



Financial Statements

September 30, 2021 and 2020

**Concordia Parish Hospital Service  
District Number One of the Parish of  
Concordia, State of Louisiana  
d/b/a Trinity Medical**

Concordia Parish Hospital Service District Number One  
of the Parish of Concordia, State of Louisiana  
d/b/a Trinity Medical  
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September 30, 2021 and 2020

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## Independent Auditor's Report

Board of Commissioners  
Concordia Parish Hospital Service District Number One  
of the Parish of Concordia, State of Louisiana  
d/b/a Trinity Medical  
Ferriday, Louisiana

### Report on the Financial Statements

We have audited the accompanying statements of net position of Concordia Parish Hospital Service District Number One of the Parish of Concordia, State of Louisiana d/b/a Trinity Medical (Hospital), and its component unit, Concordia Hospital Foundation, as of September 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position and statements of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Hospital's financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 30, 2022, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.



Dubuque, Iowa  
March 30, 2022



This section of the entity's annual financial report presents background information and management's analysis of the entity's financial performance during the fiscal years ended on September 30, 2021, 2020, and 2019. Please read it in conjunction with the financial statements beginning on page 8 and notes to the financial statements beginning on page 13 in this report.

### **Overview of the Financial Statements**

The financial statements are comprised of the statements of net position; statements of revenues, expenses, and changes in net position; and the statements of cash flows. The financial statements also include notes that explain in more detail some of the information in the financial statements. The financial statements are designed to provide readers with a broad overview of the entity's finances.

The entity's financial statements offer short- and long-term information about its activities. The statement of net position includes all of the entity's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to entity's creditors (liabilities). The statement of net position also provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the entity.

All of the current year's revenues and expenses are accounted for in the statements of revenues, expenses, and changes in net position. These statements measure the success of the entity's operations over the past year and can be used to determine whether the entity has successfully recovered all of its costs through its patient service revenue and other revenue sources. Revenues and expenses are reported on an accrual basis, which means the related cash could be received or paid in a subsequent period.

The final statement is the statement of cash flows. These statements report cash receipts, cash payments and net changes in cash resulting from operating, investing, and financing activities. They also provide answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

### **Financial Highlights**

The statement of net position and the statement of revenues, expenses, and changes in net position report the net position and the changes in it. The net position - the difference between assets and liabilities - is a way to measure financial health or financial position. Over time, sustained increases or decreases in the net position is one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in economic condition, population growth, and new or changed governmental legislation should also be considered.

- The statement of net position at September 30, 2021 indicates total assets of \$75,818,547, total liabilities of \$62,783,626, and net position of \$13,034,921. The statement of net position at September 30, 2020 indicates total assets of \$74,747,050, total liabilities of \$66,850,303, and total net position of \$7,896,747. The statement of net position at September 30, 2019 indicates total assets of \$50,657,500, total liabilities of \$45,503,282, and total net position of \$5,154,218.

- The statement of revenues, expenses, and changes in net position for the year ended September 30, 2021, indicates total operating revenues of \$24,430,626 (which includes net patient service revenue of \$21,875,334 and other operating revenues of \$2,555,292), which increased 39% over the previous year, and total operating expenses of \$23,992,050, which increased 34% over the previous fiscal year, resulting in a gain from operations of \$438,576. A net non-operating gain of \$4,098,977 and capital grants and contributions of \$600,621, brings the increase in net position to \$5,138,174.
- The statement of revenues, expenses, and changes in net position for the year ended September 30, 2020, indicates total operating revenues of \$17,562,953 (which includes net patient service revenue of \$15,097,764 and other operating revenues of \$2,465,189), which decreased 4% over the previous year, and total operating expenses of \$17,898,135, which increased 1% over the previous fiscal year, resulting in a loss from operations of \$335,182. A net non-operating gain of \$213,364 and capital grants and contributions of \$2,864,347, brings the increase in net position to \$2,742,529.
- The statement of revenues, expenses, and changes in net position for the year ended September 30, 2019, indicates total operating revenues of \$18,237,449 (which includes net patient service revenue of \$15,770,274 and other operating revenues of \$2,467,175), which increased 3% over the previous year, and total operating expenses of \$17,762,254, which decreased 4% over the previous fiscal year, resulting in a gain from operations of \$475,195. A net non-operating loss of \$1,609,730, brings the decrease in net position to \$1,134,535.
- The current assets exceeded current liabilities by \$14,334,622 at September 30, 2021, providing a current ratio of 4.91. The current assets exceeded current liabilities by \$9,289,863 at September 30, 2020, providing a current ratio of 2.21. The current liabilities exceeded current assets by \$4,051,430 at September 30, 2019, providing a current ratio of 0.68.
- The net capital assets at September 30, 2021, 2020, and 2019 were \$36,349,652, \$36,973,893, and \$10,117,145, respectively.
- The net position increased by \$5,138,174 from September 30, 2020 to September 30, 2021 and the net position increased by \$2,742,529 from September 30, 2019 to September 30, 2020.

**TABLE 1**  
**Condensed Statements of Net Position**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>			
Current Assets	\$ 17,993,750	\$ 16,954,170	\$ 8,463,225
Noncurrent Cash and Investments	1,490,365	875,457	12,133,600
Capital Assets, Net	36,349,652	36,973,893	10,117,145
Other Assets	<u>19,984,780</u>	<u>19,943,530</u>	<u>19,943,530</u>
Total assets	<u>\$ 75,818,547</u>	<u>\$ 74,747,050</u>	<u>\$ 50,657,500</u>
<b>Liabilities and Net Position</b>			
Current Liabilities	\$ 3,659,128	\$ 7,664,307	\$ 12,514,655
Noncurrent Liabilities	<u>59,124,498</u>	<u>59,185,996</u>	<u>32,988,627</u>
Total liabilities	<u>62,783,626</u>	<u>66,850,303</u>	<u>45,503,282</u>
<b>Net Position</b>			
Net investment (deficit) in capital assets	(1,397,885)	2,527,632	2,513,212
Restricted			
Expendable for debt service and capital assets	639,445	-	-
Unrestricted	<u>13,793,361</u>	<u>5,369,115</u>	<u>2,641,006</u>
Total net position	<u>13,034,921</u>	<u>7,896,747</u>	<u>5,154,218</u>
Total liabilities and net position	<u>\$ 75,818,547</u>	<u>\$ 74,747,050</u>	<u>\$ 50,657,500</u>

As can be seen in Table 1, total assets increased by approximately \$1,071,000 during fiscal year 2021 and increased by approximately \$24,090,000 during fiscal year 2020. These changes were due in large part to the construction of a replacement hospital.

**TABLE 2**  
**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues	\$ 24,430,626	\$ 17,562,953	\$ 18,237,449
Operating Expenses	<u>23,992,050</u>	<u>17,898,135</u>	<u>17,762,254</u>
Operating Income (Loss)	438,576	(335,182)	475,195
Nonoperating Revenues (Expenses), Net	<u>4,098,977</u>	<u>213,364</u>	<u>(1,609,730)</u>
Revenues in Excess of (Less Than) Expenses	4,537,553	(121,818)	(1,134,535)
Capital Grants and Contributions	<u>600,621</u>	<u>2,864,347</u>	<u>-</u>
Change in Net Position	5,138,174	2,742,529	(1,134,535)
Net Position, Beginning of Year	<u>7,896,747</u>	<u>5,154,218</u>	<u>6,288,753</u>
Net Position, End of Year	<u>\$ 13,034,921</u>	<u>\$ 7,896,747</u>	<u>\$ 5,154,218</u>

### Operating Revenue

A majority of the total revenue is derived from patient service revenue. Patient service revenue includes revenue from the Medicare and Medicaid programs and patients, or their third-party payers, who receive care at the hospital.

Reimbursement for the Medicare and Medicaid programs and the third-party payers is based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Other revenue includes medical records revenue, sales tax revenue and home health joint venture payments.

### Capital Assets

During fiscal year 2021, total net capital assets decreased by approximately \$624,000. This decrease was related to changes in accumulated depreciation.

### **Long-term Debt**

The noncurrent portion of long-term debt was approximately \$59,125,000 and \$59,186,000 at end of fiscal years 2021 and 2020, respectively. The current portion of long-term debt was approximately \$77,000 and \$70,000 at the end of fiscal years 2021 and 2020. At year end, \$39,000 was owed on Certificate of Indebtedness 2012 Series Revenue Bonds. During fiscal year 2021, Certificates of Indebtedness Series 2021A Revenue Bonds and 2021B Revenue Bonds were issued related to the permanent financing of the replacement hospital, which primarily refinanced the Series 2019A Revenue Bonds that were being used for construction purposes. At year end, \$28,346,000 and \$3,000,000 were owed on Certificate of Indebtedness Series 2021A Revenue Bonds and Series 2021B Revenue Bonds, respectively. Also included in total long-term debt is debt obligations of \$27,670,000 that is owed on debt transactions to access additional funds through the New Market Tax Credits Program. Current portion of long-term debt outstanding represents less than one percent of the Hospital's total assets at September 30, 2021.

