



**St. Bernard Hospital Foundation, Inc.**

**FINANCIAL REPORT**

**December 31, 2021 and 2020**



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# REPORT





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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
St. Bernard Hospital Foundation, Inc.  
Chalmette, Louisiana

### **Opinion**

We have audited the accompanying financial statements of St. Bernard Hospital Foundation, Inc. (the Foundation), a component unit of the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District) (a nonprofit health care entity), which comprise the statements of financial position as December 31, 2021 and 2020, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### *Joint Venture Cooperative Endeavor Agreement*

As discussed in Note 7 to the financial statements, the Foundation has a Joint Venture Cooperative Endeavor Agreement (Agreement) with the District related to the construction and operation of a hospital facility and to provide related health care services to the citizens of St. Bernard Parish. This Agreement includes certain revenue and expense sharing provisions between the District and the Foundation that may not necessarily be indicative of the conditions that would have existed or the results of operations if the Foundation had been operated as an entity unaffiliated with the District.

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

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to agency head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2022, on our consideration of the Foundation'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 the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC  
Metairie, LA  
June 29, 2022



# FINANCIAL STATEMENTS



**St. Bernard Hospital Foundation, Inc.**  
**Statements of Financial Position**

<i>As of December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 667,780	\$ 1,446,681
Prepaid expenses	143,851	127,537
Other current assets	29,336	2,004
Total current assets	<b>840,967</b>	1,576,222
Non-current assets		
Property and equipment, net	39,300,848	36,305,210
Total noncurrent assets	<b>39,300,848</b>	36,305,210
Total assets	<b>\$ 40,141,815</b>	\$ 37,881,432
<b>Liabilities and Net Assets (Deficit)</b>		
Current liabilities		
Accounts payable	\$ 191,852	\$ 176,385
Accrued payroll	712,187	674,092
Current portion of Paycheck Protection Program note payable	-	93,472
Total current liabilities	<b>904,039</b>	943,949
Long-term liabilities		
Due to the Hospital Service District of the Parish of St. Bernard	87,263,962	70,863,783
Paycheck Protection Program note payable	-	1,302,428
Total long-term liabilities	<b>87,263,962</b>	72,166,211
Total liabilities	<b>88,168,001</b>	73,110,160
Net assets (deficit)		
Without donor restrictions	(48,026,186)	(35,228,728)
Total liabilities and net assets	<b>\$ 40,141,815</b>	\$ 37,881,432

*The accompanying footnotes are an integral part of these financial statements.*



**St. Bernard Hospital Foundation, Inc.**  
**Statements of Activities and Changes in Net Assets**

<i>For the Years Ended December 31,</i>	<b>2021</b>	2020
	<b>Without Donor Restrictions</b>	Without Donor Restrictions
<b>Revenue and Other Support</b>		
Transfer of assets from the Hospital Service District of the Parish of St. Bernard	\$ 55,648,571	\$ 33,527,905
Other operating revenues	116,495	95,611
<b>Total revenue and other support</b>	<b>55,765,066</b>	33,623,516
<b>Expenses</b>		
Salaries and wages	9,336,612	7,398,786
Employee benefits	1,717,199	1,420,872
Professional fees	56,381,109	38,766,612
Depreciation and amortization	2,105,420	2,084,826
Insurance	342,866	276,352
Interest expense	25	76
Other direct expenses	49,958	162,732
<b>Total expenses</b>	<b>69,933,189</b>	50,110,256
<b>Other Income (Expense)</b>		
Other income	-	104,520
Forgiveness of Paycheck Protection Program note payable	1,395,900	-
Loss on disposal of property and equipment	(25,235)	(1,024)
<b>Total other income (expense)</b>	<b>1,370,665</b>	<b>103,496</b>
<b>Change in net assets (deficit)</b>	<b>(12,797,458)</b>	(16,383,244)
<b>Net assets (deficit) at beginning of year</b>	<b>(35,228,728)</b>	(18,845,484)
<b>Net assets (deficit) at end of year</b>	<b>\$ (48,026,186)</b>	<b>\$ (35,228,728)</b>

