

**MERCY MEDICAL HEALTH CENTER**

*Financial Statements*  
*For the Years Ended September 30, 2020 and 2019*

MERCY MEDICAL HEALTH CENTER  
FINANCIAL REPORT  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors of  
Mercy Medical Health Center  
Hodge, Louisiana

***Report on the Financial Statements***

I have audited the accompanying financial statements of Mercy Medical Health Center (a nonprofit organization) which comprise the statement of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the 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 financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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. 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 those 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. 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.

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mercy Medical Health Center as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated March 27, 2021, on my consideration of Mercy Medical Health Center's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Mercy Medical Health Center's internal control over financial reporting and compliance.

*David M. Hart, CPA (APAC)*

West Monroe, Louisiana  
March 27, 2021

MERCY MEDICAL HEALTH CENTER  
STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	June 30,	
	2020	2019
Current Assets:		
Cash and Cash Equivalents	\$ 13,000	\$ 20,628
Medicaid Reimbursements Receivable	55,474	44,694
Grants Receivable	51,071	-
Prepaid Insurance	11,997	-
Total Current Assets	131,542	65,322
Property and Equipment:		
Buildings	22,260	22,260
Furniture and Equipment	43,243	-
Leasehold Improvements	77,899	-
Less: Accumulated Depreciation	(3,492)	-
Net Property and Equipment	139,910	22,260
<u>TOTAL ASSETS</u>	\$ 271,452	\$ 87,582
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 20,122	\$ 805
Payroll Tax Liability	17,420	8,582
Notes Payable - PPP	93,400	47,823
Notes Payable - Long-Term	-	-
Total Current Liabilities	130,942	57,210
Net Assets:		
Without Donor Restrictions	140,510	30,372
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 271,452	\$ 87,582

The accompanying notes are an integral part of this financial statement.

MERCY MEDICAL HEALTH CENTER  
STATEMENTS OF ACTIVITIES

<u>PUBLIC SUPPORT, GRANT REVENUE</u> <u>AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</u>	<u>For the Year Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Government Grants and Contracts	\$ 282,080	\$ -
Medicaid Reimbursement Revenue	1,879,648	1,314,326
Grants	19,000	8,000
Interest Income	379	-
Other Income	-	1,608
	<hr/>	<hr/>
<u>TOTAL PUBLIC SUPPORT, GRANT REVENUE</u> <u>AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS</u>	2,181,107	1,323,934
 <u>EXPENSES</u>		
Program Services	1,343,523	723,637
Management and General	727,446	522,293
	<hr/>	<hr/>
TOTAL EXPENSES	2,070,969	1,245,930
 <u>INCREASE IN NET ASSETS</u> <u>WITHOUT DONOR RESTRICTIONS</u>	110,138	78,004
 <u>NET ASSETS AT BEGINNING OF YEAR</u>	<hr/> 30,372	<hr/> (47,632)
 <u>NET ASSETS AT END OF YEAR</u>	<hr/> \$ 140,510	<hr/> \$ 30,372

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

MERCY MEDICAL HEALTH CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Services	Management and General	Total
Accounting	\$ -	\$ 82	\$ 82
Advertising	-	806	806
Automobile Expense	12,415	12,416	24,831
Bank Service Charges	-	652	652
Biohazard Waste	-	2,160	2,160
Business Licenses and Permits	1,358	1,300	2,658
Computer and Internet	2,175	2,175	4,350
Continuing Education	1,084	-	1,084
Credit Card Fees	-	138	138
Contractors Expense	526,751	-	526,751
Depreciation	-	3,492	3,492
Dues and Subscriptions	5,369	5,370	10,739
Equipment Rental	8,165	-	8,165
Insurance Expense	9,598	9,599	19,197
Interest Expense	-	5,453	5,453
Janitorial Expense	-	15,746	15,746
Laboratory Fees	2,969	-	2,969
License & Fees	13,477	13,478	26,955
Meals and Entertainment	2,824	-	2,824
Medical Records and Supplies	50,891	-	50,891
Office Supplies	26,789	26,789	53,578
Miscellaneous	11,440	11,440	22,880
Salaries	374,883	374,884	749,767
Payroll Taxes	41,082	41,083	82,165
Health Insurance	22,531	22,531	45,062
Professional Fees	117,806	117,807	235,613
Rent Expense	-	42,680	42,680
Repairs and Maintenance	-	5,480	5,480
Small Medical Equipment	6,295	-	6,295
Telephone	10,495	10,495	20,990
Training	3,261	-	3,261
Travel	4,945	-	4,945
Utilities	1,389	1,390	2,779
Vaccines and Medicines	85,531	-	85,531
Total Expenses	<u>\$ 1,343,523</u>	<u>\$ 727,446</u>	<u>\$ 2,070,969</u>

