

SAVOY MEDICAL MANAGEMENT GROUP, INC.
MAMOU, LOUISIANA

**(A COMPONENT UNIT OF THE
TOWN OF MAMOU, LOUISIANA)**

Financial Report

Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

* A Professional Accounting Corporation

Board of Directors
Savoy Medical Management Group, Inc.
Mamou, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Savoy Medical Management Group, Inc. (a nonprofit health care entity), a component unit of the Town of Mamou, consisting of Savoy Medical Center Operations Fund and Town of Mamou Building Fund, which comprise the statement of financial position as of December 31, 2024, and the related statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Savoy Medical Management Group, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Savoy Medical Management Group, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2025, on our consideration of Savoy Medical Management Group, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Savoy Medical Management Group, Inc.'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 Savoy Medical Management Group, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC

Certified Public Accountants

Lafayette, Louisiana
September 29, 2025

FINANCIAL STATEMENTS

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Statement of Financial Position
December 31, 2024

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,334,952	\$ 6,056	\$ 2,341,008
Patient accounts receivable, net	2,268,456	-	2,268,456
Estimated third-party payor settlements	431,442	-	431,442
Other receivables	99,655	-	99,655
Inventory	956,911	-	956,911
Prepaid expenses	258,614	-	258,614
Total current assets	<u>6,350,030</u>	<u>6,056</u>	<u>6,356,086</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	10,781,717	-	10,781,717
Investments	15,297,855	-	15,297,855
Capital assets:			
Property, plant and equipment, net	5,836,360	2,458,514	8,294,874
Operating right-of-use asset, net	316,017	-	316,017
Deposits	1,978	-	1,978
Total noncurrent assets	<u>32,233,927</u>	<u>2,458,514</u>	<u>34,692,441</u>
Total assets	<u>\$ 38,583,957</u>	<u>\$ 2,464,570</u>	<u>\$ 41,048,527</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	\$ 908,325	\$ -	\$ 908,325
Accrued expenses	724,515	-	724,515
Accrued salaries and payroll taxes	828,217	-	828,217
Estimated third-party payor settlements	144,956	-	144,956
Due to other governmental agencies	550,881	-	550,881
Current portion of long-term debt	1,609,125	-	1,609,125
Total current liabilities	4,766,019	-	4,766,019
Noncurrent liabilities:			
Long-term debt	24,970,632	-	24,970,632
Total liabilities	<u>29,736,651</u>	<u>-</u>	<u>29,736,651</u>
Net assets:			
Without donor restrictions-			
Unrestricted and undesignated	8,847,306	2,464,570	11,311,876
Total liabilities and net assets	<u>\$ 38,583,957</u>	<u>\$ 2,464,570</u>	<u>\$ 41,048,527</u>

The accompanying notes are an integral part of this statement.

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Statement of Operations and Changes in Net Assets
Year Ended December 31, 2024

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Totals
Operating revenue:			
Net patient service revenue (net of provision for credit losses of \$449,955)	\$ 27,668,905	\$ -	\$ 27,668,905
Other operating revenues	<u>15,448,520</u>	<u>-</u>	<u>15,448,520</u>
Net operating revenue	<u>43,117,425</u>	<u>-</u>	<u>43,117,425</u>
Operating expenses:			
Salaries and wages	10,210,848	-	10,210,848
Employee benefits	1,633,458	-	1,633,458
Professional fees	407,044	-	407,044
Dues and subscriptions	38,473	-	38,473
Supplies	8,477,563	-	8,477,563
Utilities	924,864	-	924,864
Contract services	4,808,304	-	4,808,304
Insurance	408,447	-	408,447
Licenses and fees	221,210	-	221,210
Management fee	120,000	-	120,000
Other	867,936	-	867,936
Rents and leases	313,784	-	313,784
Repairs and maintenance	729,517	-	729,517
Travel and entertainment	52,471	-	52,471
Interest expense	257,186	-	257,186
Intergovernmental transfer - access grants	11,500,000	-	11,500,000
Depreciation	<u>755,599</u>	<u>123,427</u>	<u>879,026</u>
Total operating expenses	<u>41,726,704</u>	<u>123,427</u>	<u>41,850,131</u>
Operating income (loss)	1,390,721	(123,427)	1,267,294
Nonoperating revenues (expenses):			
Interest income	<u>181,902</u>	<u>6</u>	<u>181,908</u>
Change in net assets without donor restrictions	1,572,623	(123,421)	1,449,202
Net assets, beginning	<u>7,274,683</u>	<u>2,587,991</u>	<u>9,862,674</u>
Net assets, ending	<u>\$ 8,847,306</u>	<u>\$ 2,464,570</u>	<u>\$ 11,311,876</u>

The accompanying notes are an integral part of this statement.