*The accompanying footnotes are an integral part of these financial statements.*

**St. Bernard Hospital Foundation, Inc.**  
**Statements of Cash Flows**

<i>For the Years Ended December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Operating Activities</b>		
Changes in net deficit	\$ (12,797,458)	\$ (16,383,244)
Adjustments to reconcile changes in net deficit to net cash provided by operating activities:		
Depreciation and amortization	2,105,420	2,084,826
Loss on disposal of property and equipment	25,235	1,024
Abatement of IRS penalties and interest	-	(104,520)
Gain of forgiveness of Paycheck Protection Program note payable	(1,395,900)	-
Changes in operating assets and liabilities:		
Prepaid expenses	(16,314)	(1,762)
Other current assets	(27,332)	(2,004)
Accounts payable	15,467	(10,704)
Accrued payroll	38,095	315,566
Due to the District	16,400,179	13,427,766
Net cash provided by (used in) operating activities	<b>4,347,392</b>	(673,052)
<b>Investing Activities</b>		
Purchase of property and equipment	(5,165,693)	(179,290)
Proceeds from sale of property and equipment	39,400	2,750
Net cash used in investing activities	<b>(5,126,293)</b>	(176,540)
<b>Financing Activities</b>		
Proceeds from Paycheck Protection Program note payable	-	1,395,900
Principal payments on capital lease obligation	-	(9,976)
Net cash provided by financing activities	-	1,385,924
Net change in cash	<b>(778,901)</b>	536,332
Cash and cash equivalents, beginning of year	<b>1,446,681</b>	910,349
Cash and cash equivalents, end of year	<b>\$ 667,780</b>	<b>\$ 1,446,681</b>

(Continued)

*The accompanying footnotes are an integral part of these financial statements.*

**St. Bernard Hospital Foundation, Inc.**  
**Statements of Cash Flows**

*For the Years Ended December 31,* **2021** 2020

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**Supplemental Cash Flows Information**

Cash paid for interest	<b>25</b>	\$		76
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**Schedule of Certain Cash Flow Information**

**Non-cash Investing Activities**

Capital assets included in payables	\$	<b>8,880</b>	\$	-
Intercompany transfer of property and equipment included in payables		-		10,425

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(Concluded)

*The accompanying footnotes are an integral part of these financial statements.*

## St. Bernard Hospital Foundation, Inc. Notes to Financial Statements

### **Note 1: DESCRIPTION OF THE ORGANIZATION**

The St. Bernard Hospital Foundation, Inc. (the Foundation) is a Louisiana not-for-profit entity that was organized on September 21, 2010, for the purpose of assisting and promoting the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District) with the development of the hospital facility and raising of capital for the operation of health care related services to benefit the health and wellness of the residents of the District, particularly the indigent residents of the District. The Foundation is a voluntary, not-for-profit, non-stock membership organization, exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The hospital became operational in August of 2012 and the medical office building was completed in January of 2013.

On August 23, 2011, the Foundation entered into a Joint Venture Cooperative Endeavor Agreement (CEA) with the District to construct and operate a hospital facility and provide emergency and other essential hospital services to the citizens of St. Bernard Parish, State of Louisiana. During 2011, the District granted and donated to the Foundation the in-place construction in order for the Foundation to complete construction of the hospital building. See Note 8 for further details.

The Foundation is maintained by private loans, grants, operating revenues, and a joint venture with the District. The Foundation is governed by a Board of Commissioners made up of five members. Four of the Directors are appointed by the Board of the District and one member is appointed by Access Health Louisiana, a Louisiana not-for-profit corporation. Although the Foundation is a legally separate, not-for-profit organization, due to the significance of the relationship with the District pursuant to the CEA, the Foundation is considered a component unit of the District for financial reporting purposes.

