds issued on behalf of General Health System (Obligor). $28,000,000 of serial bonds, variable interest. Quarterly principal and interest payments of $250,000 through maturity at October 1, 2041. This loan, with a principal balance of $20,000,000 was refinanced on October 6, 2021. Interest was reduced to 2.18%, principal and interest payable monthly in the amount of $103,254, maturing on October 6, 2031. Secured by deposits held by Bank. Secured by a mortgage on medical office building which was constructed with the proceeds of issue.	$ 20,000	$ 21,000
Note payable with Bank, original principal of $3,704,000, with interest rate of 3.25% per annum, monthly principal and interest payments of $26,116 beginning on September 1, 2015, maturing on August 31, 2022. This loan, with a principal balance of $2,475,097 was refinanced on June 2, 2021. Interest was reduced to 2.25%, principal and interest payable monthly in the amount of $71,197, maturing on June 1, 2024. Secured by deposits held by Bank.	2,211	2,634

Note 8. Long-Term Debt (Continued)

	2021	2020
Mortgage payable to Bank, with a principal balance of $129,158,260. Interest rate of 2.85%, principal and interest payable monthly in the amount $966,292, maturing on January 1, 2033. Secured by building. Insured by HUD.	**112,064**	120,395
Mortgage payable to Bank, original principal of $45,474,000 with interest rate of 4.74% per annum. As of September 30, 2021, BRGMC had drawn $41,945,078. Interest computed and payable monthly through April 2020. Beginning in May 2020, principal and interest payable monthly in the amount of $353,477, maturing May 1, 2035. Secured by building. Insured by HUD.	**38,894**	34,702
Note payable to Bank, original amount of $2,100,000, interest rate of 3.95%, per annum, principal and interest payable monthly in the amount of $26,876, maturing on September 30, 2023. Secured by deposits held by Bank.	**622**	913
	173,791	179,644
Less: principal payments due within one year	**(12,249)**	(11,513)
Less: debt issuance costs	**(2,704)**	(2,973)
Total long-term debt	**$ 158,838**	$ 165,158

Under the terms of the bond indentures, the System is required to make certain deposits with a trustee. Such deposits are included within assets whose use is limited on the consolidated balance sheets. See Note 1. The bond indentures also limit the incurrence of additional borrowings and require that certain measures of financial performance be met as long as the bonds are outstanding. Management is not aware of any non-compliance with these requirements.

The scheduled maturities of long-term debt for the next five years ending September 30th are as follows: (in thousands)

2022	$ 12,249
2023	13,104
2024	12,986
2025	12,745
2026	13,158
Thereafter	109,548
	$ 173,791

Note 8. Long-Term Debt (Continued)

Interest expense charged to operations was approximately $6,427,000 and $6,060,000 for the years ended September 30, 2021 and 2020, respectively. In 2021, $-0- of interest expense was capitalized into construction in progress as the project was substantially completed during the year ended September 30, 2020. Interest expense capitalized into construction in progress was approximately $902,000 for the year ended September 30, 2020.

Note 9. Employee Benefit Plans

Defined Contribution Plan

Substantially all employees of the System are eligible to participate in the General Health System Retirement Plus Plan (GHSRP Plan) provided they meet certain service and eligibility requirements. The GHSRP Plan is a defined contribution plan. Newly hired and eligible employees are automatically enrolled in the GHSRP Plan within 30 days after their hire date. If employees do not specifically elect an alternative deferral amount (including zero), then as soon as administratively feasible after the end of that 30-day period, 4% of their compensation will automatically be withheld from each paycheck and deposited into a plan account in their name as a salary deferral. The GHSRP Plan also allows for voluntary contributions by employees up to 100% of their annual compensation, subject to certain limits. The System matches 50% of the employee's deferral up to 6% of annual compensation, to participants who are at least 21 years of age and have completed one year of service, defined as 1,000 hours worked. A participant is 100% vested in the System match after completing three years of credited service. System matching contributions to the GHSRP Plan totaled approximately $3,833,000 and $3,297,000 for the years ended September 30, 2021 and 2020, respectively.

Note 10. Contingencies and Risk Management

Malpractice claims that fall within the System's adopted policy of self-insurance (see Note 1) have been asserted against the System by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial.

The accrual for malpractice and general liability self-insurance reserves totaled approximately $4,771,000 at September 30, 2021, which was undiscounted. The accrual for malpractice and general liability self-insurance reserves totaled approximately $4,509,000 at September 30, 2020, of which $1,536,000 was discounted at 4% and the remainder of $2,973,000 undiscounted. $3,680,000 and $3,101,000 is included in current liabilities at September 30, 2021 and 2020, respectively. Fully undiscounted malpractice and general liability self-insurance claims totaled $4,827,000 at September 30, 2020. Based on management's best knowledge and belief, it is the opinion of management that the ultimate resolution of malpractice claims and incidents will not have a material effect on the System's consolidated financial statements.

Note 10. Contingencies and Risk Management (Continued)

In addition to the malpractice and general liabilities reserves, the System has reserved for workers' compensation claims. The reserves, which were undiscounted, totaled $4,326,000 at September 30, 2021. At September 30, 2020, the reserves, which were discounted at 5%, totaled $3,626,000. Undiscounted workers' compensation claims totaled $4,782,000 at September 30, 2020. All of these amounts are included as current liabilities at each of those dates.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the System operates. It is unknown how long these conditions will last and what the complete financial effect will be to the System. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

In response to the coronavirus outbreak, the Governor's Office of Homeland Security and Emergency Management provided assistance with start-up costs related to Mid-City Acute Services in an effort to increase the number of emergency beds in the region. The System received $4,159,000 and $18,447,000 for the years ended September 30, 2021 and 2020, respectively. The System recognizes this as revenue as expenditures are made. The System recognized $1,192,000 and $12,109,000 as a contribution of capital assets in the consolidated statements of changes in net assets, and $4,159,000 and $1,000,000 as net assets released from restrictions in the consolidated statements of operations for the years ended September 30, 2021 and 2020, respectively. The refundable advance portion of $4,146,000 and $5,338,000 is included within deferred revenue in the consolidated balance sheets for the years ended September 30, 2021 and 2020, respectively.