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Statement of Cash Flows
Year Ended December 31, 2024

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Totals
Cash flows from operating activities:			
Operating income (loss)	\$ 1,390,721	\$ (123,427)	\$ 1,267,294
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation and amortization	755,599	123,427	879,026
Provision for bad debts	449,955	-	449,955
Decrease in accounts receivable	67,149	-	67,149
Increase in third party payer receivables	(157,857)	-	(157,857)
Decrease in other receivables	171,457	-	171,457
Increase in inventory	(103,995)	-	(103,995)
Increase in prepaid expenses	(7,737)	-	(7,737)
Decrease in accounts payable/accrued expenses	(3,804,834)	-	(3,804,834)
Increase in accrued salaries and payroll taxes	124,148	-	124,148
Net cash used by operating activities	<u>(1,115,394)</u>	<u>-</u>	<u>(1,115,394)</u>
Cash flows from investing activities:			
Purchase of investments	(15,247,102)	-	(15,247,102)
Interest received	158,592	6	158,598
Purchase of property and equipment	<u>(1,937,506)</u>	<u>-</u>	<u>(1,937,506)</u>
Net cash provided (used) by investing activities	<u>(17,026,016)</u>	<u>6</u>	<u>(17,026,010)</u>
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	25,500,000	-	25,500,000
Principal paid	<u>(331,827)</u>	<u>-</u>	<u>(331,827)</u>
Net cash provided by financing activities	<u>25,168,173</u>	<u>-</u>	<u>25,168,173</u>
Net increase in cash and cash equivalents	7,026,763	6	7,026,769
Cash and cash equivalents, beginning of year	<u>6,089,906</u>	<u>6,050</u>	<u>6,095,956</u>
Cash and cash equivalents, end of year	<u>\$ 13,116,669</u>	<u>\$ 6,056</u>	<u>\$ 13,122,725</u>
Supplemental disclosures:			
Interest paid	<u>\$ 17,616</u>	<u>\$ -</u>	<u>\$ 17,616</u>

The accompanying notes are an integral part of this statement.

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Organization and Purpose

The Town of Mamou (Town) is the sole member of Savoy Medical Management Group, Inc. (Organization). The Organization, a component unit of the Town, is a nonprofit corporation organized under the laws of the State of Louisiana for the purpose of managing and operating a quality, cost effective health care facility for patients of the communities located in Evangeline Parish. The Town owns the Savoy Medical Center located in Mamou, Louisiana, which is operated by the Organization.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met, either (1) expire by incurring expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time or other events (time restricted), or (2) will never expire (perpetual in nature). When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

C. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

D. Investments and Related Income, Gains, and Losses

In accordance with FASB ASC subtopic 958-320, “*Not-for-Profit Entities-Investments-Debt and Equity Securities*”, the Organization carries investments securities at their fair values based on quoted prices in active markets in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Notes to Financial Statements (Continued)

E. Patient Accounts Receivable and Allowance for Credit Losses

Patient accounts receivable are stated at net realizable value. The Organization maintains allowance for credit losses resulting from a payer's inability to make payments on accounts. In accordance with ASC 326-20-30-2, the Organization determined that similar risk characteristics existed for patient receivables with similar days outstanding; therefore, the allowance for credit losses was calculated based on pools of aging ranges. This methodology is consistent with the Organization's previous estimated loss calculation. The Organization estimates the allowance for credit losses by aging pool based on historical net collections considering historical and current business and economic conditions, trends in healthcare coverage, and other collections indicators.

F. Inventory

Inventory, consisting primarily of pharmaceuticals and other medical supplies, are stated at the lower of cost, using an average cost method, or market.

G. Property and Equipment

The Organization's capitalization policy is \$5,000 for property and equipment recorded at cost, if purchased, or at estimated fair market value if donated. Donations of property and equipment are recorded as contributions at their estimated fair value. In the absence of donor stipulations regarding how long the contributed assets must be used, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expires over useful lives of the assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Typical useful lives are 7 to 40 years for buildings and improvements and 4 to 15 years for equipment and furniture.