In October 2017, the Foundation and District entered into a management agreement with a wholly-owned subsidiary of Ochsner Health System, to provide management, staff, and other assistance to operate the Hospital. This expanded affiliation enables the Hospital to further enhance existing clinical services while simultaneously improving resources, including operational efficiencies (see Note 11).

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting***

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

**St. Bernard Hospital Foundation, Inc.**  
**Notes to Financial Statements**

**Note 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Use of Estimates***

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. An estimate which is particularly susceptible to significant change in the near term are relates to functional expense classification.

***Cash and Cash Equivalents***

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

***Property and Equipment***

Property and equipment are recorded at acquisition cost. It is the Foundation's policy to capitalize expenditures for these items in excess of \$1,000. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation and amortization of property and equipment is calculated using the straight-line method. One-half year depreciation is taken in the year of acquisition. Equipment under capital lease is amortized using the straight-line method over the shorter of the lease term of the equipment or its useful life. Estimated useful lives used in computing depreciation are as follows:

Hospital building	15 - 40 years
Fixed equipment	3 - 15 years
Machinery and equipment	3 - 15 years
Land and leasehold improvement	2 - 15 years
Software	2 - 3 years

***Impairment of Long-Lived Assets***

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, the Foundation first compares the undiscounted future cash flows expected to be generated by the assets to its carrying value. If the carrying amount of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment charge is recognized to the extent the carrying amount of the asset exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third party appraisals, as considered necessary. No impairment losses were recorded in the years ended December 31, 2021 or 2020.

**St. Bernard Hospital Foundation, Inc.**  
**Notes to Financial Statements**

**Note 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Paycheck Protection Program***

In May, 2020, the Foundation received a loan under the Paycheck Protection Program (PPP) pursuant to the CARES Act administered by the U.S. Small Business Administration (the SBA) (See Note 6). In June 2020, the AICPA issued Technical Questions and Answers 3200.18, *Borrower Accounting for a Forgivable Loan Received Under the Small Business Administration Paycheck Protection Program* (the TQA). The TQA addresses accounting for nongovernmental entities that are not not-for-profit's, i.e. business entities, that believe the PPP loan represents, in substance, a grant that is expected to be forgiven, it may account for the PPP Loan as a deferred income liability. The TQA further indicates that, if such an entity expects to meet the PPP's eligibility criteria and concludes that the PPP loan represents in substance, a grant that is expected to be forgiven, it may analogize to IAS 20 to account for the PPP loan.

***Net Assets***

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

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

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

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

There were no net assets (deficit) with donor restrictions as of December 31, 2021 or 2020.

## St. Bernard Hospital Foundation, Inc. Notes to Financial Statements

### **Note 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Revenue Recognition***

Effective January 1, 2019, the Foundation adopted ASC 606. Revenue is recognized as performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Company recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

#### ***Functional Allocation of Expenses***

Directly identifiable expenses are charged to programs and supporting services. The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of revenues, expenses, and other changes in membership equity and the statement of functional expenses. Accordingly, certain costs have been allocated among the program, supporting services, and membership development benefited based on actual or percentage of use.

#### ***Income Taxes***

Under section 501(c)(3) of the IRC, the Foundation is exempt from taxes on income other than unrelated business income.

The Foundation utilizes the accounting requirements with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Foundation recognized penalties as part of interest expense line in the accompanying statements of activities and changes in net assets. See Note 9 for relevant disclosures. As of December 31, 2021 and 2020, the Foundation had no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

#### ***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 29, 2022 and determined there were events that occurred that required disclosure. No subsequent events occurring after that date have been evaluated for inclusion in these financial statements.

## St. Bernard Hospital Foundation, Inc. Notes to Financial Statements

### Note 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Accounting Guidance Not Yet Adopted*

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

### Note 3: FINANCIAL ASSET AVAILABILITY

As discussed in Note 7 to the financial statements, the Foundation has a Joint Venture CEA with the District related to the construction and operation of a hospital facility and to provide related health care services to the citizens of St. Bernard Parish. The CEA includes certain revenue and expense sharing provisions between the District and the Foundation that may not necessarily be indicative of the conditions that would have existed or the results of operations if the Foundation had been operated as an entity unaffiliated with the District.