### **Contacting the Hospital's Financial Department**

This financial report is designed to provide our citizens, customers and creditors with a general overview of the entity's finances and to demonstrate the entity's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Trinity Medical Administration.

Trinity Medical  
Statements of Net Position  
September 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 9,377,269	\$ 4,033,438
Restricted cash for provider relief funds	200,000	4,000,134
Restricted cash for debt service	811,941	2,342,940
Receivables		
Patient, net of estimated uncollectibles of \$2,551,000 in 2021 and \$1,848,000 in 2020	3,630,808	1,680,893
Other receivables	252,720	1,891,571
Estimated third-party payor settlements	2,631,591	1,346,759
Supplies	544,393	356,434
Prepaid expenses	545,028	1,302,001
Total current assets	17,993,750	16,954,170
Noncurrent Cash and Investments		
Restricted for project	694,784	698,384
Restricted for debt related costs	156,136	177,073
Restricted for debt service	639,445	-
Total noncurrent cash and investments	1,490,365	875,457
Capital Assets		
Capital assets not being depreciated	718,787	35,684,469
Depreciable capital assets, net of accumulated depreciation	35,630,865	1,289,424
Total capital assets, net	36,349,652	36,973,893
Other Assets		
LHA Trust Fund	152,258	152,258
Investment in Ferriday Campus Redevelopment Company, LLC	41,250	-
Note receivable	19,791,272	19,791,272
Total other assets	19,984,780	19,943,530
Total assets	\$ 75,818,547	\$ 74,747,050



Trinity Medical  
Statements of Net Position  
September 30, 2021 and 2020

	2021	2020
Liabilities and Net Position		
Current Liabilities		
Current maturities of long-term debt	\$ 77,172	\$ 69,934
Accounts payable		
Trade	1,058,006	1,218,008
Construction	489,341	1,271,531
Accrued expenses		
Salaries and wages	517,703	333,144
Compensated absences	472,160	459,525
Estimated health claims payable	353,000	277,000
Payroll taxes and other	25,038	35,031
Interest	466,708	-
Refundable advance - provider relief funds	200,000	4,000,134
Total current liabilities	3,659,128	7,664,307
Noncurrent Liabilities		
Paycheck protection program loan	-	1,800,000
Long-term debt, less current maturities	59,124,498	57,385,996
Total noncurrent liabilities	59,124,498	59,185,996
Total liabilities	62,783,626	66,850,303
Net Position		
Net investment (deficit) in capital assets	(1,397,885)	2,527,632
Restricted		
Expendable for debt service	639,445	-
Unrestricted	13,793,361	5,369,115
Total net position	13,034,921	7,896,747
Total liabilities and net position	\$ 75,818,547	\$ 74,747,050

Trinity Medical  
 Statements of Revenues, Expenses, and Changes in Net Position  
 Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Net patient service revenue (net of provision for bad debts of \$2,528,000 in 2021 and \$2,153,000 in 2020)	\$ 21,875,334	\$ 15,097,764
Sales tax revenue	778,277	698,864
Grant revenue	23,570	87,972
Intergovernmental transfer grant	1,485,229	1,375,105
Other operating revenues	<u>268,216</u>	<u>303,248</u>
Total operating revenues	<u>24,430,626</u>	<u>17,562,953</u>
Operating Expenses		
Salaries and benefits	10,124,222	9,201,656
Supplies and other expenses	12,029,319	8,444,858
Depreciation and amortization	<u>1,838,509</u>	<u>251,621</u>
Total operating expenses	<u>23,992,050</u>	<u>17,898,135</u>
Operating Income (Loss)	<u>438,576</u>	<u>(335,182)</u>
Nonoperating Revenues (Expenses)		
Interest expense	(895,886)	(12,789)
Provider relief funds	4,000,134	-
Paycheck Protection Program loan forgiveness	1,800,000	-
Debt issuance costs	(259,466)	-
Investment income	207,242	224,569
Gain (loss) on disposal of capital assets	<u>(753,047)</u>	<u>1,584</u>
Nonoperating revenues (expenses), net	<u>4,098,977</u>	<u>213,364</u>
Revenues in Excess of (Less than) Expenses	4,537,553	(121,818)
Capital Grants and Contributions	<u>600,621</u>	<u>2,864,347</u>
Change in Net Position	5,138,174	2,742,529
Net Position, Beginning of Year	<u>7,896,747</u>	<u>5,154,218</u>
Net Position, End of Year	<u>\$ 13,034,921</u>	<u>\$ 7,896,747</u>

Trinity Medical  
Statements of Cash Flows  
Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Activities		
Receipts from and on behalf of patients	\$ 18,640,587	\$ 15,707,442
Payments to and on behalf of employees	(9,861,021)	(9,023,092)
Payments to suppliers and contractors	(11,065,582)	(9,470,589)
Other receipts	4,194,143	606,902
Net Cash from (used for) Operating Activities	<u>1,908,127</u>	<u>(2,179,337)</u>
Noncapital Financing Activities		
Proceeds from paycheck protection program loan	-	1,800,000
Proceeds from provider relief funds	200,000	4,000,134
Net Cash from Noncapital Financing Activities	<u>200,000</u>	<u>5,800,134</u>
Capital and Related Financing Activities		
Purchase of capital assets and payment of construction payables	(3,198,248)	(27,415,706)
Proceeds from sale of capital assets	1,257	1,584
Capital grants and contributions	600,621	2,864,347
Proceeds from issuance of long-term debt	1,672,125	24,467,303
Principal paid on debt	(74,874)	(8,869,368)
Interest paid on debt	(429,178)	(12,789)
Payment of issuance costs	(259,466)	-
Interest income on note receivable	107,203	107,203
Net Cash used for Capital and Related Financing Activities	<u>(1,580,560)</u>	<u>(8,857,426)</u>
Investing Activities		
Investment income	100,039	117,366
Net Change in Cash and Cash Equivalents	627,606	(5,119,263)
Cash and Cash Equivalents, Beginning of Year	<u>11,251,969</u>	<u>16,371,232</u>
Cash and Cash Equivalents, End of Year	<u>\$ 11,879,575</u>	<u>\$ 11,251,969</u>
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents	\$ 9,377,269	\$ 4,033,438
Restricted cash for provider relief funds	200,000	4,000,134
Restricted cash for debt service - current	811,941	2,342,940
Restricted cash for debt service - noncurrent	639,445	-
Restricted cash for project	694,784	698,384
Restricted cash for debt related costs	156,136	177,073
Total cash and cash equivalents	<u>\$ 11,879,575</u>	<u>\$ 11,251,969</u>

Trinity Medical  
Statements of Cash Flows  
Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Income to Net Cash from		
Operating Activities		
Operating income (loss)	\$ 438,576	\$ (335,182)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities		
Depreciation and amortization	1,838,509	251,621
Provision for bad debts	2,528,264	2,152,833
Changes in assets and liabilities		
Receivables	(4,478,179)	(762,422)
Estimated third-party payor settlements	(1,284,832)	(780,733)
Other receivables	1,638,851	(1,858,287)
Supplies	(187,959)	24,107
Prepaid expense	756,973	(1,127,563)
Accounts payable	394,723	77,725
Accrued expenses	<u>263,201</u>	<u>178,564</u>
Net Cash from (used for) Operating Activities	<u>\$ 1,908,127</u>	<u>\$ (2,179,337)</u>
Supplemental Disclosure of Noncash Noncapital Financing Activities		
Forgiveness of Paycheck Protection Program loan	<u>\$ 1,800,000</u>	<u>\$ -</u>
Supplemental Disclosure of Noncash Capital and Capital Related Financing Activities		
Accounts payable for construction	<u>\$ 489,341</u>	<u>\$ 1,271,531</u>
Accounts payable for equipment	<u>\$ -</u>	<u>\$ 554,726</u>
Equipment acquired under capital lease	<u>\$ 148,489</u>	<u>\$ -</u>
Supplemental Disclosure of Cash Flow Information		
Amounts paid for capitalized interest	<u>\$ -</u>	<u>\$ 778,749</u>

## **Note 1 - Reporting Entity and Summary of Significant Accounting Policies**

The financial statements of Concordia Parish Hospital Service District Number One of the Parish of Concordia, State of Louisiana d/b/a Trinity Medical (Hospital) have been prepared in accordance with generally accepted accounting principles in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Hospital are described below.