H. Revenue and Expense Recognition

The Organization has agreements with third-party payors that provide for payments at amounts different from its established rates. Payment arrangements include prospectively determined rates per admission or visit, reimbursed costs, discounted charges, and per diem rates. Net patient service revenues contain a single delivery element and is recognized at a point in time when the services are provided. The estimated net amount due from patients and third-party payors for services rendered, including estimated adjustments under reimbursement agreements with third-party payors, are subject to audit by administering agencies. These adjustments are accrued on an estimated basis and are adjusted, as needed, in future periods. The Organization also provides charity care to patients who are unable to pay for services. The amount of charity care is included in net patient service revenue and is not separately classified from the provision for credit losses. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting.

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Notes to Financial Statements (Continued)

I. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. However, the organization's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the organization, and has concluded that as of December 31, 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2020.

J. Compensated Absences

The Organization allows employees annual leave based on years of service. Upon termination of employment, an employee is paid for the value of any accrued leave through the date of separation at their current rate of pay. At December 31, 2024, the accrued compensated absences amounted to \$317,533, which is included in accrued salaries and payroll taxes in the statement of financial position.

K. Functional Allocation of Expenses

Expenses are summarized and categorized based on their functional classification. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy, which are allocated on a square-footage basis, as well as salaries and related benefits, which are allocated on the basis of time and effort.

L. Advertising Expense

Advertising costs are expensed as incurred. Total advertising expense was \$67,825 for the year ended December 31, 2024.

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Notes to Financial Statements (Continued)

(2) Liquidity and Availability of Financial Assets

The Organization has \$5,209,858 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenses consisting of \$2,410,305 in cash, \$2,268,456 of patient accounts receivable, \$431,442 of estimated third-party payor settlements, and \$99,655 of other receivables.

(3) Cash and interest-bearing deposits

As of December 31, 2024, the Organization had cash and interest-bearing deposits in the amount of \$2,341,008. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Organization's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. Deposit balances (bank balances) as of December 31, 2024 are secured as follows:

Bank balances	<u>\$ 2,592,670</u>
Federal deposit insurance	1,201,464
Pledged securities	941,282
Uninsured and uncollateralized	<u>449,924</u>
Total	<u>\$ 2,592,670</u>

Deposits in the amount of \$941,282 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Organization's name. Deposits in the amount of \$449,924 were uninsured and uncollateralized. The Organization does not have a policy for custodial credit risk.

(4) Investments

Investments are carried at fair value based on quoted market prices in active markets (all Level 1 Measurements). Investments consist of the following:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>
Money Market	\$ 10,773,542	\$ 10,781,717
Mutual Funds	<u>15,282,720</u>	<u>15,297,855</u>
Total	<u>\$ 26,056,262</u>	<u>\$ 26,079,572</u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Notes to Financial Statements (Continued)

(5) Patient Accounts Receivable

Patient accounts receivable at December 31, 2024 consisted of the following:

Medicare	\$ 1,426,372
Medicaid	730,037
Other third-party payors	3,274,567
Patients	<u>4,893</u>
Total patient accounts receivable	5,435,869
Less: allowance for uncollectible accounts	<u>(3,167,413)</u>
Patient accounts receivable, net	<u>\$ 2,268,456</u>

(6) Estimated Third-Party Settlements

The estimated third-party payors settlements receivable consisted of the following at December 31, 2024:

Estimated third-party payor settlements:

Receivable-

<u>Cost Report Year:</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>Total</u>
2024	\$ -	\$ 210,093	\$ 210,093
2023	<u>6,393</u>	<u>214,956</u>	<u>221,349</u>
	<u>\$ 6,393</u>	<u>\$ 425,049</u>	<u>\$ 431,442</u>

Payable-

<u>Cost Report Year:</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>Total</u>
2024	\$ 53,682	\$ -	\$ 53,682
2022	-	32,639	32,639
2021	<u>-</u>	<u>58,635</u>	<u>58,635</u>
	<u>\$ 53,682</u>	<u>\$ 91,274</u>	<u>\$ 144,956</u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Notes to Financial Statements (Continued)

(7) Property, Plant and Equipment

Property, plant and equipment consisted of the following at December 31, 2024:

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Total
Land	\$ 117,904	\$ 430,000	\$ 547,904
Construction in progress	866,089	-	866,089
Buildings and improvements	3,502,635	18,722,013	22,224,648
Equipment	9,320,985	2,471,663	11,792,648
Furniture	425,584	27,061	452,645
Total property, plant and equipment	14,233,197	21,650,737	35,883,934
Less: Accumulated depreciation	(8,396,837)	(19,192,223)	(27,589,060)
Net property, plant and equipment	<u>\$ 5,836,360</u>	<u>\$ 2,458,514</u>	<u>\$ 8,294,874</u>

Depreciation expense charged to operations amounted to \$755,599 and \$123,427 for Savoy Medical Center's Operations Fund and Town of Mamou Building Fund, respectively, for the year ended December 31, 2024.

(8) Changes in Long-Term Debt

The following is a summary of changes for the year ended December 31, 2024:

	Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024	Due Within One Year
Savoy Medical Center Operations Fund:					
Financing leases	\$ 440,522	\$ 476,512	\$(153,294)	\$ 763,740	\$ 171,874
Lease liabilities	494,549	-	(178,532)	316,017	162,251
Hospital revenue bonds - Series 2024	-	25,500,000	-	25,500,000	1,275,000
Total long-term debt	<u>\$ 935,071</u>	<u>\$ 25,976,512</u>	<u>\$(331,826)</u>	<u>\$ 26,579,757</u>	<u>\$ 1,609,125</u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Notes to Financial Statements (Continued)

Long-term debt at December 31, 2024 is comprised of the following individual issues:

Savoy Medical Center Operations Fund:

Financing Leases –

\$330,531 financing lease payable, dated March 3, 2022, due in monthly installments of \$6,467 through March 1, 2027, interest at 6.734%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of \$172,193.	162,005
\$107,862 financing lease payable, dated December 10, 2022, due in monthly installments of \$1,892 through November 10, 2027, interest at 10.13%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of \$62,920.	64,239
\$113,570 financing lease payable, dated November 10, 2022, due in monthly installments of \$1,989 through October 10, 2027, interest at 9.81%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of \$64,356.	65,717
\$476,512 financing lease payable, dated November 7, 2024, due in monthly installments of \$6,757 through November 7, 2031, interest at 5.097%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of \$468,571.	471,779
Total financing leases	<u>\$ 763,740</u>

Hospital Revenue Bonds – Series 2024 –

\$25,500,000 Hospital Revenue Bonds - Series 2024, dated October 1, 2024, due in annual principal installments of \$1,275,000 through October 1, 2044, interest at 6.850%; payable semi-annually.	<u>\$25,500,000</u>
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SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Notes to Financial Statements (Continued)

Scheduled maturities of long-term debt as of December 31, 2024 are as follows:

Financing Leases –

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 171,874	\$ 33,666
2026	180,307	24,947
2027	124,235	17,045
2028	68,010	13,070
2029	71,558	9,521
2030-2031	147,756	7,649
Total	<u>\$ 763,740</u>	<u>\$ 105,898</u>

Hospital Revenue Bonds – Series 2024 –

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,275,000	\$ 1,552,669
2026	1,275,000	1,659,413
2027	1,275,000	1,572,075
2028	1,275,000	1,484,738
2029	1,275,000	1,397,400
2030-2034	6,375,000	5,676,938
2035-2039	6,375,000	3,493,500
2040-2044	6,375,000	1,310,063
	<u>\$25,500,000</u>	<u>\$18,146,796</u>

Operating Leases –

The Organization is obligated under various real property and equipment leases for varying terms expiring July 1, 2025 through June 1, 2027. The following is a maturity analysis of the annual undiscounted cash flows (payments) of the operating lease liability as of December 31, 2024:

<u>Year Ending December 31,</u>	
2025	\$ 162,251
2026	123,974
2027	29,792
Total operating lease liability - payments	<u>\$ 316,017</u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Notes to Financial Statements (Continued)

The following is a reconciliation of the total operating lease liability – payments on the schedule above to the operating lease liability on the accompanying statement of net position:

Operating lease liability - payments		\$ 321,930
Operating lease liability - current	\$ 162,251	
Operating lease liability - noncurrent	<u>153,766</u>	<u>316,017</u>
Present value adjustment		<u>\$ 5,913</u>

Lease cost of \$185,486 is included in the statement of activities for the year ended December 31, 2024. The weighted average of the remaining lease term is 3.03 years and the weighted average discount rate used was 1.69%.