On October 3, 2016, the District entered into an interim CEA with Ochsner to provide administrative services and operational support to the District to assist the hospital in providing health services for the St. Bernard Parish Community; the interim CEA was extended through June 30, 2017. Effective July 12, 2017, the District entered into a special services agreement (Agreement) with Ochsner for the purposes of managing, operating and administering the Hospital. This agreement has enabled the Hospital to enhance clinical service delivery while simultaneously improving resources, including operational efficiencies, and obtaining additional cost reductions through vendor purchase discounts on supplies.

Based on the support provided pursuant to the current and prior Agreements with Ochsner, the District has implemented new processes and procedures around the revenue cycle to improve collections. In addition, the District has settled large outstanding payables with vendors and freed up operating cash to continue paying vendors and contractors in a timely manner. These actions have improved the District's operations and resulted in a positive ending financial position beginning in 2017.

The District has committed to the Foundation to provide or maintain the necessary financial support to the Foundation to enable the Foundation to meet and discharge its liabilities in the normal course of business through one year after the December 31, 2021 audit report date. The Foundation has no reason to believe that these results will not be achieved.



**St. Bernard Hospital Foundation, Inc.**  
**Notes to Financial Statements**

**Note 3: FINANCIAL ASSET AVAILABILITY (Continued)**

The Foundation maintains its financial assets primarily in cash to provide liquidity to ensure funds are available as the Foundation's expenditures come due. The following reflects the Foundation's financial assets as of the statement of financial position date. There were no contractual or donor-imposed restrictions as of December 31, 2021 and 2020 that would reduce financial assets available for general use within one year of the statement of financial position date.

<i>December 31,</i>	<b>2021</b>	2020
Financial assets, at year-end	\$ <b>667,780</b>	\$ 1,446,681
Financial assets available to meet cash needs for general expenditures within one year	\$ <b>667,780</b>	\$ 1,446,681

**Note 4: PROPERTY AND EQUIPMENT**

Property and equipment – net consist of the following:

<i>December 31</i>	<b>2021</b>	2020
Hospital Building	\$ <b>43,798,270</b>	\$ 43,798,271
Fixed equipment	<b>539,119</b>	545,424
Machinery and equipment	<b>18,610,348</b>	14,907,665
Land and leasehold improvements	<b>131,164</b>	21,466
Software	<b>89,745</b>	19,020
Construction in progress	<b>19,485</b>	-
Assets not in service	-	17,760
Total property and equipment	<b>63,188,131</b>	59,309,606
Less: accumulated depreciation	<b>(23,887,283)</b>	(23,004,396)
Property and equipment, net	\$ <b>39,300,848</b>	\$ 36,305,210

Depreciation and amortization expense for the years ended December 31, 2021 and 2020 was \$2,105,420 and \$2,084,826, respectively.

**Note 5: CAPITAL LEASES**

The Foundation entered into a lease for equipment during 2015. The economic substance of the lease is that the Foundation is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in the Foundation's assets and liabilities. The capital lease obligation expired February 2020. The Foundation obtained possession of the asset after final payment of the lease.

**St. Bernard Hospital Foundation, Inc.**  
**Notes to Financial Statements**

**Note 5: CAPITAL LEASES (Continued)**

Amortization of assets held under the capital leases totaling \$0- and \$10,973 for the years ended December 31, 2021 and 2020, respectively, and is included in depreciation and amortization expense.