The accompanying notes are an integral part of this financial statement.

MERCY MEDICAL HEALTH CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program Services	Management and General	Total
Accounting	\$ -	\$ 6,000	\$ 6,000
Advertising	-	1,059	1,059
Automobile Expense	2,970	2,971	5,941
Bank Service Charges	-	461	461
Biohazard Waste	-	784	784
Business Licenses and Permits	1,059	-	1,059
Computer and Internet	15,055	15,056	30,111
Continuing Education	9,547	-	9,547
Credit Card Fees	-	1,685	1,685
Contractors Expense	308,577	-	308,577
Dues and Subscriptions	2,365	2,365	4,730
Insurance Expense	8,301	8,301	16,602
Interest Expense	-	4,737	4,737
Janitorial Expense	-	10,493	10,493
Laboratory Fees	1,761	-	1,761
License & Fees	12,517	12,518	25,035
Meals and Entertainment	2,370	-	2,370
Medical Records and Supplies	26,038	-	26,038
Office Supplies	14,620	14,702	29,322
Miscellaneous	232	706	938
Salaries	173,799	173,800	347,599
Payroll Taxes	21,616	21,616	43,232
Health Insurance	16,205	16,205	32,410
Professional Fees	84,145	181,971	266,116
Rent Expense	-	41,344	41,344
Repairs and Maintenance	-	457	457
Small Medical Equipment	3,326	-	3,326
Telephone	4,434	4,435	8,869
Training	2,329	-	2,329
Travel	2,903	-	2,903
Utilities	626	627	1,253
Vaccines and Medicines	8,842	-	8,842
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 723,637	\$ 522,293	\$ 1,245,930

The accompanying notes are an integral part of this financial statement.



MERCY MEDICAL HEALTH CENTER  
STATEMENTS OF CASH FLOWS

	For the Year Ended	
	2020	2019
<u>Cash Flows from Operating Activities:</u>		
Increase (Decrease) in Net Assets	\$ 110,138	\$ 78,004
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
Depreciation	3,492	-
Increase in Accounts Receivable	(61,851)	(44,694)
Prepaid Insurance	(11,997)	-
Increase (Decrease) in Accounts Payable	19,317	805
Increase in Payroll Tax Liability	8,838	8,582
Net Cash Provided (Used) by Operating Activities	67,937	42,697
<u>Cash Flows from Investing Activities:</u>		
Furniture and Fixtures	(43,243)	-
Leasehold Improvements	(77,899)	-
Net Cash Used by Investing Activities	(121,142)	-
<u>Cash Flows from Financing Activities:</u>		
Payments on Notes Payable	(47,823)	(33,262)
Proceeds from Notes Payable	93,400	-
Net Cash Provided (Used) from Financing Activities	45,577	(33,262)
<u>Increase in Cash and Cash Equivalents</u>	(7,628)	9,435
<u>Cash at Beginning of Year</u>	20,628	11,193
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	\$ 13,000	\$ 20,628

The accompanying notes are an integral part of this financial statement.