In response to the economic impact of COVID-19, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted by Congress and was subsequently signed into law on March 27, 2020. The CARES Act included a variety of economic assistance provisions for businesses and individuals. Under certain provisions in the CARES Act, the System received benefits of $32,000 and $47,987,000 related to provider relief funding, of which $29,961,000 and $18,058,000 was recognized through net assets released from restrictions in its consolidated statements of operations for the years ended September 30, 2021 and 2020, respectively.

Note 10. Contingencies and Risk Management (Continued)

The System also deferred payment of approximately $7,205,000 and $4,648,000 for the employer portion of the Social Security payroll tax as allowed by the CARES Act as of September 30, 2021 and 2020, respectively. $3,487,000 of the deferral is included in accrued expenses and $3,718,000 of the deferral is included as other long-term liabilities on the accompanying consolidated balance sheet as of September 30, 2021. $4,648,000 of the deferral is included as other long-term liabilities on the accompanying consolidated balance sheet as of September 30, 2020. Fifty percent of the deferred taxes must be paid by December 31, 2021 with the remainder due by December 31, 2022.

Under the CARES Act, the System also received $43,277,000 in advances under the Medicare Accelerated and Advance Payments Program (AAPP) in April 2020.

Through the Continuing Appropriations Act, 2021 and Other Extensions Act (the CA Act) that was enacted October 1, 2020, the System will not be subject to recoupment of their Medicare payments for a period of one year from the date they received their AAPP payments. Starting on the date that is one year from their receipt of the AAPP payments, repayment will be made out of the System’s future Medicare payments. The schedule for such repayments will be as follows:

- Twenty five percent (25%) of the System’s Medicare payments will first offset against the outstanding AAPP balance for the next eleven (11) months.
- Fifty percent (50%) of the System’s Medicare payments will first offset against the outstanding AAPP balance for the next six (6) months.
- The System will receive a letter setting forth their remaining balance and will have thirty (30) days to pay the balance in full.
- Any unpaid balance after the thirty (30) days will accrue interest at a rate of four percent (4.00%).

The System has classified these advances as Medicare advances on its consolidated balance sheets, with $26,500,000 and $8,947,000 classified as a current liability and $7,840,000 and $34,330,000 as a non-current liability for the years ended September 30, 2021 and 2020, respectively.

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The System obtained a total of $715,000 in loans from a qualified lender under the Paycheck Protection Program (PPP) in April 2020. The promissory notes provide for monthly installments which include interest at 1% from November 2020 through April 2022. The PPP flexibility Act of 2020 delayed repayment of principal and interest until the date that the forgiveness amount is remitted to the lender by the Small Business Administration (SBA). Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. The System applied for forgiveness with the qualified lender in 2021. The System received forgiveness of $715,000 of these loans in 2021, which is reported as a component of other revenue in 2021.

Note 10. Contingencies and Risk Management (Continued)

The SBA may undertake a review of a loan of any size during the six-year period following forgiveness or repayment of the loan. The review may include the loan forgiveness application, as well as whether the System received the proper loan amount. The timing and outcome of any SBA review is not known.

Note 11. Insurance Programs

The System is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee's injuries and illnesses; natural disasters; and medical malpractice.

As mentioned in Notes 1 and 10, the System is self-insured for medical claims and certain medical malpractice claims up to predetermined stop-loss amounts. Claims in excess of the stop-loss amounts are insured through commercial insurance carriers. The System has reflected its estimate of the ultimate liability for known and incurred but not reported claims in the accompanying consolidated financial statements as current liabilities.

The health claims liabilities at September 30, 2021 and 2020, are reported if information prior to the issuance of the consolidated financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Changes in the System's claims liability amount are reflected below (in thousands):

	2021	2020
Claims liability, beginning of year	**$ 1,702**	$ 1,757
Current year claims and changes in estimates	**21,828**	17,110
Current year claims payments	**(21,135)**	(17,165)
Claims liability, end of year	**$ 2,395**	$ 1,702

Note 12. Leases and Other Commitments

The System leases medical and office equipment and office buildings under several operating leases, which expire in various years through 2026. Rental expense under operating leases totaled approximately $2,375,000 and $3,118,000, for the years ended September 30, 2021 and 2020, respectively.

Note 12. Leases and Other Commitments (Continued)

Future minimum payments under all non-cancelable operating leases with original or remaining terms of one year or more at September 30, 2021, are as follows: (in thousands)

2022	$ 1,415
2023	1,267
2024	605
2025	346
2026	232
Thereafter	662
Total minimum rental commitments	$ 4,527

The System is required by the State of Louisiana Department of Employment and Training, Office of Workers' Compensation, to maintain a cash reserve for the self-insured workers' compensation plan. The System acquired a standby letter of credit to satisfy this requirement with an available balance of $2,500,000 at September 30, 2021 and 2020.

Note 13. Business and Credit Concentrations

Financial instruments which potentially subject the System to concentrations of credit risk consist principally of unsecured accounts receivable and interest-bearing depository accounts in excess of federally insured limits. The System has not experienced any losses from deposits in excess of federally insured limits and does not believe that significant credit risk exists as a result of this practice. At September 30, 2021 and 2020, approximately $11,738,000 and $11,301,000, respectively, of cash and cash equivalents was uninsured.

The System grants credit to patients, substantially all of whom are regional residents, and generally does not require collateral or other security in extending this credit; however, the System routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, and commercial insurance policies).

The mix of receivables due from patients and third-party payors at September 30, 2021 and 2020 was as follows:

	2021	2020
Medicare	**18 %**	20 %
Medicaid	**17 %**	15 %
Commercial and managed care	**59 %**	60 %
Private pay	**6 %**	5 %
	100 %	100 %

Note 14. Other Operating Revenue

Other operating revenue recognized during the years ended September 30, 2021 and 2020 consisted of the following (in thousands):

	2021	2020
Retail pharmacy sales	**$ 18,631**	$ 9,189
Management fees	**11,787**	11,587
Lab service revenue	**6,283**	5,171
Rent revenues	**4,708**	4,372
Cafeteria revenue	**4,620**	4,523
Physician shared savings payments	**3,706**	2,561
Training revenue	**1,626**	410
Contributions	**988**	598
Purchase rebates	**910**	416
Gift shop sales	**835**	3,594
EHR revenues	**432**	673
FMP Payment	**-**	1,658
Other	**5,852**	2,612
	$ 60,378	$ 47,364

Future Rental Income

The System leases space to outside entities. These rental agreements are typically multi-year periods and are operating leases. Rental income is reported as earned over the term of the lease. Future minimum rental income under these leases at September 30, 2021 are as follows (in thousands):

2022	$ 3,896
2023	3,719
2024	2,869
2025	1,593
2026	1,367
Thereafter	4,605
	$ 18,049

It is management's intent to seek renewal of these leases as they expire.