(9) Net Patient Service Revenue

Outpatient services are reimbursed based on fee schedules provided by Medicare/Medicaid and other insurance companies. Billings are adjusted in order to reflect amounts to be reimbursed. Net patient service revenue consisted of the following at December 31, 2024:

Gross patient charges	\$ 147,847,855
Less: Contractual allowances and discounts	<u>(119,728,995)</u>
Patient service revenue (net of contractual allowances and discounts)	28,118,860
Less: Provision for credit losses	<u>449,955</u>
Net patient service revenue (net of provision for credit losses)	<u>\$ 27,668,905</u>

(10) Concentration of Credit Risk

The Organization grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2024 is as follows:

Medicare	26.2%
Medicaid	13.4%
Other third-party payors	60.2%
Patients	<u>0.2%</u>
	<u>100.0%</u>

(11) Intergovernmental Transfer Grants

The Organization entered into a Low Income and Needy Care Collaboration Agreement on July 31, 2013 with other hospitals in the region. The purpose of the agreement is to ensure that low income and needy patients have access to and receive quality hospital services by increasing funding for the Medicaid population and to access funding to which the hospitals are eligible under Medicaid supplemental payments. For the year ended December 31, 2024, the Organization provided intergovernmental transfer grants to other Hospitals in the amount of \$11,500,000.

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Notes to Financial Statements (Continued)

(12) Functional Expenses

The Organization provides general health care services to residents within its geographic location. The financial statements report certain categories of expenses that are attributable to the program and supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. For the year ended December 31, 2024, expenses related to providing these services were as follows:

Health care services:

Salaries and wages	\$ 10,210,848
Employee benefits	1,633,458
Professional fees	398,169
Dues and subscriptions	28,144
Supplies	8,419,252
Utilities	897,624
Contract services	4,781,730
Insurance	265,491
Licenses and fees	207,481
Management fee	-
Other	654,269
Rents and leases	313,784
Repairs and maintenance	725,454
Travel and entertainment	49,989
Interest expense	257,186
Intergovernmental transfer - access grants	11,500,000
Depreciation	<u>755,599</u>
Total program expenses	<u>41,098,478</u>

General, administrative, and other:

Contract services	146,574
Dues and subscriptions	10,329
Supplies	58,311
Insurance	142,956
Licenses and fees	13,729
Professional fees	8,875
Other	213,667
Repairs and maintenance	4,063
Travel and entertainment	2,482
Utilities	<u>27,240</u>
Total management and general expenses	<u>628,226</u>
Total expenses	<u>\$ 41,726,704</u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Notes to Financial Statements (Continued)

(13) Fair Value Measurements

Professional standards require the disclosure for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of inputs used to measure fair value are as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b. Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- c. Level 3 inputs are unobservable inputs for the asset or liability.

The following methods and assumptions were used by the Organization in estimating fair values of financial instruments:

- a. The carrying amount reported in the statement of financial position for the following approximates fair value due to the short maturities of these instruments: cash and cash equivalents, receivables, and payables.
- b. The fair value for investment securities are based on quoted market prices at the reporting date multiplied by the quantity held. The carrying value equals fair value.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2024:

Description	Total	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 10,781,717	\$ 10,781,717	\$ -	\$ -
Money market	15,297,855	15,297,855	-	-
	<u>\$26,079,572</u>	<u>\$26,079,572</u>	<u>\$ -</u>	<u>\$ -</u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Notes to Financial Statements (Continued)

(14) Town of Mamou Building Fund

Prior to January 1, 2011, the operations of the Town of Mamou Building Fund were reported in the Savoy Cancer Center, Inc.'s (Center) financial statements. Effective January 1, 2011, the operations of Center were transferred to the Savoy Medical Center, which is operated by the Organization. As a result, the financial position and the changes in net assets and cash flows of the Town of Mamou Building Fund are reported in the financial statements of the Organization.