MERCY MEDICAL HEALTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 1 – Summary of Significant Accounting Policies

Mercy Medical Health Center (MMHC) is a not-for-profit Louisiana corporation organized to provide primary health care to the citizens of Jackson Parish and the surrounding areas. To carry out this function, MMHC administers a single program that encompasses services such as medical diagnosis and treatment, X-ray services, laboratory tests, dental services, and community health education and guidance. MMHC depends significantly upon federal grant and third-party reimbursements to carry out program services. MMHC is managed by a Board of Directors who appoints a CEO that is responsible for operations of MMHC and is answerable to the Board.

A. Basis of Presentation

The financial statements of MMHC are prepared using the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred. Generally, grant revenues are earned as qualified expenses are made and performance occurs. Patient revenues are recognized when the services are performed.

B. Accounts Receivable

Accounts receivable shall be recorded net of sliding fee and third-party contractual adjustments. Third-party accounts will be considered uncollectible and written off when definitive documentation has been received regarding uncollectability.

C. Net Patient Service Revenue

MMHC uses a sliding fee scale based directly on poverty income guidelines to bill patients for services rendered. This results in significant “discounts” which allow disadvantaged individuals to afford health care services. These discounts are recorded as adjustments to patient revenue.

MMHC provides services to certain patients covered by various third-party payers, such as Medicare, Medicaid and other insurance providers, differences between amounts billed and amounts allowed are recorded as contractual adjustments to the appropriate third-party payer revenue. Retroactive adjustments under Medicare and Medicaid are not accrued due to uncertainty regarding timing and amounts to be received and payable. Instead, these amounts are recognized as revenues or offset against revenue in the period payment is received or made.

Under the Federally Qualified Health Center Program (FQHC), Medicare and Medicaid reimburses the Corporation at a tentative rate per visit for services rendered. Medicare determines a final settlement after submission of an annual cost report, which is reviewed by the fiscal Medicare intermediary. The Medicaid program works on a prospective payment system (PPS) and does not require an annual cost report.

MERCY MEDICAL HEALTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 1 – Summary of Significant Accounting Policies

D. Functional Allocation of Expenses

Certain costs are directly allocated among the program and supporting services in order to report on a functional basis. Indirect costs are allocated for internal reporting purposes only. These costs represent administrative overhead and are allocated to each Center on a monthly basis to properly reflect operating cost. As of September 30, 2020 and 2019, all costs are allocated to one program since it is the only program MMHC operates.

E. Cash and Cash Equivalents

Cash consists of monies held in checking accounts, money markets and certificates of deposit with original maturities of three months or less.

F. Property, Plant & Equipment

Property, plant and equipment, above the capitalization threshold of \$5,000, are recorded at cost, or in the case of donated assets, at their fair market value when received. Property, plant and equipment below the capitalization threshold and maintenance and repairs are expenses as they are purchased and incurred. Depreciation expense is computed using the straight-line method over the following estimated useful lives:

Buildings	30 years
Leasehold Improvements	10 years
Equipment	5-15 years
Vehicles	5 years

G. Donations

Donated space, utilities and services are treated as in-kind contributions. Donated services are recorded at values consistent with those amounts that would be paid salaried personnel for similar services. Donated building space and utilities are valued at approximate fair market value.

H. Deferred Revenue

Deferred revenue represents amounts received but unearned until future performance is completed.

I. Accrued Compensated Absences

The policy of MMHC is to pay employees upon termination for unused paid time off earned through their termination date. The employee is eligible to receive payment of his/her unused PTO up to a maximum number of hours, based on his/her length of employment; no PTO shall accrue on the final paycheck. A liability for accrued compensated absences is calculated and adjusted annually at fiscal year-end. At September 30, 2020 and 2019, there was \$0 accrued compensated absences.

MERCY MEDICAL HEALTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 1 – Summary of Significant Accounting Policies

J. Income Taxes

MMHC is tax exempt under Section 501c(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Corporation is not a private foundation; therefore, no provision for income taxes has been recorded. The Center is required to file U.S. federal form 990 for informational purposes. Its federal income tax returns for the years 2017 and beyond remain subject to examination by the Internal Revenue Service.