Note 15. Cooperative Endeavor Agreements

The System and other health care providers have collaborated with the State and units of local government in Louisiana, to more fully fund the Medicaid program and ensure the availability of quality healthcare services for the low income and needy residents in the community population. The provision of this care directly to low income and needy patients will result in the alleviation of the expense of public funds the governmental entities previously expended on such care, thereby allowing the governmental entities to increase support for the state Medicaid program for federal Medicaid Upper Payment Limits (UPL) and Full Medicaid Pricing (FMP) payments. The System recognizes UPL revenue upon receipt of payments. The System accrues FMP revenue based on invoiced amounts.

During the years ended September 30, 2021 and 2020, Medicaid UPL and FMP payments received by the System were approximately $38,589,000 and $56,115,000, respectively, which are recorded in net patient service revenues on the consolidated statements of operations, as the payments relate directly to patient care. Each State's UPL and FMP methodology must comply with its State plan and be approved by the Centers for Medicare & Medicaid Services (CMS). Federal matching funds are not available for Medicaid payments that exceed UPLs or FMPs.

Effective January 1, 2019, certain entities within the System entered into an agreement with the Quality and Outcome Improvement Network (QOIN) to facilitate payments to these entities under the State of Louisiana's Medicaid Managed Care Quality Incentive Program (Program). The Louisiana Department of Health (LDH) amended its agreements with its contracted Managed Care Organizations (MCO) 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 contract with for this Managed Care Incentive Payment (MCIP). For each measurement year, LDH will evaluate the performance relative to the specific quality performance measures. In the event LDH finds a deficiency in the accomplishment of those performance measures, there is the potential for recoupment of the MCIPs. Under the terms of the agreement with QOIN, the System recognized revenue of approximately $5,457,000 and $3,313,000 for the years ended September 30, 2021 and 2020, respectively which are recorded in net patient service revenues on the consolidated statements of operations, as the payments related directly to patient care.

Note 16. Functional Expenses

The System provides general health care services to residents within its geographic location. For the years ended September 30, 2021 and 2020, expenses related to providing these services were as follows (in thousands):

	Program							
September 30, 2021	**Healthcare Services**	**Surgical Services**	**Pharmacies**	**Greater Baton Rouge Community Health Improvement**	**Total**	**Management and General**	**Fundraising**	**Total**
Expenses								
Salaries, wages, and benefits	**$ 161,521**	**$ 4,086**	**$ 4,477**	**$ 416**	**$ 170,500**	**$ 80,235**	**$ -**	**$ 250,735**
Supplies and other expenses	**175,026**	**21,609**	**26,066**	**1,375**	**$ 224,076**	**11,732**	**1,516**	**237,324**
Depreciation	**18,408**	**-**	**-**	**-**	**$ 18,408**	**-**	**-**	**18,408**
Interest expense	**6,427**	**-**	**-**	**-**	**$ 6,427**	**-**	**-**	**6,427**
Total expenses	**$ 361,382**	**$ 25,695**	**$ 30,543**	**$ 1,791**	**$ 419,411**	**$ 91,967**	**$ 1,516**	**$ 512,894**

	Program							
September 30, 2020	Healthcare Services	Surgical Services	Pharmacies	Greater Baton Rouge Community Health Improvement	Total	Management and General	Fundraising	Total
Expenses								
Salaries, wages, and benefits	$ 137,272	$ 3,709	$ 3,865	$ 427	$ 145,273	$ 68,364	$ -	$ 213,637
Supplies and other expenses	190,438	19,270	17,875	796	228,379	2,957	42	231,378
Depreciation	16,144	-	-	-	16,144	-	-	16,144
Interest expense	6,040	-	-	-	6,040	20	-	6,060
Total expenses	$ 349,894	$ 22,979	$ 21,740	$ 1,223	$ 395,836	$ 71,341	$ 42	$ 467,219

Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Those expenses are allocated on the basis of time and effort.

Note 17. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
	(In Thousands)	
Subject to expenditure for a specified purpose:		
Healthcare programs and facilities	$ 8,778	$ 9,310
Medical education	770	686
Employee assistance program	65	78
	9,613	10,074
Subject to the System's spending policy and appropriation:		
Investment in perpetuity (including amounts above original investment of $194 and $113 at September 30, 2021 and 2020, respectively, which, once appropriated, are expendable to support healthcare programs and medical education	411	310
	411	310
Total net assets with donor restrictions	$ 10,024	$ 10,384

Note 18. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors, as follows:

	2021	2020
	(In Thousands)	
Covid Related Expenses	$ 29,961	17,264
Covid Related Property and Equipment	1,192	12,109
Covid Lost Revenue	4,159	$ 1,802
Supplies	1,737	179
Property and equipment	594	764
Patient care	133	121
Employee assistance	30	18
Education	21	18
Nursing	23	13
Scholarships	3	3
Total amounts released from restrictions	$ 37,853	$ 32,291

Note 19. Transfer of Net Assets

During the years ended September 30, 2021 and 2020, respectively, there was a transfer from net assets without donor restrictions to net assets with donor restrictions that was donor directed. These transfers are shown on the consolidated statements of operations and the consolidated statements of changes in net assets.

Note 20. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020
	(In Thousands)	
Cash and cash equivalents	**$ 30,946**	$ 28,588
Investments	**222,553**	213,414
Patient accounts receivable, net	**51,946**	39,943
Current portion of unconditional promises to give, net	**284**	232
	$ 305,729	$ 282,177

As part of the System's liquidity management plan, the System, through an investment manager and advice of an investment consultant, invests balances in excess of daily requirements in equities, fixed income, real assets, alternative investments, and cash and cash equivalents subject to investment policy asset allocation ranges and targets with the objective of an intermediate to long-term focus of seven to ten years, as well as a cash buffer to cover the expense obligations of the System. All account investments are to be selected and diversified so as to mitigate the risk of large losses subject to the return objectives and constraints, by the manager.