The net book value of assets recorded under capital leases as of December 31, 2021 and 2020 consists of the following:

December 31,	<b>2021</b>		2020	
Equipment	\$	<b>329,186</b>	\$	329,186
Less: accumulated amortization		<b>(329,186)</b>		(329,186)
<hr/>				
Capital lease equipment, net	\$	-	\$	-

**Note 6: PAYCHECK PROTECTION PROGRAM NOTE PAYABLE**

In May 2020, the Foundation received a loan in the amount of \$1,395,900 under the Payroll Protection Program (PPP Loan). The loan accrues interest at a rate of 1% and has an original maturity date of two years which can be extended to five years by mutual agreement of the Foundation and the lender. Payments are deferred during the deferral period, as defined in the agreement. The deferral period is the period beginning on the date of this note, May 2020, and ending ten (10) months after the last day of the covered period (Deferral Expiration Date). Any amounts not forgiven under the Program will be payable in equal installments of principal plus any interest owed on the payment date from the Deferral Expiration Date through the maturity date, as defined in the agreement. Additionally, any accrued interest that is not forgiven under the Program will be due on the first payment date, which is the 15th of the month following the month in which the Deferral Expiration Date occurs.

Under the requirements of the CARES Act, as amended by the PPP Flexibility Act and Consolidated Appropriations Act, 2021, proceeds may only be used for the Foundation's eligible payroll costs (with salary capped at \$100,000 on an annualized basis for each employee), or other eligible costs related to rent, mortgage interest, utilities, covered operations expenditures, covered property damage, covered supplier costs, and covered worker protection expenditures, in each case paid during the 24-week period following disbursement.

The PPP Loan may be fully forgiven if (i) proceeds are used to pay eligible payroll costs or other eligible costs and (ii) full-time employee headcount and salaries are either maintained during the 24-week period following disbursement or restored by December 31, 2020. If not maintained or restored, any forgiveness of the PPP Loan would be reduced in accordance with the regulations that were issued by the SBA. The Foundation is of the opinion that all of the proceeds of the PPP Loan were used by the Foundation to pay eligible payroll costs and the Foundation maintained its headcount and otherwise complied with the terms of the PPP Loan.

## St. Bernard Hospital Foundation, Inc. Notes to Financial Statements

### **Note 6: PAYCHECK PROTECTION PROGRAM NOTE PAYABLE (Continued)**

As of December 31, 2021, the PPP loan was fully forgiven by the SBA and the Foundation recognized \$1,395,000 as a Forgiveness of Paycheck Protection Program note payable on the statement of activities and changes in net assets.

### **Note 7: JOINT VENTURE**

As mentioned in Note 1, on August 23, 2011, the District and the Foundation entered into a Joint Venture CEA (Agreement) to engage in a joint venture to construct and operate a hospital facility and provide emergency and other essential and specialized hospital services to the citizens of St. Bernard Parish, State of Louisiana.

Under the terms of the Agreement, the District is obligated to make the land that the District owns, including all of the District's rights, privileges, appurtenances, and amenities, available to itself and the Foundation for the operation of the hospital building which was constructed on this land. This agreement will terminate on June 30, 2051, unless sooner terminated as permitted.

Pursuant to the Agreement, there are certain revenue and expense sharing provisions between the District and the Foundation. Amounts due to the District totaled \$87,263,962 and \$70,863,783 as of December 31, 2021 and 2020, respectively, and represent the net balance of transactions with the District. The following is a summary of the significant transactions that occurred in 2021: 1) cash transfers to fund operations in excess of the revenue sharing agreement totaling \$40,210,901, 2) Foundation expenses per the Agreement paid by the District totaling \$56,611,079 relating to professional fees, insurance, and maintenance and repairs.

The following is a summary of the significant transactions that occurred in 2020: 1) cash transfers to fund operations in excess of the revenue sharing agreement totaling \$27,205,737, 2) Foundation expenses per the Agreement paid by the District totaling \$40,633,503 relating to professional fees, insurance, and maintenance and repairs. Amounts due at December 31, 2021 and 2020 were classified as long-term based on the commitment from the District not to demand repayment within one year. Amounts due to the District are non-interest bearing, unsecured and have no scheduled repayment terms.