(15) Special Services Management Agreement

On February 15, 2015, the Organization entered into a Special Services Management Agreement with Evangeline Clinical Services. The purpose of the agreement is to gain managerial and administrative expertise in the delivery and operations of hospitals and to clinically integrate with CHRISTUS Health Central Louisiana (CHRISTUS) network of physicians, clinics and hospitals, in order to improve access, quality, availability and efficiency of care for residents of the community. CHRISTUS will administer the day-to-day operations of the hospital, subject to any required approvals and operational oversight from the Organization. In exchange for the services and cost incurred, the Organization will pay \$10,000 per month and an amount equal to each fiscal year's undisbursed operating revenue as defined by the contract. The term of this agreement is for an initial fifteen years and shall automatically continue thereafter for an additional term of five years. In accordance with the terms of the agreement, the Organization's management fee amounted to \$120,000 for the year ended December 31, 2024. The Organization did not have any undisbursed operating revenue for the year ended December 31, 2024.

(16) Pension Plan

The Organization has a 401(k) profit sharing plan (a defined contribution plan), established in February 2010, which covers substantially all employees who are eighteen years of age or older with at least two consecutive months of service. The Plan, as amended, complies with the applicable provisions of the Employee Retirement Income Security Act of 1974. The employer may make matching contributions or profit sharing contributions at their discretion based on board approval. The Organization did not contribute to the Plan for the year ended December 31, 2024.

(17) Risk Management

The Organization is exposed to risks of loss in the areas of general liability, management liability and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Notes to Financial Statements (Continued)

(18) Contingencies

The Organization evaluates contingencies based upon the best available evidence. The Organization believes that no loss contingencies are considered necessary. To the extent that resolution of contingencies results in amounts which vary from the Organization's estimates, future earning will be charged or credited.

Third-party Government Revenues – Cost reimbursements are subject to examination by agencies administering the programs. The Organization is contingently liable for retroactive adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retroactive changes in interpretations applying statutes, regulations and general instructions of those programs. The amount of such adjustments cannot be determined. Management believes that the Organization is in compliance with fraud and abuse statutes as well as other applicable governmental laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

(19) Cares Act Subsidies

In response to the economic fallout of the COVID-19 pandemic in the United States, the 116th U.S. Congress passed an economic stimulus bill that was signed into law by the President on March 27, 2020. The Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized \$2.2 trillion to combat COVID-19 and its economic effects, including providing loan programs for small businesses, support for hospitals and other medical providers, and various types of economic relief for impacted businesses and industries. As a result of the CARES Act, the Organization received funding from the following program:

Provider Relief Funds – The Organization received approximately \$4,284,903 in Provider Relief Funds during the fiscal year ending December 31, 2020. This payment was issued by the U.S. Department of Health & Human Services (HHS) in response to the Coronavirus pandemic to be utilized for healthcare related expenses and lost revenues attributable to coronavirus. During the fiscal year ending December 31, 2022, the Organization submitted their final report to HHS, reporting the remaining allocation of eligible expenses. The Organization's management has set aside a reserve in the amount of \$550,881 in the event that certain expenses are challenged during any future grantor audits. The reserve amount is reflected in the statement of financial position.

(20) Compensation, Benefits, and Other Payments to Agency Head

The Organization's agency head did not receive any compensation, benefits, or other payments from public funds for the year ended December 31, 2024.

(21) Subsequent Event Review

The Organization's management has evaluated subsequent events through September 29, 2025, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SAVOY MEDICAL MANAGEMENT GROUP, INC.

Mamou, Louisiana

Savoy Medical Center Operations Fund

Comparative Statement of Financial Position

December 31, 2024 and 2023

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,334,952	\$ 6,089,906
Patient accounts receivable, net	2,268,456	2,785,560
Estimated third-party payor settlements	431,442	221,349
Other receivables	99,655	271,112
Inventory	956,911	852,916
Prepaid expenses	258,614	250,877
Total current assets	<u>6,350,030</u>	<u>10,471,720</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	10,781,717	-
Investments	15,297,855	-
Capital assets:		
Property, plant and equipment, net	5,836,360	3,275,716
Operating right-of-use asset, net	316,017	494,549
Deposits	1,978	1,978
Total noncurrent assets	<u>32,233,927</u>	<u>3,772,243</u>
Total assets	<u>\$ 38,583,957</u>	<u>\$ 14,243,963</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 908,325	\$ 285,890
Accrued expenses	724,515	4,400,649
Accrued salaries and payroll taxes	828,217	704,069
Estimated third-party payor settlements	144,956	92,720
Due to other governmental agency	550,881	550,881
Current portion of bonds payable	1,609,125	326,668
Total current liabilities	<u>4,766,019</u>	<u>6,360,877</u>
Noncurrent liabilities:		
Long-term debt	<u>24,970,632</u>	<u>608,403</u>
Total liabilities	<u>29,736,651</u>	<u>6,969,280</u>
Net assets:		
Without donor restrictions-		
Unrestricted and undesignated	<u>8,847,306</u>	<u>7,274,683</u>
Total liabilities and net assets	<u>\$ 38,583,957</u>	<u>\$ 14,243,963</u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana
Savoy Medical Center Operations Fund