Note 21. Accounting for Uncertainty in Taxes

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The System believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Note 21. Accounting for Uncertainty in Taxes (Continued)

As mentioned in Note 1, the System and certain of its subsidiaries are not-for-profit entities under Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxation. Certain other subsidiaries are for-profit entities. The operations of the for-profit subsidiaries have resulted in cumulative net operating losses for federal income tax purposes at September 30, 2021 and 2020, of approximately $65,189,000 and $91,980,000, respectively. The net operating loss carryforwards expire in varying amounts beginning in 2022 through 2041. No tax benefits related to these operating losses have been recognized in the accompanying consolidated financial statements as the for-profit entities are not expected to generate sufficient taxable income to utilize the losses prior to their expiration.

Penalties and interest assessed by income taxing authorities, if any, would be included in expenses.

Note 22. Subsequent Events

The System has evaluated subsequent events through the date that the financial statements were available to be issued, February 8, 2022, and determined that the following events require disclosure:

The Series 2011, LA Local Government Environmental Facilities and Community Development Authority-Gulf Opportunity Zone Revenue Bonds issued on behalf of General Health System (Obligor) in the original amount of $28,000,000 were refinanced on October 6, 2021 at a principal balance of $20,000,000. Interest was reduced to 2.18% with amended principal and interest payable monthly in the amount $103,254 and a maturity date of October 6, 2031.

In January 2022, the System entered into a lease in connection with a partnership agreement. Future minimum rental income of $1,279,000 over the ten-year term of the lease is included in Note 14.

The remaining funding available for the mortgage payable discussed in Note 8 was fully drawn.

No further subsequent events occurring after February 8, 2022 have been evaluated for inclusion in these consolidated financial statements.

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Independent Auditor's Report on Supplementary Information

To the Board of Trustees
General Health System
Baton Rouge, Louisiana

We have audited the consolidated financial statements of General Health System (the System), as of and for the years ended September 30, 2021 and 2020, and have issued our report thereon dated February 8, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 - 2. We have not performed any auditing procedures with respect to the audited consolidated financial statements subsequent to the date of the auditor's report on those consolidated statements. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 50 - 56 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the comptroller General of the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

LaPorte

A Professional Accounting Corporation

Metairie, LA
February 8, 2022

GENERAL HEALTH SYSTEM
Consolidating Balance Sheet
September 30, 2021
(In Thousands)

	General Health System Parent Company	General Health System Corporate Services	Baton Rouge General Medical Center	Medical Diagnostic Services, Inc.	General Health System Foundation	Verity Healthnet Accounts Management Services, Inc.	Baton Rouge General Physicians, Inc.	Gulf South Health Plans, Inc.	RRS Insurance	Office Park 73	Behavioral Health, Inc., & Other Entities	Eliminations	General Health System Consolidated
ASSETS													
Current assets													
Cash and cash equivalents	$ -	$ 4,724	$ 17,323	$ -	$ 2,099	$ -	$ 605	$ -	$ 6,195	$ -	$ -	$ -	$ 30,946
Patient accounts receivable, net	-	-	48,703	-	-	-	3,243	-	-	-	-	-	51,946
Current portion of unconditional promises to give, net	-	-	-	-	1,615	-	-	-	-	-	-	-	1,615
Inventories	-	-	12,122	-	-	-	399	-	-	-	-	-	12,521
Prepaid expenses and other assets	-	7,489	9,370	-	15	8	8,185	-	597	-	103	-	25,767
Short-term Trust Receivable	-	1,113	-	-	-	-	-	-	-	-	-	-	1,113
Amounts due from contractual third-party payors			1,837										1,837
Short-term investments	-	155,188	66,794		571	-	-	-	-	-	-	-	222,553
Total current assets	-	168,514	156,149	-	4,300	8	12,432	-	6,792	-	103	-	348,298
Cash and cash equivalents - limited to use	-	-	682	-	-	-	-	-	-	-	-	-	682
Investments - limited to use	-	-	24,671	-	-	-	-	-	-	-	-	-	24,671
Investments - donor restricted	-	-	-	-	8,071	-	-	-	-	-	-	-	8,071
Unconditional promises to give, net, less current portion	-	-	-	-	853	-	-	-	-	-	-	-	853
Investment in affiliates	396,266	-	-	-	-	1,862	-	-	-	-	9,813	(396,266)	11,675
Goodwill	-	383	4,706	-	-	-	-	-	-	-	-	-	5,089
Trust receivable	-	19,878	-	-	-	-	-	-	-	-	-	-	19,878
Other assets	-	10,201	175	-	-	-	-	-	-	-	-	-	10,376
Due from affiliates	-	-	112,117			6,742		11	-	-	18,796	(137,666)	-
Property, plant, and equipment, net	-	53,630	197,232	82	-	-	1,466	-	-	-	-	-	252,410
Total assets	**$ 396,266**	**$ 252,606**	**$ 495,732**	**$ 82**	**$ 13,224**	**$ 8,612**	**$ 13,898**	**$ 11**	**$ 6,792**	**$ -**	**$ 28,712**	**$ (533,932)**	**$ 682,003**
LIABILITIES AND NET ASSETS													
Current liabilities													
Trade accounts payable	$ -	$ 11,735	$ 16,314	$ -	$ 15	$ -	$ 1,022	$ -	$ 25	$ -	$ -	$ -	$ 29,111
Accrued expenses	-	16,402	11,708	-	26	51	1,731	111	713	-	592	-	31,334
Medicare advances	-		26,165	-	-	-	335	-	-	-	-	-	26,500
Deferred Revenue	-	257	4,398	-	-	-	-	-	-	-	-	-	4,655
Amounts due to contractual third-party payors	-	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of self-insurance reserves	-	7,471	-	-	-	-	-	-	2,930	-	-	-	10,401
Current portion of long-term debt	-	1,651	10,598	-	-	-	-	-	-	-	-	-	12,249
Total current liabilities	**-**	**37,516**	**69,183**	**-**	**41**	**51**	**3,088**	**111**	**3,668**	**-**	**592**	**-**	**114,250**
Medicare advances	-	-	7,840	-	-	-	-	-	-	-	-	-	7,840
Self-insurance reserves, less current portion	-	1,063	-	-	-	-	-	-	28	-	-	-	1,091
Long-term debt, less current portion													
Principal amount	-	21,182	140,360	-	-	-	-	-	-	-	-	-	161,542
Less: debt issuance costs	-	(118)	(2,586)	-	-	-	-	-	-	-	-	-	(2,704)
Due to affiliates	-	48,076	-	8,807	-	-	80,474	-	-	309	-	(137,666)	-
Other long-term liabilities	-	3,718	-	-	-	-	-	-	-	-	-	-	3,718
Total liabilities	**-**	**111,437**	**214,797**	**8,807**	**41**	**51**	**83,562**	**111**	**3,696**	**309**	**592**	**(137,666)**	**285,737**
Net assets													
Without donor restrictions	386,242	141,169	280,935	(8,725)	3,159	8,561	(69,664)	(100)	3,096	(309)	28,120	(386,242)	386,242
With donor restrictions	10,024	-	-	-	10,024	-	-	-	-	-	-	(10,024)	10,024
Total net assets	396,266	141,169	280,935	(8,725)	13,183	8,561	(69,664)	(100)	3,096	(309)	28,120	(396,266)	396,266
Total liabilities and net assets	**$ 396,266**	**$ 252,606**	**$ 495,732**	**$ 82**	**$ 13,224**	**$ 8,612**	**$ 13,898**	**$ 11**	**$ 6,792**	**$ -**	**$ 28,712**	**$ (533,932)**	**$ 682,003**