K. Concentration of Credit Risk

A majority of MMHC's business activity is with clients located in Jackson Parish and the surrounding areas. In addition, substantially all of MMHC's receivables are unsecured.

L. Use of Estimates in the Preparation of Financial Statements

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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Fair Value of Financial Instruments

ASC section 820 *Fair Value Measurements and Disclosures* and ASC section 825 *Financial Instruments* require all entities to disclose the fair value of financial instruments for which it is practicable to estimate fair value.

N. Accounting Pronouncement Adopted

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2014-09 *Revenue from Contracts with Customer*. The core principle of the Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, the guidance provides that an entity should apply the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. Deferring the effective date of the amendments in Update No. 2014-09, the FASB has issued Update No. 2015-14 *Revenue from Contracts with Customers – Deferral of the Effective Date ASU No. 2015-14*. Update No. 2015-14 permits entities to apply the guidance in Update No. 2014-09 to annual reporting periods beginning after December 15, 2018, and to interim reporting periods within annual reporting periods beginning after December 15, 2019. The Center plans to adopt this Update as applicable by the effective date.

MERCY MEDICAL HEALTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 1 – Summary of Significant Accounting Policies

N. Accounting Pronouncement Adopted

On August 18, 2016, FASB issued ASU 2016-14 *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. The Center has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Net assets previously reported as temporarily restricted and permanently restricted are now reported as net assets with donor restrictions. Likewise, net assets previously reported as unrestricted are now reported as net assets without donor restrictions.

O. Not-For-Profit Accounting

The Center reports information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Center does not have any net assets with donor restrictions at June 30, 2020.

The net assets are composed of the following:

*Net Assets Without Donor Restrictions* – Net assets and revenue available and used for current operations and expenditures for current programs. These net assets are not subject to donor or grantor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor or grantor imposed restrictions. Some restrictions are temporary in nature, such as those that will be met with the passage of time or occurrence of other events. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

P. Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Q. Revenue Recognition

Contributions are recognized when cash or other assets is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

MERCY MEDICAL HEALTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 1 – Summary of Significant Accounting Policies

Q. Revenue Recognition (continued)

Revenues from federal and state grants are recorded when the Center has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the Center, or when otherwise earned under the terms of the grants.

Note 2 - Cash and Cash Equivalents

The Center maintains its cash balance in a local financial institution. At June 30, 2020 and 2019, the bank balances were \$27,334 and \$39,904 all of which is insured by the Federal Deposit Insurance Corporation.

Note 3 - Accounts Receivable

Accounts receivable consists of Medicaid reimbursements not yet collected in the amount of \$55,474. Also in accounts receivable are grant funds received after year end from Health Resources and Services Administration for \$51,071.

Note 4 - Lease Expense - Operating

The Center has a twenty four month lease for its Hodge, LA office. This lease is set to expire at June 30, 2022, and the monthly lease amount is \$3,800.

Minimum future rental payments under non-cancelable operating leases as of September 30, 2020, is as follows:

September 30, 2021	\$ 45,600
September 30, 2022	\$ 34,200

Note 5 - Notes Payable

On April 20, 2020, the Center received a Paycheck Protection Program loan (PPP loan) in the amount of \$93,400 at a fixed rate of 1% payable in two years from date of funding. On January 22, 2021 the Center was notified by the Small Business Administration that this loan has been forgiven in full.

Note 6 - Disclosures About Concentrations

The Center receives the majority of its revenue in the form of Medicaid and Medicaid billing from the State of Louisiana for health services rendered by the Center. This billing is subject to review by the State, which could result in disallowed costs. Billing rates for services rendered could be changed from year to year. The rates are determined by Louisiana's Department of Health.

Note 7 - Fair Values

The Center's financial instruments consist of cash, accounts payable, other current liabilities and the notes payable. The carrying values of these instruments approximate their fair values.