Comparative Statement of Activities
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenue:		
Net patient service revenue (net of provision for credit losses of \$449,955 at 2024 and \$852,310 at 2023)	\$ 27,668,905	\$ 30,728,832
Other operating revenues	<u>15,448,520</u>	<u>13,603,359</u>
Net operating revenue	<u>43,117,425</u>	<u>44,332,191</u>
Operating expenses:		
Salaries and wages	10,210,848	9,511,785
Employee benefits	1,633,458	1,510,299
Professional fees	407,044	378,656
Dues and subscriptions	38,473	41,273
Supplies	8,477,563	8,106,906
Utilities	924,864	980,911
Contract services	4,808,304	4,221,830
Insurance	408,447	427,144
Licenses and fees	221,210	173,504
Management fee	120,000	3,752,484
Other	867,936	685,763
Rents and leases	313,784	270,472
Repairs and maintenance	729,517	553,291
Travel and entertainment	52,471	51,396
Interest expense	257,186	29,218
Intergovernmental transfer - access grants	11,500,000	12,205,506
Depreciation and amortization	<u>755,599</u>	<u>819,565</u>
Total operating expenses	<u>41,726,704</u>	<u>43,720,003</u>
Operating income	<u>1,390,721</u>	<u>612,188</u>
Nonoperating revenues (expenses):		
Grant income	-	17,750
Interest income	<u>181,902</u>	<u>21,342</u>
Change in net assets without donor restrictions	1,572,623	651,280
Net assets, beginning	<u>7,274,683</u>	<u>6,623,403</u>
Net assets, ending	<u>\$ 8,847,306</u>	<u>\$ 7,274,683</u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.

Mamou, Louisiana

Savoy Medical Center Operations Fund

Schedule of Net Patient Service Revenue
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Gross patient charges	<u>\$ 147,847,855</u>	<u>\$ 145,135,952</u>
Less:		
Contractual allowances	(117,459,904)	(111,821,920)
Discounts	(2,269,091)	(1,732,890)
Provision for credit losses	<u>(449,955)</u>	<u>(852,310)</u>
Total contractual allowances, discounts and credit losses	<u>(120,178,950)</u>	<u>(114,407,120)</u>
Net patient service revenue	<u><u>\$ 27,668,905</u></u>	<u><u>\$ 30,728,832</u></u>

SAVOY MEDICAL MANAGEMENT GROUP, INC.

Mamou, Louisiana

Savoy Medical Center Operations Fund

Schedule of Other Operating Revenues

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Other operating revenues:		
Cafeteria	\$ 163,828	\$ 156,930
Medicaid Supplemental Payments	10,888,125	9,372,434
Medicaid Quality Outcomes Payments	1,442,595	3,181,709
Medical record transcripts	43	412
Miscellaneous	564,697	367,411
340B pharmacy sales	1,873,473	25,090
Rent income	503,195	486,695
Vending machine commissions	<u>12,564</u>	<u>12,678</u>
Total other operating revenues	<u>\$ 15,448,520</u>	<u>\$ 13,603,359</u>

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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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 Directors
Savoy Medical Management Group, Inc.
Mamou, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Savoy Medical Management Group, Inc. (a nonprofit health care entity), a component unit of the Town of Mamou, which comprise the statement of financial position as of December 31, 2024, and the related statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Savoy Medical Management Group, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2024-002 and 2024-003.

Savoy Medical Management Group, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Savoy Medical Management Group, Inc.'s response to the finding identified in our audit and described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. Savoy Medical Management Group, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, the report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
September 29, 2025

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan

Part I Current Year Findings and Management's Corrective Action Plan

A. Internal Control Findings -

2024-001: Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2012

CRITERIA: The Organization should have a control policy according to which no person should be given responsibility for more than one related function.