See independent auditor’s report on supplementary information.

GENERAL HEALTH SYSTEM
Consolidating Balance Sheet
September 30, 2020
(In Thousands)

	General Health System Parent Company	General Health System Corporate Services	Baton Rouge General Medical Center	Medical Diagnostic Services, Inc.	General Health System Foundation	Verity Healthnet Accounts Management Services, Inc.	Baton Rouge General Physicians, Inc.	Gulf South Health Plans, Inc.	RRS Insurance	Office Park 73	Behavioral Health, Inc., & Other Entities	Eliminations	General Health System Consolidated
ASSETS													
Current assets													
Cash and cash equivalents	$ -	$ 4,569	$ 14,375	$ -	$ 3,199	$ -	$ 966	$ -	$ 5,479	$ -	$ -	$ -	$ 28,588
Patient accounts receivable, net	-	-	37,736	-	-	-	2,207	-	-	-	-	-	39,943
Current portion of unconditional promises to give, net	-	-	-	-	2,511	-	-	-	-	-	-	-	2,511
Inventories	-	-	9,800	-	-	-	378	-	-	-	-	-	10,178
Prepaid expenses and other assets	-	6,293	4,898	-	4	138	1,041	-	628	-	107	-	13,109
Short-term investments	-	155,047	58,352		15				-	-	-	-	213,414
Total current assets	-	165,909	125,161	-	5,729	138	4,592	-	6,107	-	107	-	307,743
Cash and cash equivalents - limited to use	-	-	682	-	-	-	-	-	-	-	-	-	682
Investments - limited to use	-	-	23,931	-	-	-	-	-	-	-	-	-	23,931
Investments - donor restricted	-	-	-	-	7,459	-	-	-	-	-	-	-	7,459
Unconditional promises to give, net, less current portion	-	-	-	-	872	-	-	-	-	-	-	-	872
Investment in affiliates	335,989	2	-	-	-	1,850	-	-	-	-	8,886	(335,989)	10,738
Goodwill	-	383	4,706	-	-	-	-	-	-	-	-	-	5,089
Trust receivable	-	22,987	-	-	-	-	-	-	-	-	-	-	22,987
Other assets	-	7,487	257	-	-	-	-	-	-	-	-	-	7,744
Due from affiliates	-	-	127,293	-	70	5,942	-	12	-	-	16,290	(149,607)	-
Property, plant, and equipment, net	-	55,740	187,543	82	-	-	1,833	-	-	-	-	-	245,198
Total assets	**$ 335,989**	**$ 252,508**	**$ 469,573**	**$ 82**	**$ 14,130**	**$ 7,930**	**$ 6,425**	**$ 12**	**$ 6,107**	**$ -**	**$ 25,283**	**$ (485,596)**	**$ 632,443**
LIABILITIES AND NET ASSETS													
Current liabilities													
Trade accounts payable	$ -	$ 19,177	$ 10,609	$ -	$ -	$ -	$ 647	$ -	$ 27	$ -	$ -	$ -	$ 30,460
Accrued expenses	-	6,827	10,351	-	28	54	1,476	112	-	-	568	-	19,416
Medicare advances	-	-	8,741	-	-	-	206	-	-	-	-	-	8,947
Deferred Revenue	-	363	35,790	-	-	-	-	-	625				36,778
Amounts due to contractual third-party payors	-	-	4,581	-	-	-	-	-	-	-	-	-	4,581
Paycheck Protection Program Loan	-	-	-	-	-	-	715	-	-	-	-	-	715
Current portion of self-insurance reserves	-	6,078	-	-	-	-	-	-	2,351	-	-	-	8,429
Current portion of long-term debt	-	1,252	10,261	-	-	-	-	-	-	-	-	-	11,513
Total current liabilities	**-**	**33,697**	**80,333**	**-**	**28**	**54**	**3,044**	**112**	**3,003**	**-**	**568**	**-**	**120,839**
Medicare advances	-	-	33,984	-	-	-	346	-	-	-	-	-	34,330
Self-insurance reserves, less current portion	-	786	-	-	-	-	-	-	622	-	-	-	1,408
Long-term debt, less current portion													
Principal amount	-	23,295	144,836	-	-	-	-	-	-	-	-	-	168,131
Less: debt issuance costs	-	(124)	(2,849)	-	-	-	-	-	-	-	-	-	(2,973)
Due to affiliates	-	68,802	-	8,807	-	-	71,689	-	-	309	-	(149,607)	-
Other long-term liabilities	-	4,648	-	-	-	-	-	-	-	-	-	-	4,648
Total liabilities	**-**	**131,104**	**256,304**	**8,807**	**28**	**54**	**75,079**	**112**	**3,625**	**309**	**568**	**(149,607)**	**326,383**
Net assets													
Without donor restrictions	325,605	121,404	213,269	(8,725)	3,718	7,876	(68,654)	(100)	2,482	(309)	24,715	(325,605)	295,676
With donor restrictions	10,384	-	-	-	10,384	-	-	-	-	-	-	(10,384)	10,384
Total net assets	335,989	121,404	213,269	(8,725)	14,102	7,876	(68,654)	(100)	2,482	(309)	24,715	(335,989)	306,060
Total liabilities and net assets	**$ 335,989**	**$ 252,508**	**$ 469,573**	**$ 82**	**$ 14,130**	**$ 7,930**	**$ 6,425**	**$ 12**	**$ 6,107**	**$ -**	**$ 25,283**	**$ (485,596)**	**$ 632,443**

See independent auditor’s report on supplementary information.