### **Reporting Entity**

The Hospital was created by an ordinance of the Concordia Parish Police Jury on April 26, 1961 and was referred to as the Concordia Parish Hospital until January 13, 1986, when the name was changed to Riverland Medical Center until February 23, 2021, when the name was changed again to Trinity Medical. The Hospital is a 23-bed critical access hospital that provides inpatient, outpatient, emergency, private physician clinic, rural health clinic, and behavioral health services to patients in Ferriday, Louisiana, and the surrounding area.

The Hospital is a political subdivision of the Concordia Parish Police Jury whose jurors are elected officials. Its commissioners are appointed by the Concordia Parish Police Jury. As the governing authority of the Parish, for reporting purposes, the Concordia Parish Police Jury is the financial reporting entity for the Hospital. Accordingly, the Hospital was determined to be a component unity of the Concordia Parish Police Jury based on GASB Statement No. 14.

For financial reporting purposes, the Hospital has included all funds, organizations, agencies, boards, commissions, and authorities. The Hospital has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Hospital are such that exclusion would cause the Hospital's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability.

### **Blended Component Unit**

Concordia Hospital Foundation (Foundation) is included as a blended component unit of the Hospital. The financial statements include only the financial activity of the Hospital and the Foundation, collectively referred to as the Hospital.

### **Tax Exempt Status**

The Foundation is organized as a Louisiana non-profit corporation and has been recognized by the Internal Revenue Service as exempt from Federal income tax under Internal Revenue Code Section 501(c)(3). The Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose, as applicable.

The Foundation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Measurement Focus and Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The Hospital is treated as an enterprise fund for accounting purposes. Revenues are recognized when earned, and expenses are recorded when the liability is incurred.

### **Basis of Presentation**

The statement of net position displays the Hospital's assets and liabilities, with the difference reported as net position. Net position is reported in the following categories/components:

*Net investment (deficit) in capital assets* consists of net capital assets reduced by the outstanding balances of any related debt obligations attributable to the acquisition, construction or improvement of those assets or the related debt obligations and increased by balances of debt obligations.

*Restricted net position:*

Expendable – Expendable net position results when constraints placed on net position use are either externally imposed or imposed through enabling legislation.

Nonexpendable – Nonexpendable net position is subject to externally imposed stipulations which require them to be maintained permanently by the Hospital.

*Unrestricted net position* consists of net position which does not meet the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Hospital's policy is to first apply the expense toward the most restrictive resources and then toward unrestricted resources.



### **Use of Estimates**

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

### **Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding internally designated or restricted cash and investments. For purposes of the statement of cash flows, the Hospital considers all cash and investments with an original maturity of three months or less as cash and cash equivalents.

### **Patient Receivables**

Patient receivables are uncollateralized patient and third-party payor obligations. Unpaid patient receivables are not charged interest on amounts owed. Payments of patient receivables are allocated to the specific claim identified on the remittance advice or, if unspecified, are applied to the earliest claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write-off and recovery information in determining the estimated bad debt provision.

The Hospital's process for calculating the allowance for doubtful accounts for self-pay patients has not significantly changed from September 30, 2020 to September 30, 2021. The Hospital does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write offs from third-party payors. The Hospital has not significantly changed its charity care or uninsured discount policies during fiscal years 2020 or 2021.

### **Supplies**

Supplies are stated at lower of cost (first-in, first-out) or market and are expensed when used.

### **Noncurrent Cash and Investments**

Noncurrent cash and investments include project funds received by the Foundation to fund project related expenses and amounts restricted for future debt service and debt related costs.

Restricted funds are used to differentiate resources, the use of which is restricted by donors or grantors, from resources of general funds on which donors or grantors place no restriction or which arise as a result of the operations of the Hospital for its stated purposes.

### Investment Income

Interest on cash and deposits is included in nonoperating revenues when earned.

### Capital Assets

Capital assets acquisitions in excess of \$5,000 are capitalized and recorded at cost. Capital assets donated for the Hospital's operations are recorded as additions to net position at fair value at the date of receipt. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Amortization is included in depreciation and amortization in the financial statements. Interest expense related to construction projects is capitalized. The estimated useful lives of capital assets are as follows:

Land improvements	5-15 years
Buildings and improvements	5-40 years
Equipment	3-20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net position and are excluded from expenses in excess of revenues. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net position.

### LHA Trust Fund

The Hospital participates in the Louisiana Hospital Association (LHA) Self-Insurance Workers' Compensation Trust Fund, which requires the Hospital to maintain certain deposit levels based on actual historical experience. The purpose of this agreement is to provide a means for participating members of the LHA a means of sharing the cost and administration of workers' compensation and employers' liability insurance by pooling such risk; jointly purchasing such insurance; reducing risk of loss through safety engineering and other loss prevention and control techniques; by providing for the processing and defense of claims brought against such members; and, to create a fund to pay specified losses or expenses incurred by such participating members under the Louisiana Workers' Compensation Law or employers' liability statutes; to purchase reinsurance or excess insurance contracts for the benefit of the Fund from domestic or foreign insurers; to provide essential protection to members; and to affect and return to Participants cost savings in the administration of such a fund, thereby reducing the cost of healthcare to the patient-consumer.

### Investment in Ferriday Campus Redevelopment Company, LLC

In 2021, the Hospital transferred the right, title, and interest of the old hospital campus to the Ferriday Campus Redevelopment Company, LLC, in exchange for 15% membership interest in the Ferriday Campus Redevelopment Company, LLC. The Hospital has recorded 15% of the value of the property at September 30, 2021.

### **Notes Receivable**

The Hospital issued a note receivable to an unrelated third-party in connection with the New Market Tax Credits. The note is repayable over a 25-year period and was issued at an interest rate of 1.00%.

### **Debt Issuance Costs**

Debt issuance costs are expensed as incurred and included as a nonoperating activity, similar to interest expense, on the statements of revenues, expenses, and changes in net position.

### **Compensated Absences**

The Hospital's employees earn paid time-off days at varying rates depending on years of service. Employees may accumulate paid time-off up to a specified maximum. Employees are paid for accumulated paid time-off upon termination. The liability for compensated absences is included on the statements of net position. The compensated absences liability has been computed based on rates of pay in effect at September 30, 2021 and 2020.

### **Estimated Health Claims Payable**

The Hospital provides for self-insurance reserves for estimated incurred but not reported claims for its employee health plan. These reserves, which are included in current liabilities on the statements of net position, are estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in the operating results in the period in which the change in estimate is identified.

### **Pension**

The Hospital contributes to a qualified defined contribution plan, Trinity Medical Money Purchase Pension Plan as authorized under Internal Revenue Code of 1986, Section 401(a), 402(g), and other Code sections. The plan is intended to be a social security replacement plan. An employee is 100% vested upon entry to the plan with retirement age being 59 ½.

### **Operating Revenues and Expenses**

The Hospital's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses result from exchange transactions associated with providing health care services – the Hospital's principal activity, and the costs of providing those services, including depreciation, excluding interest costs. All other revenues and expenses are reported as nonoperating.

### **Net Patient Service Revenue**

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

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered, as noted above. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided or on the basis of discounted rates, if negotiated.

On the basis of historical experience, a certain portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. As a result, the Hospital records a provision for bad debts related to uninsured patients in the period the services are provided.

### **Charity Care**

The Hospital provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts at less than established rates. Since the Hospital does not pursue collection of these amounts, they are not reported as patient service revenue. The Hospital was unable to identify any patients that qualified for charity care during the years ended September 30, 2021 and 2020. See Note 11 for funds received through grants, which pay part of the cost of charity and uninsured care. Charges for services and supplies furnished to patients who may qualify for charity care but are not documented according to the Hospital's policy are included in the provision for bad debts.

### **Grants and Contributions**

The Hospital may receive grants as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as operating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

**Note 2 - Net Patient Service Revenue**

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

**Medicare**

The Hospital is licensed as a Critical Access Hospital (CAH). The Hospital is reimbursed for most acute care services under a cost methodology with final settlement determined after submission of annual cost reports by the Hospital and are subject to audits thereof by the Medicare intermediary. The Hospital's Medicare cost reports have been audited by the Medicare Administrative Contractor through the year ended September 30, 2017. Clinic services are paid on a cost basis or fixed fee schedule.

**Medicaid**

Inpatient acute services are reimbursed based on a prospectively determined per diem rate. Some outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology, while others are paid prospectively based on a fee schedule. The Hospital is reimbursed at a tentative rate for cost-based services with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary.

**Other Payors**

The Hospital has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the Hospital under these agreements may include prospectively determined rates and discounts from established charges.