CONDITION: The Organization did not have adequate segregation of duties within the accounting functions.

CAUSE: Due to the size of the Organization, there are a small number of available employees.

EFFECT: The Organization has employees that are performing more than one related function.

RECOMMENDATION: The Organization should continue to monitor established mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will continue to monitor mitigating controls over functions that are not completely segregated.

B. Compliance Findings -

2024-002: Uninsured and Uncollateralized Deposits

Fiscal year finding initially occurred: 2024

CRITERIA: Louisiana Revised Statute 39:1218-1229 requires that bank balances be secured by federal deposit insurance or collateralized by the financial institution with designated securities as defined by R.S. 39:1221.

CONDITION: The Organization had uninsured and uncollateralized bank balances as of the end of their fiscal year.

CAUSE: The Organization's financial institution did not maintain adequate pledged securities for the increase in cash balances as of the end of their fiscal year.

EFFECT: The Organization had uninsured and uncollateralized bank balances in the amount of \$449,924 as of the end of their fiscal year.

RECOMMENDATION: The Organization should coordinate with the appropriate financial institution to ensure any deposits in excess of federal deposit insurance are properly collateralized.

MANAGEMENT'S CORRECTION ACTION PLAN: Management has coordinated with the appropriate financial institution to ensure all accounts are properly setup and any deposits in excess of federal deposit insurance are properly collateralized.

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)

2024-003: Failure to File Audited Financial Statements Timely

Fiscal year finding initially occurred: 2024

CRITERIA: In accordance with Louisiana Revised Statute 24:513, the Organization must complete and submit an audit of their financial statements within six months of the close of their fiscal year to the Legislative Auditor's office.

CONDITION: The Organization's annual audited financial statements were not filed timely for the fiscal year ended December 31, 2024.

CAUSE: The Organization's management did not take the appropriate actions to ensure its annual financial statement audit was completed within six months of the close of their fiscal year.

EFFECT: The Organization did not comply with Louisiana Revised Statute 24.513.

RECOMMENDATION: The Organization should take necessary actions to ensure their annual financial statement audit is completed and submitted within six months of the close of their fiscal year.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will take the appropriate actions to ensure their financial records are available to allow adequate time for their annual financial statement audit to be completed by the required timeframe.

Part II Prior Year Findings

A. Internal Control Findings -

2023-001: Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2012

CONDITION: The Organization did not have adequate segregation of duties within the accounting functions.

CRITERIA: The Organization should have a control policy according to which no person should be given responsibility for more than one related function.

CAUSE: Due to the size of the Organization, there are a small number of available employees.

EFFECT: The Organization has employees that are performing more than one related function.

RECOMMENDATION: The Organization should continue to monitor established mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will continue to monitor mitigating controls over functions that are not completely segregated.

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)

2023-002: Wire Fraud

Fiscal year finding initially occurred: 2023

CRITERIA: The Organization should have an effective control policy in place to ensure changes to vendor payment information are properly validated prior to modification.

CONDITION: The Organization's vendor was subject to a business email compromise resulting in a fraudulent modification to the payment instructions. The Organization wired cash in the amount of \$226,330 to an unknown scammer posing as their vendor. On September 21, 2023, the Organization determined that the payment for the August 2023 invoice was not received by their vendor and a breach had occurred. The Organization immediately reported the issue to their bank to attempt to recover the funds. A report was filed with the local authorities, Louisiana State Police, and Federal Bureau of Investigations (FBI). Additionally, the District Attorney and the Louisiana Legislative Auditor's office were notified in accordance with Louisiana Revised Statute 24:523. The Organization did not have procedures in place to confirm the wire instructions sent through email were valid and the wire fraud was not covered by insurance. On September 29, the Organization received notification that \$81,819 of the funds were recovered.

CAUSE: The Organization did not have procedures in place to verify modification of payment instructions for wires.

EFFECT: The Organization had unrecovered funds in the amount of \$144,511.

RECOMMENDATION: The Organization should review their policies and procedures relative to modifications to payment instructions for wire payments. Procedures should be established to require confirmation of payment instructions other than by email correspondence.

MANAGEMENT'S CORRECTION ACTION PLAN: Management revised the procedure for modifying vendor information to ensure changes are confirmed with the appropriate vendor representative.

B. Compliance Findings -

There were no findings reported under this section.