GENERAL HEALTH SYSTEM
Consolidating Statement of Operations
September 30, 2021
(In Thousands)

	General Health System Parent Company	General Health System Corporate Services	Baton Rouge General Medical Center	Medical Diagnostic Services, Inc.	General Health System Foundation	Verity Healthnet Accounts Management Services, Inc.	Baton Rouge General Physicians, Inc.	RRS Insurance	Office Park 73	Behavioral Health, Inc., & Other Entities	Eliminations	General Health System Consolidated
Revenues, gains, and other support without donor restrictions												
Net patient service revenue	$ -	$ -	$ 457,858	$ -	$ -	$ -	$ 22,965	$ -	$ -	$ -	$ -	$ 480,823
Other revenue	-	72,684	47,782	64	988	745	19,615	1,338	-	10,879	(93,717)	60,378
Transfers to net assets with donor restrictions	-				(387)			-	-	-	-	(387)
Net assets released from donor restrictions	-		34,120		1,947			-	-	-	-	36,067
Total revenues, gains, and other support without donor restrictions	**-**	**72,684**	**539,760**	**64**	**2,548**	**745**	**42,580**	**1,338**	**-**	**10,879**	**(93,717)**	**576,881**
Expenses												
Salaries, wages, and benefits	-	16,552	190,806	-	611	-	32,051	-	-	10,715	-	250,735
Supplies and other expenses	-	45,704	269,434	64	3,539	72	11,219	917	-	92	(93,717)	237,324
Depreciation	-	2,404	15,684	-	-	-	320	-	-	-	-	18,408
Interest expense	-	805	5,622	-	-	-	-	-	-	-	-	6,427
Total expenses	**-**	**65,465**	**481,546**	**64**	**4,150**	**72**	**43,590**	**917**	**-**	**10,807**	**(93,717)**	**512,894**
Operating income (loss)	-	7,219	58,214	-	(1,602)	673	(1,010)	421	-	72	-	63,987
Earnings of subsidiaries	88,780	(2)	-	-	-	12	-	-	-	3,333	(88,780)	3,343
Investment return, net	-	12,548	8,260	-	449	-	-	193	-	-	-	21,450
Nonoperating gain	-	-	-	-	-	-	-	-	-	-	-	-
Excess (deficit) of revenues over expenses	**$ 88,780**	**$ 19,765**	**$ 66,474**	**$ -**	**$ (1,153)**	**$ 685**	**$ (1,010)**	**$ 614**	**$ -**	**$ 3,405**	**$ (88,780)**	**$ 88,780**

See independent auditor’s report on supplementary information.

GENERAL HEALTH SYSTEM
Consolidating Statement of Operations
September 30, 2020
(In Thousands)

	General Health System Parent Company	General Health System Corporate Services	Baton Rouge General Medical Center	Medical Diagnostic Services, Inc.	General Health System Foundation	Verity Healthnet Accounts Management Services, Inc.	Baton Rouge General Physicians, Inc.	RRS Insurance	Office Park 73	Behavioral Health, Inc., & Other Entities	Eliminations	General Health System Consolidated
Revenues, gains, and other support without donor restrictions												
Net patient service revenue	$ -	$ -	$ 414,465	$ -	$ -	$ -	$ 20,301	$ -	$ -	$ -	$ -	$ 434,766
Provision for bad debts	-	-	(14,785)	-	-	-	(1,093)	-	-	-	-	(15,878)
Net patient service revenue after provision for bad debts	-	-	399,680	-	-	-	19,208	-	-	-	-	418,888
Other revenue	-	97,053	33,486	49	952	744	8,037	1,085	-	10,474	(104,516)	47,364
Transfers to net assets with donor restrictions	-	-	-	-	(240)	-	-	-	-	-	-	(240)
Net assets released from donor restrictions	-	47	18,265	-	306	-	801	-	-	-	-	19,419
Total revenues, gains, and other support without donor restrictions	**-**	**97,100**	**451,431**	**49**	**1,018**	**744**	**28,046**	**1,085**	**-**	**10,474**	**(104,516)**	**485,431**
Expenses												
Salaries, wages, and benefits	-	15,220	158,962	-	628	-	28,458	-	-	10,369	-	213,637
Supplies and other expenses	-	71,506	253,203	49	1,213	73	9,462	320	-	68	(104,516)	231,378
Depreciation	-	3,013	12,853	-	-	-	278	-	-	-	-	16,144
Interest expense	-	891	5,149	-	20	-	-	-	-	-	-	6,060
Total expenses	**-**	**90,630**	**430,167**	**49**	**1,861**	**73**	**38,198**	**320**	**-**	**10,437**	**(104,516)**	**467,219**
Operating income (loss)	-	6,470	21,264	-	(843)	671	(10,152)	765	-	37	-	18,212
Earnings of subsidiaries	45,336	(58)	-	-	-	(133)	-	-	-	2,397	(45,336)	2,206
Investment return, net	-	(2,738)	(2,747)	-	394	-	-	55	-	-	-	(5,036)
Nonoperating gain	-	-	-	-	-	25	-	-	-	-	-	25
Excess (deficit) of revenues over expenses	**$ 45,336**	**$ 3,674**	**$ 18,517**	**$ -**	**$ (449)**	**$ 563**	**$ (10,152)**	**$ 820**	**$ -**	**$ 2,434**	**$ (45,336)**	**$ 15,407**

See independent auditor’s report on supplementary information.

GENERAL HEALTH SYSTEM

Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended September 30, 2021

Agency Head
Edgardo Tenreiro
Chief Executive Officer

Purpose	Amount
Salary	$0
Benefits - Insurance	$0
Benefits - Retirement	$0
Benefits - Other	$0
Car Allowance	$0
Vehicle Provided by Organization	$0
Per Diem	$0
Reimbursements	$0
Travel	$0
Registration Fees	$0
Conference Travel	$0
Continuing Professional Education Fees	$0
Miscellaneous Expenses	$0

See independent auditor’s report on supplementary information.