Concentration of gross revenues by major payor accounted for the following percentages of the Hospital's patient service revenues for the years ended September 30, 2021 and 2020:

	2021	2020
Medicare	47%	39%
Medicaid	29%	28%
Blue Cross	8%	7%
Other commercial	12%	21%
Private pay	4%	5%
Total	100%	100%

Laws and regulations governing the Medicare, Medicaid, and other 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 net patient service revenue for the years ended September 30, 2021 and 2020 increased by approximately \$557,000 and decreased by approximately \$76,000, respectively, due to the removal of allowances previously estimated that are no longer necessary as a result of final settlements, adjustments to amounts previously estimated and year that are no longer subject to audits, reviews, and investigations.

**Note 3 - Deposits and Investments**

Louisiana state statutes authorize the Hospital to invest in direct obligations of the United States Treasury and other federal agencies, time deposits with state banks and national banks having their principal office in the State of Louisiana, guaranteed investment contracts issued by highly rated financial institutions, and certain investments with qualifying mutual or trust fund institutions. The market value of collateral pledged must equal or exceed 100% of the deposits not covered by insurance. At September 30, 2021 and 2020 the Hospital's carrying amounts of deposits and investments are as follows:

	2021	2020
Carrying Amount		
Checking and savings accounts	\$ 11,776,429	\$ 11,149,545
Certificates of deposit	103,146	102,424
Total deposits	\$ 11,879,575	\$ 11,251,969

Deposits and investments are reported in the following statements of financial position captions:

	2021	2020
Cash and cash equivalents	\$ 9,377,269	\$ 4,033,438
Restricted for provider relief funds	200,000	4,000,134
Restricted for debt service	1,451,386	2,342,940
Restricted for project	694,784	698,384
Restricted for debt related costs	156,136	177,073
Total deposits	\$ 11,879,575	\$ 11,251,969

**Deposits – Custodial Credit Risk**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to it. Louisiana state statutes require that all deposits of the Hospital be protected by insurance or collateral. The fair value of the collateral pledged must equal 100% of the deposits not covered by insurance. The Hospital's deposits were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the Hospital's name at September 30, 2021 and 2020.

**Interest Rate Risk**

Interest rate risk is the exposure to fair value losses resulting from rising interest rates. The primary objectives, in order of priority, of all investment activities involving the financial assets of the Hospital are:

1. Safety. Safety and preservation of principal in the overall portfolio.
2. Liquidity. Maintaining the necessary liquidity to match expected liabilities.
3. Return. Obtaining a reasonable return.

The Hospital attempts to limit its interest rate risk while investing within the guidelines of its investment policy.



### Investment Income

Investment income, primarily interest income, for the years ended September 30, 2021 and 2020 was \$207,242 and \$224,569.

### Note 4 - Notes Receivable

In connection with the New Market Tax Credit Program (NMTCP) financing, the Hospital, acting as leverage lender, entered into a leverage loan note receivable arrangement with an unrelated organization totaling \$19,791,272. The note bears interest at 1.00% over a 25-year term. The repayment term and the collateral on the note approximate the terms and the collateral of the NMTCP notes payable. Interest income earned on the note receivable is included as a non-operating activity in the statements of revenues, expenses, and changes in net position and as a capital and related financing activity in the statements of cash flows as the Hospital considers this part of its NMTCP financing arrangement.

### Note 5 - Capital Assets

Capital assets activity for the years ended September 30, 2021 and 2020 was as follows:

	September 30, 2020 Balance	Additions	Retirements	Transfers	September 30, 2021 Balance
Capital Assets Not Being Depreciated					
Land	\$ 655,017	\$ -	\$ (16,500)	\$ -	\$ 638,517
Construction in progress	35,029,452	1,760,502	-	(36,709,684)	80,270
Total capital assets not being depreciated	<u>35,684,469</u>	<u>\$ 1,760,502</u>	<u>\$ (16,500)</u>	<u>\$ (36,709,684)</u>	<u>718,787</u>
Capital Assets Being Depreciated					
Land improvements	143,910	\$ 7,716	\$ (125,875)	\$ -	25,751
Buildings and fixed equipment	5,860,311	-	(5,165,054)	31,652,398	32,347,655
Equipment	6,006,295	240,346	(3,959,788)	5,057,286	7,344,139
Total capital assets being depreciated	<u>12,010,516</u>	<u>\$ 248,062</u>	<u>\$ (9,250,717)</u>	<u>\$ 36,709,684</u>	<u>39,717,545</u>
Less Accumulated Depreciation for					
Land improvements	143,910	\$ 129	\$ (125,875)	\$ -	18,164
Buildings and fixed equipment	4,909,763	1,191,532	(4,428,767)	-	1,672,529
Equipment	5,667,419	646,848	(3,918,280)	-	2,395,987
Total accumulated depreciation	<u>10,721,092</u>	<u>\$ 1,838,509</u>	<u>\$ (8,472,922)</u>	<u>\$ -</u>	<u>4,086,680</u>
Total Capital Assets Being Depreciated, Net	<u>1,289,424</u>				<u>35,630,865</u>
Total Capital Assets, Net	<u>\$ 36,973,893</u>				<u>\$ 36,349,652</u>

	September 30, 2019 Balance	Additions	Retirements	Transfers	September 30, 2020 Balance
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 655,017	\$ -	\$ -	\$ -	\$ 655,017
Construction in progress	7,989,089	27,051,260	-	(10,897)	35,029,452
Total capital assets not being depreciated	<u>8,644,106</u>	<u>\$ 27,051,260</u>	<u>\$ -</u>	<u>\$ (10,897)</u>	<u>35,684,469</u>
<b>Capital Assets Being Depreciated</b>					
Land improvements	143,910	\$ -	\$ -	\$ -	143,910
Buildings and fixed equipment	5,860,311	-	-	-	5,860,311
Equipment	5,944,592	68,006	6,303	-	6,006,295
Total capital assets being depreciated	<u>11,948,813</u>	<u>\$ 68,006</u>	<u>\$ 6,303</u>	<u>\$ -</u>	<u>12,010,516</u>
<b>Less Accumulated Depreciation for</b>					
Land improvements	143,663	\$ 247	\$ -	\$ -	143,910
Buildings and fixed equipment	4,836,614	73,149	-	-	4,909,763
Equipment	5,495,497	178,225	6,303	-	5,667,419
Total accumulated depreciation	<u>10,475,774</u>	<u>\$ 251,621</u>	<u>\$ 6,303</u>	<u>\$ -</u>	<u>10,721,092</u>
Total Capital Assets Being Depreciated, Net	<u>1,473,039</u>				<u>1,289,424</u>
Total Capital Assets, Net	<u>\$ 10,117,145</u>				<u>\$ 36,973,893</u>

## Note 6 - Lease Obligations

The Hospital leases certain equipment under noncancelable long-term lease agreements. Certain leases have been recorded as capital leases and others as operating leases. Total lease expense for the years ended September 30, 2021 and 2020 for all operating leases was \$112,496 and \$146,035. The capitalized leased assets consist of:

	2021	2020
Equipment	\$ 198,715	\$ 108,226
Accumulated depreciation	(57,155)	(77,947)
Total	<u>\$ 141,560</u>	<u>\$ 30,279</u>

Minimum future lease payments for capital leases are as follows:

Years Ending September 30,	Amount
2022	\$ 49,623
2023	46,696
2024	44,708
2025	22,844
2026	<u>11,425</u>
Total minimum lease payments	175,296
Less interest	<u>(28,848)</u>
Present value of minimum lease payments	<u>\$ 146,448</u>

**Note 7 - Long-Term Debt**

The following is a summary of long-term debt, including capital lease obligations, at September 30, 2021 and 2020:

	September 30, 2020	Additions	Payments	September 30, 2021	Due Within One Year
Series 2012 Bonds	\$ 76,000	\$ -	\$ (37,000)	\$ 39,000	\$ 39,000
Series 2019A Bonds	29,674,098	-	(29,674,098)	-	-
Series 2021A Bonds	-	28,346,223	-	28,346,223	-
Series 2021B Bonds	-	3,000,000	-	3,000,000	-
Hope Loan A	7,006,704	-	-	7,006,704	-
Hope Loan B	2,693,295	-	-	2,693,295	-
The Reinvestment Fund A	10,742,556	-	-	10,742,556	-
The Reinvestment Fund B	4,257,444	-	-	4,257,444	-
USB Loan A	2,042,012	-	-	2,042,012	-
USB Loan B	927,988	-	-	927,988	-
Capital Lease Obligations	35,833	148,489	(37,874)	146,448	38,172
	<u>\$ 57,455,930</u>	<u>\$ 31,494,712</u>	<u>\$ (29,748,972)</u>	<u>\$ 59,201,670</u>	<u>\$ 77,172</u>