In accordance with the revenue sharing provisions of the Agreement with the District, amounts transferred from the District to the Foundation are recognized as unrestricted revenue and other support. These amounts totaled \$55,648,571 and \$33,527,905 for the years ended December 31, 2021 and 2020, respectively.

**St. Bernard Hospital Foundation, Inc.**  
**Notes to Financial Statements**

**Note 8: FUNCTIONAL CLASSIFICATION OF EXPENSES**

Any costs related to program administration are functionally classified as supporting services expenses. Any costs related to activities that constitute direct conduct or direct supervision of program activities are program expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function of the Foundation. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

Interest expense and depreciation expense have been allocated based on time and effort. Salaries and wages, employee benefits, professional fees, insurance and other direct expenses have been allocated based on the actual direct expenditures. There were no fundraising expenses for the years ended December 31, 2021 and 2020. The table below present expenses by both their nature and function for the year ended December 31, 2021:

	2021		
	Program Activities	Support Activities	Total
Salaries and wages	\$ 9,336,612	\$ -	\$ 9,336,612
Employee benefits	1,717,199	-	1,717,199
Professional fees	56,331,882	49,227	56,381,109
Depreciation and amortization	2,105,420	-	2,105,420
Insurance	342,136	730	342,866
Interest expense	25	-	25
Other direct expenses	49,958	-	49,958
Total expenses	\$ 69,883,232	\$ 49,957	\$ 69,933,189

**St. Bernard Hospital Foundation, Inc.**  
**Notes to Financial Statements**

**Note 8: FUNCTIONAL CLASSIFICATION OF EXPENSES (Continued)**

The table below present expenses by both their nature and function for the year ended December 31, 2020:

	2020		
	Program Activities	Support Activities	Total
Salaries and wages	\$ 7,398,786	\$ -	\$ 7,398,786
Employee benefits	1,420,872	-	1,420,872
Professional fees	38,707,482	59,130	38,766,612
Depreciation and amortization	2,084,458	368	2,084,826
Insurance	276,352	-	276,352
Interest expense	76	-	76
Other direct expenses	290	162,442	162,732
Total expenses	\$ 49,888,316	\$ 221,940	\$ 50,110,256

**Note 9: CONCENTRATIONS OF CREDIT RISK**

Financial instruments that subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents. The Foundation had cash deposits with financial institutions at December 31, 2021 and 2020 in excess of federally insured limits of \$68,870 and \$903,629, respectively.

**Note 10: COMMITMENTS AND CONTINGENCIES**

*Low Income and Needy Care Collaboration Agreement*

In April of 2012, the Foundation entered into a Low Income and Needy Care Collaboration Agreement (LINCCA Agreement) with certain participating private hospitals primarily to improve access and provide low income and needy care services in the community it serves by the participating hospitals. The agreement was effective when the District became operational with an initial term through December 31, 2013 and may be renewed annually unless other party provides notice to terminate.

**St. Bernard Hospital Foundation, Inc.**  
**Notes to Financial Statements**

**Note 10: COMMITMENTS AND CONTINGENCIES (Continued)**

*Full Medicaid Payment Program*

As part of the Foundation's continuing support of the State of Louisiana's Medicaid Program, the Hospital has, throughout the period, made intergovernmental transfers (IGTs) amounts to the State of Louisiana (State) restricted for use in support of the Medicaid Program to provide additional payments to Managed Medicaid providers to approximate Medicaid reimbursement (Full Medicaid Payment).

For the years ended December 31, 2021 and 2020 the Foundation expensed \$56,328,304 and \$38,707,470, respectively, under the LINCCA Agreement and the Full Medicaid Payment combined. These expenses are included as professional fees in the accompanying financial statements.