GENERAL HEALTH SYSTEM

Financial Responsibility Supplemental Schedule
For the Year Ended September 30, 2021

Lines	Primary Reserve Ratio (in thousands):			
		Expendable Net Assets		
34	Balance Sheet - Net assets without donor restrictions	Net assets without donor restrictions		386,242
35	Balance Sheet - Net assets with donor restrictions	Net assets with donor restrictions		10,024
FS Note 6 - Transactions with Affiliates	Notes to the Financial Statements - Affiliates note disclosure	Secured and Unsecured related party receivable	2,130	
FS Note 6 - Transactions with Affiliates	Notes to the Financial Statements - Affiliates note disclosure	Unsecured related party receivable		2,130
18	Balance Sheet - Property, plant, and equipment, net	Property, plant and equipment, net (includes Construction in progress)	252,410	
FS Note 7	Notes to the Financial Statements - Property, plant, and equipment - pre-implementation	Property, plant, and equipment - pre-implementation		180,189
FS Note 7	Note of the Financial Statements - Statement of Financial Position - Property, Plant, and Equipment - post-implementation with outstanding debt for original purchase	Property, plant and equipment - post-implementation with outstanding debt for original purchase		27,863
FS Note 7	Note of the Financial Statements - Statement of Financial Position - Property, Plant, and Equipment - post-implementation without outstanding debt for original purchase	Property, plant and equipment - post-implementation without outstanding debt for original purchase		36,333
FS Note 7 - Line 4	Notes to the Financial Statements - Property, plant, and equipment note disclosure - Construction in progress	Construction in progress		8,025
15	Balance Sheet - Goodwill	Intangible Assets		5,089
26, 30	Balance Sheet - Long-term debt (both current and long-term)	Long term debt - for long term purposes	173,791	
FS Note 8	Balance Sheet - Long-term debt (both current and long-term)	Long term debt - for long term purposes - pre-implementation		155,123
FS Note 8	Balance Sheet - Long term debt (both current and long term)	Long-term debt - for long term purposes - post-implementation		18,668
FS Note 8	Balance Sheet - Long term debt (both current and long term)	Long-term debt - for long term purposes - for Construction in process		-
FS Note 17 - Line 6	Notes to Financial Statements - Net assets with donor restrictions disclosure	Net assets with donor restrictions: restricted in perpetuity		411
		Total Expenses and Losses		
49	Statement of Operations - Total Operating Expenses (Total from Statement of Operations prior to adjustments)	Total expenses without donor restrictions - taken directly from Statement of Operations		512,894

See Independent Auditor’s Report on Supplementary Information.

GENERAL HEALTH SYSTEM

Financial Responsibility Supplemental Schedule (Continued)
For the Year Ended September 30, 2021

Lines	Equity Ratio (in thousands):			
		Modified Net Assets		
34	Balance Sheet - Net assets without donor restrictions	Net assets without donor restrictions		386,242
35	Balance Sheet - Net assets with donor restrictions	Net assets with donor restrictions		10,024
15	Balance Sheet - Goodwill	Intangible Assets		5,089
FS Note 6 - Transactions with Affiliates	Notes to the Financial Statements - Affiliates note disclosure	Secured and Unsecured related party receivable	2,130	
FS Note 6 - Transactions with Affiliates	Notes to the Financial Statements - Affiliates note disclosure	Unsecured related party receivable		2,130
		Modified Assets		
19	Balance Sheet - Total assets	Total assets		682,003
15	Balance Sheet - Goodwill	Intangible assets		5,089
FS Note 6 - Transactions with Affiliates	Notes to the Financial Statements - Affiliates note disclosure	Secured and Unsecured related party receivable	2,130	
FS Note 6 - Transactions with Affiliates	Notes to the Financial Statements - Affiliates note disclosure	Unsecured related party receivable		2,130

Lines	Net Income Ratio (in thousands):			
		Modified Net Assets		
57	Statement of Changes in Net Assets - Change in Net Assets Without Donor Restrictions	Change in net assets without donor restrictions		90,566
44, 51, 52, 53, 56	Statement of Operations and Statement of Changes in Net Assets - Total Revenues, gains, and other support, Earnings of subsidiaries, Investment return, net, Nonoperating gain, and Net assets released from restriction - capital	Total revenues and gains		603,460

See independent auditor's report on supplementary information.

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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 Trustees
General Health System
Baton Rouge, Louisiana

We have audited, 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, the consolidated financial statements of General Health System (a nonprofit organization) (the System) which comprise the consolidated balance sheet as of September 30, 2021, the related consolidated statements of operations, changes in net assets, and cash flows for the year ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 8, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the System'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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 a reasonable possibility that 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 over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. 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 General Health System's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the consolidated 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 System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LaPorte

A Professional Accounting Corporation

Metairie, LA
February 8, 2022

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE CONSOLIDATED AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS

Independent Auditor's Report

To the Board of Trustees
General Health System
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited General Health System's (the System) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Consolidated Audit Guide for Audits of HUD Programs* that could have a direct and material effect on each of the System's major federal programs for the year ended September 30, 2021. The System'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the System'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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *Consolidated Audit Guide for Audits of HUD Programs* (the Guide), issued by the U.S. Department of Housing and Urban Development Office of the Inspector General. Those standards and the Uniform Guidance and the Guide 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 System'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 unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the System's compliance.

Opinion on Each Major Federal Programs
In our opinion, the System 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, 2021.

Report on Internal Control Over Compliance
Management of the System 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 System's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, 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 System'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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

LaPorte

A Professional Accounting Corporation

Metairie, LA
February 8, 2022

GENERAL HEALTH SYSTEM
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Grantor/Program Title/ Pass-Through Grantor's Number	Assistance Listing Number	Contract Period	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Mortgage Insurance - Hospitals	14.128	10/01/20-09/30/21	$ 150,957,833
U.S. Department of Education *(Note 2)* :			
Student Financial Aid Cluster			
Federal Pell Grant Program	84.063	07/01/20-06/30/21	148,346
		07/01/21-06/30/22	176,788
Federal Direct Student Loans	84.268	07/01/20-06/30/21	429,938
		07/01/21-06/30/22	422,499
			1,177,571
U.S. Department of Education:			
Education Stabilization Fund	84.425	10/01/20-09/30/21	34,655
U.S. Department of Health and Human Services:			
Louisiana Hospital Association			
National Bioterrorism Hospital Preparedness Program	93.889	10/01/20-09/30/21	85,000
U.S. Department of Health and Human Services:			
COVID 19 - Provider Relief Fund	93.498	1/1/20-6/30/21	43,693,236
U.S. Department of Homeland Security:			
State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness			
COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	10/01/20-9/30/21	5,199,488
Total Expenditures of Federal Awards			$ 201,147,783

Note 1. Basis of Accounting

The schedule of expenditures of federal awards is prepared using the accrual basis of accounting.