	September 30, 2019	Additions	Payments	September 30, 2020	Due Within One Year
Series 2012 Bonds	\$ 112,000	\$ -	\$ (36,000)	\$ 76,000	\$ 37,000
Series 2019A Bonds	5,206,795	24,467,303	-	29,674,098	-
Bridge Loans	8,763,313	-	(8,763,313)	-	-
Hope Loan A	7,006,704	-	-	7,006,704	-
Hope Loan B	2,693,295	-	-	2,693,295	-
The Reinvestment Fund A	10,742,556	-	-	10,742,556	-
The Reinvestment Fund B	4,257,444	-	-	4,257,444	-
USB Loan A	2,042,012	-	-	2,042,012	-
USB Loan B	927,988	-	-	927,988	-
Capital Lease Obligations	105,888	-	(70,055)	35,833	32,934
	<u>\$ 41,857,995</u>	<u>\$ 24,467,303</u>	<u>\$ (8,869,368)</u>	<u>\$ 57,455,930</u>	<u>\$ 69,934</u>

Scheduled principal and interest payments on long-term debt and capital leases are as follows:

Years Ending September 30,	Long-Term Debt		Capital Leases	
	Principal	Interest	Principal	Interest
2022	\$ 39,000	\$ 1,032,855	\$ 38,172	\$ 11,451
2023	549,692	1,031,704	38,052	8,644
2024	562,570	1,018,827	39,127	5,581
2025	575,771	1,005,626	20,078	2,766
2026	1,435,181	990,090	11,019	406
2027-2031	8,635,098	4,562,607	-	-
2032-2036	9,336,737	3,860,967	-	-
2037-2041	10,109,269	3,088,433	-	-
2042-2046	10,961,871	2,235,829	-	-
2047-2051	7,955,167	1,339,808	-	-
2052-2056	4,723,447	748,553	-	-
2057-2060	4,171,419	224,510	-	-
Total	<u>\$ 59,055,222</u>	<u>\$ 21,139,809</u>	<u>\$ 146,448</u>	<u>\$ 28,848</u>

The following are the terms and due dates of the Hospital's long-term debt at September 30:

- Series 2012 Bonds, at an average interest rate of 2.70%, due in variable semi-annual installments with full repayment at August 22, 2022, collateralized by a pledge and dedication of the Hospital's excess annual revenues over expenses. The Hospital had borrowed the full amount of the maximum \$300,000 debt at September 30, 2012. Series 2012 Certificates of Indebtedness were issued to provide funds to pay costs of acquiring a building to provide health services and make improvements to existing facilities and to acquire equipment, furnishings and fixtures for said buildings and facilities.
- The Series 2019A Revenue Bonds were approved up to \$36,000,000, with the Hospital using \$30,000,000 of interim funding bonds for new construction, which were originated at the start of construction and were to be paid in full in 2021 when the USDA Direct Loan/Bonds were originated post-construction.
- The Series 2021A Revenue Bonds were approved up to \$28,500,000, with the Hospital using \$28,346,223 during 2021 to payoff the existing construction financing from the Series 2019A Revenue Bonds. The 2021A Revenue Bonds carry an interest rate of 2.125%, with interest only payments through December 17, 2022, and monthly principal payments commencing on January 17, 2023, in the amount of \$91,200, with final payment due December 2060. The 2021A Revenue Bonds are secured by and payable in principal and interest by a pledge of the income and revenues of the Hospital's operations.
- The Series 2021B Revenue Bonds were approved up to \$3,000,000, with the Hospital using \$3,000,000 during 2021 to payoff the existing construction financing from the Series 2019A Revenue Bonds. The 2021B Revenue Bonds carry an interest rate of 4.2%, with interest only payments through December 17, 2022, and monthly principal payments commencing on January 17, 2023, in the amount of \$15,304, with final payment due December 2050. The 2021A Revenue Bonds are secured by and payable in principal and interest by a pledge of the income and revenues of the Hospital's operations.

On March 18, 2019, the Concordia Hospital Foundation entered into a debt transaction to access additional funds through the New Market Tax Credit (NMTC) Program. These funds are being used toward the construction of a new hospital building located in Ferriday, Louisiana. The NMTC Program permits taxpayers to claim federal tax credits for making Qualified Equity Investments (QEI) in a designated Community Development Entity (CDE). The CDE must use substantially all of the proceeds to make Qualified Low-Income Community Investments (QLICI). The tax credits are claimed over a seven-year period and equate to 39% of the QLICI's. The Foundation has partnered with investors, US Bancorp Community Development Corporation; Twain Investment Fund 333, LLC; Hope New Markets 12, LLC (Sub-CDE); The Reinvestment Fund NMTC Fund XLVII, LP (Sub-CDE); and USB Sub-CDE 184, LLC (Sub-CDE) to utilize the NMTC Program.

- Note payable to Hope New Markets 12, LLC (Hope Loan A), bears interest at a fixed rate of 1.0963%, quarterly interest only payments of \$19,204 through March 2026, principal and interest payments due quarterly beginning June 2026 through the maturity date of March 2049. The note is secured by a Master Lease Agreement between the Hospital and the Foundation and carries an interest and principal payment and project completion guaranty by the Foundation.
- Note payable to Hope New Markets 12, LLC (Hope Loan B), bears interest at a fixed rate of 1.0963%, quarterly interest only payments of \$7,382 through March 2026, principal and interest payments due quarterly beginning June 2026 through the maturity date of March 2049. The note is secured by a Master Lease Agreement between the Hospital and the Foundation and carries an interest and principal payment and project completion guaranty by the Foundation.
- Note payable to The Reinvestment Fund New Market Tax Credit Fund XLVII, LP, (The Reinvestment Fund A), bears interest at a fixed rate of 1.0963%, quarterly interest only payments of \$29,443 through March 2026, principal and interest payments due quarterly beginning June 2026 through the maturity date of March 2049. The note is secured by a Master Lease Agreement between the Hospital and the Foundation and carries an interest and principal payment and project completion guaranty by the Foundation.
- Note payable to The Reinvestment Fund New Market Tax Credit Fund XLVII, LP, (The Reinvestment Fund B), bears interest at a fixed rate of 1.0963%, quarterly interest only payments of \$11,669 through March 2026, principal and interest payments due quarterly beginning June 2026 through the maturity date of March 2049. The note is secured by a Master Lease Agreement between the Hospital and the Foundation and carries an interest and principal payment and project completion guaranty by the Foundation.
- Note payable to USBCDE Sub-CDE 184, LLC, (USB Loan A), bears interest at a fixed rate of 1.0963%, quarterly interest only payments of \$5,597 through March 2026, principal and interest payments due quarterly beginning June 2026 through the maturity date of March 2049. The note is secured by a Master Lease Agreement between the Hospital and the Foundation and carries an interest and principal payment and project completion guaranty by the Foundation.

- Note payable to T USBCDE Sub-CDE 184, LLC, (USB Loan B), bears interest at a fixed rate of 1.0963%, quarterly interest only payments of \$2,543 through March 2026, principal and interest payments due quarterly beginning June 2026 through the maturity date of March 2049. The note is secured by a Master Lease Agreement between the Hospital and the Foundation and carries an interest and principal payment and project completion guaranty by the Foundation.

The seven-year compliance period for the NMTCs will end in March 2026, at which time the Foundation anticipates forgiveness of a portion of the outstanding principal balance, which would net approximately \$4,000,000 for the Foundation, after fees. Expenses related directly to long-term debt, including interest and other fees that have not been capitalized as part of the replacement facility project are recorded as non-operating interest and financing expense for the years ended September 30, 2021 and 2020.

The future maturities noted above are presented based on the full amortization periods described above, although the NMTC QLICI notes are subject to an early termination in 2026. The note agreements limit additional borrowings, impose certain financial performance covenants, and require the Hospital and Foundation to maintain certain deposits.

- Capital leases at varying rates of imputed interest of 4.32% to 12.52%, with various monthly payments until 2026, collateralized by leased equipment.

#### **Note 8 - Provider Relief Funds**

The Hospital received \$3,901,211 of Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Funds administered by the Department of Health and Human Services (HHS). The funds are subject to terms and conditions imposed by HHS. Among the terms and conditions is a provision that payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to coronavirus. Recipients may not use the payments to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. HHS currently has deadlines for incurring eligible expenses and lost revenues, varying based on the date the Hospital received the funds. Unspent funds will be expected to be repaid.

The Hospital also received \$298,923 through the Paycheck Protection Program and Health Care Enhancement Act (PPPHEA) for its rural health clinics to conduct COVID-19 testing. This funding may only be used for conducting COVID-19 testing and related expenses, including building or construction of temporary structures, leasing of properties, and retrofitting facilities as necessary to support COVID-19 testing.