During the year ended December 31, 2019, the Foundation filed 2016 and 2017 tax forms required by the Affordable Care Act after the due date as required by the IRS. Penalties of \$252,644 were accrued by the Foundation and included in accounts payable and interest expense on the accompanying statements of financial position and statements of activities and changes in net assets as of December 31, 2019. Penalties of \$104,520 were forgiven by the IRS and were recognized as other income on the statements of activities and changes in net assets as of December 31, 2020. The remaining amount of \$148,124 is included in accounts payable on the accompanying statements of financial position as of December 31, 2021 and 2020. The Foundation has not yet received a notice of any penalties assessed or due for the 2016 late filing.

**Note 11: FOUNDATION MANAGEMENT CONTRACT**

As mentioned in Note 1, effective October 2017 the Foundation along with the District are managed by St. Bernard Operational Management Company, LLC (SBOMC), a wholly owned subsidiary of Ochsner Health System. The District pays a monthly management fee to SBOMC in exchange for management, staff, and other assistance to operate.

In addition to the management fee referred to above, the District provides other payments to SBOMC for supplies purchased, professional services provided outside of the management agreement, and other miscellaneous items received or services provided throughout the year.

During years ended December 31, 2021 and 2020, there were no transactions between SBOMC and the Foundation, all transactions occurred at the District level.

**St. Bernard Hospital Foundation, Inc.**  
**Notes to Financial Statements**

**Note 12: DEFINED CONTRIBUTION 403(B) PLAN**

The Foundation sponsors a defined contribution plan whereby all new full-time employees are immediately eligible to join the defined contribution 403(b) plan, St. Bernard Parish Hospital Retirement Savings Plan (Plan) established on November 1, 2012. Participants make pre-tax contributions to the Plan and receive employer matching contributions equal to 50% of each participant's contribution up to 4% of the participant's annual compensation. Employer contributions to the 403(b) plan totaled \$124,820 and \$21,877 for the years ended December 31, 2021 and 2020, respectively. To vest in the employer annual non-discretionary contribution, employees must complete at least 3 years of service for any employees hired before December 31, 2020. For any employee hired after December 31, 2020, vesting is based on a 6-year graded schedule.

**Note 13: UNCERTAINTIES**

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



## SUPPLEMENTARY INFORMATION





**St. Bernard Hospital Foundation, Inc.**  
**Schedule of Compensation, Benefits, and Other Payments to Agency Head**  
**For the Year Ended December 31, 2021**

**Agency Head Name:** Kim Keene, Chief Executive Officer

**Note:** In 2017, St. Bernard Hospital Foundation, Inc. entered into a Special Services Management Agreement with St. Bernard Operational Management Company, LLC (Ochsner). The Agency Head is Kim Keene, Chief Executive Officer. Kim Keene is an employee of Ochsner. St. Bernard Hospital Foundation, Inc. did not make any payments to or on behalf of the Chief Executive Officer, an individual as the agency head for the year ended December 31, 2021.

**INDEPENDENT AUDITORS' 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***

To the Board of Directors of  
St. Bernard Hospital Foundation, Inc.  
Chalmette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the St. Bernard Hospital Foundation, Inc. (the Foundation), a component unit of the Hospital Service District of the Parish of St. Bernard, State of Louisiana (the District), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2022.

**Report on Internal Control over Financial Reporting**

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

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

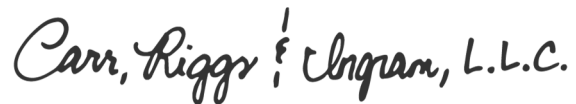
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive, flowing style.

CARR, RIGGS & INGRAM, LLC  
Metairie, LA  
June 29, 2022

**St. Bernard Hospital Foundation, Inc.**  
**Schedule of Current Year Findings and Responses**  
**December 31, 2021**

**Section I** – There were no findings noted related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and Louisiana Revised Statute 24:513.

**St. Bernard Hospital Foundation, Inc.**  
**Schedule of Prior Findings and Responses**  
**December 31, 2020**

**Section I** – There were no findings noted related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and Louisiana Revised Statute 24:513.