MERCY MEDICAL HEALTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 8 - Collateralization Policy

The Center does not require collateral to support financial instruments subject to credit risk unless otherwise disclosed.

Note 9 - Risk of Loss

The Center is exposed to a variety of risks that may result in losses. These risks may include possible loss from acts of God, injury to employees, property damage, or breach of contract. The Center finances these potential losses through purchasing insurance. The level of coverage has remained constant.

Note 10 - Subsequent Events

Subsequent events have been evaluated through March 27, 2021, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

Note 11 – Liquidity and Availability of Resources

The Center's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and Cash Equivalents	\$ 13,000
Accounts Receivable	<u>105,544</u>
Total	<u>\$ 118,544</u>

Note 12 - New Accounting Guidance Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02 "Leases" (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement:

- Lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

Additional qualitative and quantitative disclosures will be required so that users can understand more about the nature of an entity's leasing activities. Also, the new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with source of off-balance sheet financing.

ASU No. 2016-02 will be effective for fiscal years beginning after fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.

MERCY MEDICAL HEALTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 12 - New Accounting Guidance Not Yet Adopted (continued)

Lessees (for capital and operating leases) and Lessors (for sales-type, direct financing and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. The Center is currently evaluating the potential impact of adopting this guidance on its financial statements.

Note 13 - Federal Funding

During the year, the Center received federal funding from Health Resources and Services Administration (CFDA #93.224), with \$164,297 being authorized. As of September 30, 2020, \$140,348 has been received.

Note 14 - Covid-19

The Covid-19 outbreak in the United States and our state has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and whether those closings will precipitate a wider economic recession. As a result, the related financial impact on the Center and the duration cannot be estimated at this time.



MERCY MEDICAL HEALTH CENTER  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO  
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Kimberly Brunson	
	CEO	
<b><i>Purpose:</i></b>		
Salary	\$	29,893
Benefits - Insurance		-
Benefits - Retirement		-
Benefits - Dental		-
Travel Reimbursements		-
Cell Phone Reimbursements		-
Total	\$	29,893

**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  
Mercy Medical Health Center

I 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 Mercy Medical Health Center (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated March 27, 2021.

***Internal Control Over Financial Reporting***

In planning and performing my audit of the financial statements, I considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, I do not express an opinion on the effectiveness of the Center'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.

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of my 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*David M. Hunt, CPA (APAC)*

West Monroe, Louisiana  
March 27, 2021

MERCY MEDICAL HEALTH CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

To the Board of Directors  
 Mercy Medical Health Center  
 Hodge, Louisiana

I have audited the financial statements of Mercy Medical Health Center, as of and for the year ended September 30, 2020, and have issued my report thereon dated March 27, 2021. I conducted my 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. My audit of the financial statements as of September 30, 2020, resulted in an unqualified opinion.

Section I- Summary of Auditor's Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness \_\_\_\_\_ yes X no  
 Significant Deficiencies not considered to be  
 Material Weaknesses \_\_\_\_\_ yes X no

Compliance

Compliance Material to Financial Statements \_\_\_\_\_ yes X no

B. Federal Awards

Material Weakness Identified \_\_\_\_\_ yes X no  
 Significant Deficiencies not considered to be  
 Material Weaknesses \_\_\_\_\_ yes X no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified \_\_\_\_\_ Qualified \_\_\_\_\_  
 Disclaimer \_\_\_\_\_ Adverse \_\_\_\_\_

Are their findings required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)  
 CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A  
 Is the auditee a "low-risk" auditee, as defined by the Uniform Guidance? N/A

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Section II- Financial Statement Findings

There were no findings in this section.

Section III- Federal Award Findings and Questioned Costs

There were no findings in this section.

MERCY MEDICAL HEALTH CENTER  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

**Internal Control and Compliance Material to the Financial Statements**

This section not applicable.

**Internal Control and Compliance Material to Federal Awards**

This section not applicable.

**Management Letter**

This section not applicable.