These funds are considered subsidies and recorded as a liability when received and are recognized as revenues in the accompanying statements of revenues, expenses, and changes in net position as all terms and conditions are considered met. As these funds are considered subsidies, they are considered nonoperating activities. The terms and conditions are subject to interpretation and future clarification, the most recent of which have been considered through the date that the financial statements were issued. In addition, this program may be subject to oversight, monitoring, and audit. Failure by a provider that received a payment from the Provider Relief Fund to comply with any term or condition can subject the provider to recoupment of some or all of the payment. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

As of September 30, 2021 and 2020, the Hospital had liability balances of \$200,000 and \$4,000,134, which were included in current liabilities on the accompanying statements of net position. During the years ended September 30, 2021 and 2020, the Hospital recognized \$4,000,134 and \$-0- as revenue, included as nonoperating revenues on the statements of revenues, expenses, and changes in net position.

Subsequent to year-end, the Hospital received \$1,014,474 from the American Rescue Plan (ARP) Rural distribution, which is a component of the HHS Provider Relief Fund program, and \$699,014 from the Phase 4 General Distribution. These funding amounts are subject to similar terms and conditions as other Provider Relief Fund distributions. These funds have a period of availability for incurring eligible expenses and/or lost revenues of January 1, 2020 through December 31, 2022. Unspent funds are expected to be repaid.

#### **Note 9 - Paycheck Protection Program Loan**

In April 2020, the Hospital was granted a \$1,800,000 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. The Hospital initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released by the SBA and lender. The Hospital recognized \$1,800,000 of loan forgiveness income for the year ended September 30, 2021.

#### **Note 10 - Pension Plan**

The Hospital contributes to a qualified defined contribution plan, Trinity Medical Money Purchase Pension Plan as authorized under Internal Revenue Code of 1986, Section 401(a) and other Code sections. The Plan is intended to be a Social Security replacement plan. The Plan was restated July 1, 2015, to comply with the requirements of IRS Pre-approved Plan (PPA), pursuant to Revenue Procedure 2011-49. The Plan is administered by an unrelated third-party, Lincoln Financial Group.

An employee is 100% invested upon entry to the Plan with retirement age being age 59½. Plan benefits include death and disability provisions and choice of four payment options upon retirement. Plan provisions may be amended by the Plan trustee. The Hospital contributes 5% of salaries to the Plan. Employee mandatory contributions are 6% and employee voluntary contributions are up to 14%. Pension expense charged to operations was \$441,490, \$400,042, and \$388,490 in 2021, 2020, and 2019, respectively.

The Hospital restated the Riverland Medical Center Employee 403(b) Plan as of September 1, 2019 to comply with IRS PPA, pursuant to Revenue Procedure 2011-49. The Hospital does not contribute to this Plan. It is a salary only deferral plan. The Plan is administered by an unrelated third-party, Lincoln Financial Group.

**Note 11 - Intergovernmental Transfer Grant**

The Hospital entered into a cooperative endeavor agreement with a regional hospital (Grantor) whereby the Grantor awards an intergovernmental transfer grant (IGT) to be used solely to provide adequate and essential medically necessary and available healthcare services to the Hospital’s service population subject to the availability of such grant funds. The aggregate IGT grant income is \$1,485,229 and \$1,375,105 for the fiscal years ended 2021 and 2020, respectively.

**Note 12 - Sales Tax Revenue**

During the year ended September 30, 1985, the voters of the Hospital passed a one-fourth cent sales tax for the operation and maintenance of the Hospital, which was renewed for an additional ten years in 1995 and 2005. An additional ten-year renewal was approved by voters in November 2014. The sales tax is collected by the Concordia Parish School Board for a five percent collection fee.

**Note 13 - Concentration of Credit Risk**

The Hospital grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at September 30, 2021 and 2020 was as follows:

	2021	2020
Medicare	31%	20%
Medicaid	22%	15%
Commercial and other third-party payors	21%	32%
Self-pay	26%	33%
	100%	100%

## **Note 14 - Contingencies**

### **Risk Management**

The Hospital is exposed to various risks of loss from torts; theft of, or damage of, assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

### **Malpractice Insurance**

The Hospital participates in the Louisiana Patient's Compensation Fund (PCF) established by the State of Louisiana to provide Medical professional liability coverage to healthcare providers. The fund provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the Hospital is at risk. The fund places no limitations on the number of occurrences covered. In connection with the establishment of the Patient's Compensation Fund, the State of Louisiana enacted legislation limiting the amount of healthcare provider settlement for professional liability of \$100,000 per occurrence and limited the PCF's exposure to \$400,000 per occurrence.

The Hospital's membership in the Louisiana Hospital Association Trust Fund provides additional coverage for professional medical malpractice liability. The trust fund bills members in advance, based upon an estimate of their exposure. At policy year-end, premiums are re-determined utilizing actual losses of the Hospital. The trust fund presumes to be a "Grantor Trust" and, accordingly, income and expenses are prorated to member hospitals. The Hospital has included these allocations of income and equity in the trust in its financial statements.

The Hospital is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Hospital Association Trust Fund as well as for assessments by the Louisiana Hospital Association Trust Fund.

### **Litigation, Claims, and Disputes**

The Hospital is subject to the usual contingencies in the normal course of operations relating to the performance of its task under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Hospital.

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations, specifically those relating to Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services.

### Workers' Compensation Risk

The Hospital participates in the Louisiana Hospital Association Self-Insurance Workers' Compensation Trust Fund. Should the fund's assets not be adequate to cover claims made against it, the Hospital may be assessed its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any. Accordingly, the Hospital is contingently liable for assessments by the Louisiana Hospital Association Trust Fund. The Trust Fund is also a "Grantor Trust" and income and expenses are prorated to member hospitals. The Hospital included these allocations of income and equity in the Trust in its financial statements.

### Self-Funded Employee Health Insurance Plan

The Hospital is self-insured to provide group medical and drug coverage for its employees. The Hospital entered into an agreement with IMA to be the third-party administrator to administer the Plan. The Plan year runs from November 1 through October 31. The Hospital funds its losses based on actual claims. The stop-loss insurance contract was executed with an insurance carrier that provides for payment of 100% of claims in excess of \$75,000 per year up to specific individual maximums of \$1,063,000. A liability is accrued for self-insured employee health claims, including both claims report and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims' experience, recently settled claims, and frequency of claims. It is reasonably possible that the Hospital's estimate will change by a material amount in the near term. The following is a summary of changes in the Hospital's claims liability for the years ended September 30, 2021 and 2020:

<u>Years Ended June 30,</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2021	\$ 277,000	\$ 940,748	\$ (864,748)	\$ 353,000
2020	130,610	747,912	(601,522)	277,000

### COVID-19 Pandemic

During 2020 and 2021, the world-wide coronavirus pandemic impacted national and global economies. The Hospital is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future full impact to the Hospital is not known.

**Note 15 - Condensed Combining Information**

Concordia Hospital Foundation (Foundation) was established in 2017 with the general intent to solicit and manage gifts of money and/or property primarily for the benefit of the Hospital. The following summarizes the combined information for the Hospital and Foundation, which has been presented as a blended component unit, as of and for the years ended September 30, 2021 and 2020:

Statements of Net Position as of September 30, 2021:

	Trinity Medical	Concordia Hospital Foundation	Eliminations	Consolidated
<b>Assets</b>				
Current assets	\$ 17,356,774	\$ 849,888	\$ (212,912)	\$ 17,993,750
Noncurrent cash and investments	639,445	850,920	-	1,490,365
Capital assets	764,919	35,584,733	-	36,349,652
Other assets	<u>19,984,780</u>	<u>                    </u>	<u>-</u>	<u>19,984,780</u>
Total assets	<u>\$ 38,745,918</u>	<u>\$ 37,285,541</u>	<u>\$ (212,912)</u>	<u>\$ 75,818,547</u>
<b>Liabilities and Net Position</b>				
Current liabilities	\$ 3,846,761	\$ 25,279	\$ (212,912)	\$ 3,659,128
Noncurrent liabilities	<u>31,454,498</u>	<u>27,670,000</u>	<u>-</u>	<u>59,124,498</u>
Total liabilities	35,301,259	27,695,279	(212,912)	62,783,626
Net position	<u>3,444,659</u>	<u>9,590,262</u>	<u>-</u>	<u>13,034,921</u>
Total liabilities and net position	<u>\$ 38,745,918</u>	<u>\$ 37,285,541</u>	<u>\$ (212,912)</u>	<u>\$ 75,818,547</u>

Statements of Revenue, Expenses, and Changes in Net Position for the year ended September 30, 2021:

	Trinity Medical	Concordia Hospital Foundation	Eliminations	Consolidated
Operating Revenues	\$ 24,430,626	\$ 212,912	\$ (212,912)	\$ 24,430,626
Operating Expenses	<u>22,514,883</u>	<u>1,690,079</u>	<u>(212,912)</u>	<u>23,992,050</u>
Operating Income (Loss)	1,915,743	(1,477,167)	-	438,576
Nonoperating Revenues (Expenses)	<u>4,402,167</u>	<u>(303,190)</u>	-	<u>4,098,977</u>
Revenues in Excess of (Less Than) Expenses	6,317,910	(1,780,357)	-	4,537,553
Transfer (to) from Affiliate	(12,507,696)	12,507,696	-	-
Capital Contributions and Grants	<u>600,621</u>	<u>-</u>	<u>-</u>	<u>600,621</u>
Change in Net Position	(5,589,165)	10,727,339	-	5,138,174
Net Position, Beginning of Year	<u>9,033,824</u>	<u>(1,137,077)</u>	<u>-</u>	<u>7,896,747</u>
Net Position, End of Year	<u>\$ 3,444,659</u>	<u>\$ 9,590,262</u>	<u>\$ -</u>	<u>\$ 13,034,921</u>

Statements of Cash Flows for the year ended September 30, 2021:

	Trinity Medical	Concordia Hospital Foundation	Eliminations	Consolidated
Net Cash from (used for) Operating Activities	\$ 1,935,233	\$ (27,106)	\$ -	\$ 1,908,127
Net Cash from Noncapital Financing Activities	200,000	-	-	200,000
Net Cash used for Capital and Related Financing Activities	(1,277,214)	(303,346)	-	(1,580,560)
Net Cash from Investing Activities	<u>99,883</u>	<u>156</u>	<u>-</u>	<u>100,039</u>
Net Change in Cash and Cash Equivalents	957,902	(330,296)	-	627,606
Cash and Cash Equivalents, Beginning of Year	<u>9,433,777</u>	<u>1,818,192</u>	<u>-</u>	<u>11,251,969</u>
Cash and Cash Equivalents, End of Year	<u>\$ 10,391,679</u>	<u>\$ 1,487,896</u>	<u>\$ -</u>	<u>\$ 11,879,575</u>

Statements of Net Position as of September 30, 2020:

	Riverland Medical Center	Concordia Hospital Foundation	Eliminations	Consolidated
<b>Assets</b>				
Current assets	\$ 16,011,435	\$ 942,735	\$ -	\$ 16,954,170
Noncurrent cash and investments	-	875,457	-	875,457
Capital assets	36,331,611	642,282	-	36,973,893
Other assets	19,943,530	24,097,727	(24,097,727)	19,943,530
Total assets	<u>\$ 72,286,576</u>	<u>\$ 26,558,201</u>	<u>\$ (24,097,727)</u>	<u>\$ 74,747,050</u>
<b>Liabilities and Net Position</b>				
Current liabilities	\$ 7,639,029	\$ 25,278	\$ -	\$ 7,664,307
Noncurrent liabilities	55,613,723	27,670,000	(24,097,727)	59,185,996
Total liabilities	63,252,752	27,695,278	(24,097,727)	66,850,303
Net position	9,033,824	(1,137,077)	-	7,896,747
Total liabilities and net position	<u>\$ 72,286,576</u>	<u>\$ 26,558,201</u>	<u>\$ (24,097,727)</u>	<u>\$ 74,747,050</u>

Statements of Revenue, Expenses, and Changes in Net Position for the year ended September 30, 2020:

	Riverland Medical Center	Concordia Hospital Foundation	Eliminations	Consolidated
Operating Revenues	\$ 17,562,953	\$ -	\$ -	\$ 17,562,953
Operating Expenses	17,876,275	21,860	-	17,898,135
Operating Loss	(313,322)	(21,860)	-	(335,182)
Nonoperating Revenues	213,184	180	-	213,364
Revenues in Excess of (Less Than) Expenses	(100,138)	(21,680)	-	(121,818)
Capital Contributions and Grants	2,864,347	-	-	2,864,347
Change in Net Position	2,764,209	(21,680)	-	2,742,529
Net Position, Beginning of Year	6,269,615	(1,115,397)	-	5,154,218
Net Position, End of Year	<u>\$ 9,033,824</u>	<u>\$ (1,137,077)</u>	<u>\$ -</u>	<u>\$ 7,896,747</u>

Statements of Cash Flows for the year ended September 30, 2020:

	<u>Riverland Medical Center</u>	<u>Concordia Hospital Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
Net Cash used for Operating Activities	\$ (2,157,477)	\$ (21,860)	\$ -	\$ (2,179,337)
Net Cash from Noncapital Financing Activities	5,800,134	-	-	5,800,134
Net Cash from (used for) Capital and Related Financing Activities	1,455,821	(10,313,247)	-	(8,857,426)
Net Cash from Investing Activities	<u>117,186</u>	<u>180</u>	<u>-</u>	<u>117,366</u>
Net Change in Cash and Cash Equivalents	5,215,664	(10,334,927)	-	(5,119,263)
Cash and Cash Equivalents, Beginning of Year	<u>4,218,113</u>	<u>12,153,119</u>	<u>-</u>	<u>16,371,232</u>
Cash and Cash Equivalents, End of Year	<u>\$ 9,433,777</u>	<u>\$ 1,818,192</u>	<u>\$ -</u>	<u>\$ 11,251,969</u>





Supplementary Information  
September 30, 2021 and 2020

**Concordia Parish Hospital Service  
District Number One of the Parish of  
Concordia, State of Louisiana  
d/b/a Trinity Medical**



## Independent Auditor's Report on Supplementary Information

Board of Commissioners  
Concordia Parish Hospital Service District Number One  
of the Parish of Concordia, State of Louisiana  
d/b/a Trinity Medical  
Ferriday, Louisiana

We have audited the financial statements of Concordia Parish Hospital Service District Number One of the Parish of Concordia, State of Louisiana d/b/a Trinity Medical (Hospital), as of and for the years ended September 30, 2021 and 2020, and our report thereon dated March 30, 2022, which contained an unmodified opinion on those financial statements, appears on pages 1 through 2. Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The schedules of net patient service revenue, other operating revenues, and operating expenses are presented for the purposes of additional analysis and are not a required part of the financial statements. The supplementary information identified above is the responsibility of management and was derived from and related 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 audits 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 supplementary information identified above is fairly stated in all material respects in relation to the basic financial statements as a whole. The schedule of per diem and other compensation paid to board members and schedule of compensation, benefits, and other payments to the Chief Executive Officer, which are the responsibility of management, have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Dubuque, Iowa  
March 30, 2022

Trinity Medical  
Schedules of Net Patient Service Revenue  
Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Patient Service Revenue		
Adults and pediatrics	\$ 3,842,669	\$ 4,061,404
Swing bed	1,095,750	958,050
Operating room	232,175	130,747
Recovery room	62,906	30,124
Anesthesia	25,468	11,360
Radiology	17,916,858	13,274,484
Laboratory	10,679,688	8,997,132
Blood bank	423,982	273,632
Respiratory therapy	6,042,939	4,635,376
Physical therapy	759,155	637,629
Occupational therapy	660,182	642,081
Speech therapy	184,807	106,258
EKG and EEG	842,558	663,678
Medical supplies	1,831,332	1,515,138
Pharmacy	5,936,045	3,792,999
Wound care	452,390	401,582
Emergency room	11,526,661	9,528,963
Behavioral health	382,969	602,267
Ferriday Clinic	801,314	962,548
Living Well Clinic	466,429	440,711
Trinity Clinic	209,199	-
	<u>\$ 64,375,476</u>	<u>\$ 51,666,163</u>
*Total Patient Service Revenue - Reclassified		
Inpatient revenue	\$ 16,933,662	\$ 13,619,018
Outpatient revenue	47,441,814	38,047,145
	<u>64,375,476</u>	<u>51,666,163</u>
Contractual Adjustments		
Medicare	(14,943,183)	(10,655,122)
Medicaid	(11,164,035)	(11,459,052)
Other	(13,864,660)	(12,301,392)
	<u>(39,971,878)</u>	<u>(34,415,566)</u>
Net Patient Service Revenue	24,403,598	17,250,597
Provision for Bad Debts	(2,528,264)	(2,152,833)
	<u>\$ 21,875,334</u>	<u>\$ 15,097,764</u>

Trinity Medical  
Schedules of Other Operating Revenues  
Years Ended September 30, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
Other Operating Revenues		
Clinic access payment	\$ 157,658	\$ 235,043
Hospital incentive	12,946	19,232
Clinic incentives	12,660	14,324
Medical records	12,345	11,840
Vending machine commissions	4,233	1,606
Other	<u>68,374</u>	<u>21,203</u>
Total Other Operating Revenues	<u>\$ 268,216</u>	<u>\$ 303,248</u>