Complete Catalog of Assistance Listing numbers are presented for those programs for which such numbers were available. Assistance Listing prefixes and other identifying numbers are presented for programs for which a complete Assistance Listing number is not available.

Note 2. Indirect Cost Rate

The System has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Mortgage Insurance

The System participates in the Section 242 Program which is a loan guarantee by the Department of Housing and Urban Development (HUD). The objective of the program is to facilitate affordable financing of hospitals for the care and treatment of persons who are acutely ill or who otherwise require medical care and related services of the kind customarily furnished by hospitals. HUD insures lenders against a loss on mortgages. The loans may be used to finance construction, modernization, equipment, or refinancing of acute care hospitals. (See Note 4 for the use of bond proceeds).

Note 4. Insured Mortgage

On December 8, 2004, the Louisiana Public Facilities Authority (the Authority) issued the Series 2004 Bonds, for which Baton Rouge General Medical Center (the Hospital), the mortgaged entity, is obligated. The mortgaged entity's financial statements have been presented in the Consolidating Balance Sheets and Statements of Operations as Baton Rouge General Medical Center.

Concurrently with the issuance of the bonds, the Authority entered into a loan agreement related to the bonds dated as of November 1, 2004, with Baton Rouge General Medical Center. Pursuant to this loan agreement, the Authority lent the proceeds of the Bonds to the mortgaged entity for the purpose of providing funds, together with other available funds for (a) refunding a $98.1 million capital expansion of the Bluebonnet Campus including capitalized interest during the construction period, (b) funding a debt service reserve fund, (c) retiring previously issued bonds, and (d) pay certain costs incurred in connection with the issuance of the bonds. To provide a source of repayment of such loan, the mortgage entity executed a mortgage note and mortgage. Payments on the mortgage note and the mortgage, together with other available funds, will be required to be sufficient to pay the principal of, premium, if any, and interest on the Bonds as they become due. HUD, acting by and through FHA, ensures the advances of funds secured by the mortgage pursuant to Section 242 of Title II of the National Housing Act.

Note 4. Insured Mortgage (Continued)

Proceeds from the Series 2004 Bonds were used to refund previous bond issuances that were obligations of the Hospital. Approximately, $96,894,000 of the proceeds of the bonds, together with other monies of the Hospital, was used to refund the Series 1989A Bonds, Series 1989B Bonds, Series 1992 Bonds and Series 1994 Bond, which were redeemed within ninety (90) days after the delivery of the bonds.

On December 4, 2012, the Louisiana Public Facilities Authority Series 2004 Bonds were defeased and a new mortgage payable was issued. The proceeds of the mortgage payable were used for the purpose of advance refunding and defeasance of the nontaxable Series 2004 Bonds. The mortgage was attached to the 2012 mortgage payable at the defeasance of the 2004 Bonds.

This mortgage payable was refinanced on September 1, 2019.

On December 31, 2018, Wells Fargo Bank issued debt for which BRGMC is obligated. The proceeds of the Series 2018 Bonds were used in refunding previously issued bond series, together with providing funds for the construction of a neighborhood hospital in Ascension Parish. As of September 30, 2021, BRGMC had drawn $41,945,000.

A mortgage reserve fund was established as a trust fund with a trustee. As of September 30, 2021, the fund had a balance of $23,800,000, which is presented as a component of assets whose use is limited on the consolidated balance sheet.

The related mortgages payable as of September 30th are summarized as follows (in thousands):

	2021	2020
Mortgage payable to Bank, original principal of $45,474,000 with interest rate of 4.74% per annum. As of September 30, 2021, BRGMC had drawn $41,945,078. Interest computed and payable monthly through April 2020. Beginning in May 2020, principal and interest payable monthly in the amount of $353,477, maturing May 1, 2035. Secured by building. Insured by HUD.	$ 38,894	$ 34,702
Mortgage payable to Bank, with a principal balance of $129,158,260. Interest rate of 2.85%, principal and interest payable monthly in the amount $966,292, maturing on January 1, 2033. Secured by building. Insured by HUD.	**112,064**	120,395
	$ 150,958	$ 155,097

Note 5. Reconciliation of COVID 19 Grant Revenue Recognized in the Financial Statements to Federal Award Expended on the SEFA

During the prior fiscal year, the U. S. Department of Health and Human Services (HHS) began providing COVID-19 related Funding under Assistance Listing Number 93.498. The funds are to be utilized to offset eligible COVID-19 expenditures and lost revenues related to COVID-19 as defined in the program regulations. The System recognized amounts received as the programs requirements were met as shown in the table below. The amounts received and expended are reported in the SEFA according HHS periods of availability (also known as the "period of performance").

Reporting Period	Total Funding Received	Amount Recognized as Revenue in the Statement of Activities	Amount Recognized as Deferred Revenue	Amount Reported as Federal Expenditure on SEFA
FYE September 30, 2020	$ 47,987,000	$ 18,058,000	$ 29,929,000	$ -
FYE September 30, 2021	$ 32,000	$ 29,961,000	$ -	$ 43,693,236

includes $656,809 of expenditures related to unconsolidated affiliates of the System that are not covered under our single audit report.

During the year ended September 30, 2021, the U.S. Department of Homeland Security obligated $5,199,488 of funds to the System under Assistance Listing Number 97.036. The System received and recognized $4,160,000 of those funds during the year ended September 30, 2021. The amounts expended are reported in the SEFA according to the period in which the funds are obligated to the System. Therefore, the amount reported in the SEFA for the year ended September 30, 2021 is $5,199,488.

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?	None Reported
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards Section

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of Major Programs:

14.128 Mortgage Insurance - Hospitals
93.498 Covid 19 - Provider Relief Fund

Dollar threshold used to determine Type A programs:	$6,034,076
Auditee qualified as low-risk auditee?	Yes

Part II - Financial Statement Findings Section

None.

Part III - Federal Award Findings and Questioned Costs Section

None.

GENERAL HEALTH SYSTEM
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2021

None.