Trinity Medical  
Schedules of Operating Expenses  
Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Routine Services		
Salaries and wages	\$ 2,429,817	\$ 2,258,276
Supplies and other expenses	<u>408,588</u>	<u>238,786</u>
	<u>2,838,405</u>	<u>2,497,062</u>
Operating Room		
Salaries and wages	164,666	112,170
Supplies and other expenses	<u>216,077</u>	<u>109,629</u>
	<u>380,743</u>	<u>221,799</u>
Anesthesia		
Salaries and wages	-	17,590
Supplies and other expenses	<u>1,740</u>	<u>825</u>
	<u>1,740</u>	<u>18,415</u>
Radiology		
Salaries and wages	548,636	597,740
Supplies and other expenses	<u>544,304</u>	<u>573,042</u>
	<u>1,092,940</u>	<u>1,170,782</u>
Laboratory		
Salaries and wages	596,756	529,831
Supplies and other expenses	<u>1,020,184</u>	<u>654,934</u>
	<u>1,616,940</u>	<u>1,184,765</u>
Blood Bank		
Supplies and other expenses	<u>109,724</u>	<u>73,250</u>
Respiratory Therapy		
Salaries and wages	486,755	409,081
Supplies and other expenses	<u>126,915</u>	<u>112,985</u>
	<u>613,670</u>	<u>522,066</u>
Physical Therapy		
Supplies and other expenses	<u>417,525</u>	<u>361,208</u>
Medical Supplies		
Salaries and wages	130,784	128,009
Supplies and other expenses	<u>33,101</u>	<u>16,984</u>
	<u>163,885</u>	<u>144,993</u>
Pharmacy		
Salaries and wages	315,330	311,243
Supplies and other expenses	<u>967,455</u>	<u>509,353</u>
	<u>1,282,785</u>	<u>820,596</u>

Trinity Medical  
Schedules of Operating Expenses  
Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Wound Care		
Supplies and other expenses	\$ 60,338	\$ 55,931
Emergency Room		
Salaries and wages	1,049,872	921,264
Supplies and other expenses	<u>1,715,096</u>	<u>1,838,810</u>
	<u>2,764,968</u>	<u>2,760,074</u>
Behavioral Health		
Salaries and wages	166,959	281,225
Supplies and other expenses	<u>244,956</u>	<u>272,257</u>
	<u>411,915</u>	<u>553,482</u>
Ferriday Clinic		
Salaries and wages	397,073	506,035
Supplies and other expenses	<u>134,532</u>	<u>146,832</u>
	<u>531,605</u>	<u>652,867</u>
Living Well Clinic		
Salaries and wages	359,790	297,642
Supplies and other expenses	<u>142,914</u>	<u>131,274</u>
	<u>502,704</u>	<u>428,916</u>
Trinity Clinic		
Salaries and wages	179,991	-
Supplies and other expenses	<u>93,712</u>	<u>-</u>
	<u>273,703</u>	<u>-</u>
Medical Records		
Salaries and wages	234,792	202,659
Supplies and other expenses	<u>30,015</u>	<u>53,534</u>
	<u>264,807</u>	<u>256,193</u>
Dietary		
Supplies and other expenses	<u>334,588</u>	<u>319,250</u>
Plant Operation and Maintenance		
Salaries and wages	123,962	118,186
Supplies and other expenses	<u>1,020,047</u>	<u>564,209</u>
	<u>1,144,009</u>	<u>682,395</u>
Housekeeping		
Supplies and other expenses	<u>341,039</u>	<u>215,017</u>
Laundry		
Supplies and other expenses	<u>57,148</u>	<u>50,553</u>

Trinity Medical  
Schedules of Operating Expenses  
Years Ended September 30, 2021 and 2020

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	2021	2020
Administrative Services		
Salaries and wages	\$ 1,387,323	\$ 1,248,484
Supplies and other expenses	4,009,321	2,146,195
	5,396,644	3,394,679
Unassigned Expenses		
Depreciation and amortization	1,838,509	251,621
Employee benefits	1,551,716	1,262,221
	3,390,225	1,513,842
Total Operating Expenses	\$ 23,992,050	\$ 17,898,135

Trinity Medical  
Schedules Per Diem and Other Compensation Paid to Board Members  
Years Ended September 30, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
Board Members:		
Mr. Jim Graves	\$ 1,100	\$ 1,000
Mr. Fred Butcher	900	900
Mr. Fred Marsalis	900	1,000
Mr. James King	900	900
Dr. Kevin Ingram	1,000	700
Ms. Cherie Lipsey	900	900
Mr. Randy Hoggatt	100	900
Mr. Ryan Crum	600	-
	<u>600</u>	<u>-</u>
Totals	<u>\$ 6,400</u>	<u>\$ 6,300</u>



Trinity Medical

Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer  
Years Ended September 30, 2021 and 2020

Agency Head Name: Nekeisha Smith  
 Position: CEO  
 Time Period: February 4, 2021 to September 30, 2021

Purpose	Amount
Salary	\$ 146,558
Health insurance	-
Retirement (FICA replacement plan)	7,328
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	305
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
<b>Total</b>	<b><u><u>\$ 154,191</u></u></b>

Agency Head Name: Sam Ellard  
 Position: CEO  
 Time Period: October 1, 2020 to February 3, 2021

Purpose	Amount
Salary	\$ 193,977
Health insurance	-
Retirement (FICA replacement plan)	9,699
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	10,308
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
<b>Total</b>	<b><u><u>\$ 213,984</u></u></b>

Trinity Medical

Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer  
Years Ended September 30, 2021 and 2020

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Agency Head Name: Sam Ellard  
 Position: CEO  
 Time Period: October 1, 2019 to September 30, 2020

Purpose	Amount
Salary	\$ 215,115
Health insurance	-
Retirement (FICA replacement plan)	10,756
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	23,508
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Total	\$ 249,379



**Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

Board of Commissioners  
Concordia Parish Hospital Service District Number One  
of the Parish of Concordia, State of Louisiana  
d/b/a Trinity Medical  
Ferriday, 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 financial statements of Concordia Parish Hospital Service District Number One of the Parish of Concordia, State of Louisiana d/b/a Trinity Medical (Hospital), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Hospital’s financial statements, and have issued our report thereon dated March 30, 2022.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2021-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2021-002 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Hospital's Responses to Findings**

The Hospital's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Hospital's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 result of that testing, and not to provide an opinion on the effectiveness of the Hospital'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 Hospital's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dubuque, Iowa  
March 30, 2022

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**Section I - Financial Statement Findings**

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**2021-001 Preparation of Financial Statements  
Material Weakness**

**Criteria:** A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statements and accompanying notes to the financial statements, by internal personnel of the entity. Management is responsible for establishing and maintaining internal control over financial reporting and procedures related to the fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

**Condition:** The Hospital does not have an internal control system designed to provide for the preparation of the financial statements, including the accompanying footnotes and statement of cash flows, as required by GAAP. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. Additionally, material adjusting journal entries were proposed and made to the estimated third-party payor settlements as part of the audit.

**Cause:** The outsourcing of these services is not unusual in an organization of your size. We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, in accordance with GAAP, can be considered costly and ineffective.

**Effect:** The effect of this condition is that the year-end financial reporting is prepared by a party outside of the Hospital. The outside party does not have the constant contact with ongoing financial transactions that internal staff have. As a result, adjustments or reclassifications of interim financial statement amounts may be necessary. Furthermore, the preparation of the financial statements as part of the audit engagement may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by Hospital personnel. It is the responsibility of the Hospital's management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

**Recommendation:** We recommend that management continue reviewing operating procedures in order to obtain the maximum internal control over financial reporting possible under the circumstances to enable staff to draft the financial statements internally. Management completed an interim cost report during 2021 to assist with estimating third-party payor settlements; however, year-end adjustments were still necessary related to Medicaid settlements. We recommend continuing to complete interim cost reports to assist in the settlement calculation at year-end.

**Views of Responsive Individuals:** Management agrees with the finding.

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**Section I - Financial Statement Findings**

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**2021-002 Segregation of Duties  
Significant Deficiency**

**Criteria:** One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

**Condition:** An effective system of internal control will be designed such that duties are performed by different employees, so that no one individual handles transactions from its inception to its completion.

**Cause:** The limited number of office personnel prevents a proper segregation of accounting functions necessary to assure optimal internal control. This is not an unusual condition in organizations of your size.

**Effect:** Inadequate segregation of duties could adversely affect the Medical Center's ability to detect and correct unintentional and intentional misstatements in a timely period by employees in the normal course of performing their assigned functions.

**Recommendation:** We realize that with a limited number of office employees, complete segregation of duties is difficult. We also recognize that in some instances it may not be cost effective to employ additional personnel for the purpose of segregating duties. However, the Medical Center should continually review its internal control procedures, other compensating controls and monitoring procedures to obtain the maximum internal control possible under the circumstances.

**Views of Responsive Individuals:** Management agrees with the finding.