SAVOY MEDICAL MANAGEMENT GROUP, INC.
MAMOU, LOUISIANA

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

Financial Report

Year Ended December 31, 2015

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2015, 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.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. 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 Savoy Medical Management Group, Inc. as of December 31, 2015, and the results of its operations and changes in its net assets, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2016, 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 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, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 23, 2016

FINANCIAL STATEMENTS

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Statement of Financial Position
December 31, 2015

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	$ 793,495	$ 5,312	$ 798,807
Patient accounts receivable, net	1,967,940	-	1,967,940
Estimated third-party payor settlements	1,553,325	-	1,553,325
Other receivables	80,266	-	80,266
Inventory	685,919	-	685,919
Prepaid expenses	61,605	-	61,605
Total current assets	5,142,550	5,312	5,147,862
Property, plant and equipment, net	2,413,647	3,654,463	6,068,110
Deposits	1,258	-	1,258
Total assets	$ 7,557,455	$ 3,659,775	$ 11,217,230
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	$ 1,455,293	$ -	$ 1,455,293
Accrued expenses	300,867	-	300,867
Accrued salaries and payroll taxes	560,820	-	560,820
Accrued interest	247,947		247,947
Estimated third-party payor settlements	25,784	-	25,784
Current portion of long-term debt	1,006,399	-	1,006,399
Total current liabilities	3,597,110	-	3,597,110
Long-term liabilities:			
Long-term debt	1,592,932	-	1,592,932
Total liabilities	5,190,042	-	5,190,042
Net assets:			
Unrestricted	2,367,413	3,659,775	6,027,188
Total liabilities and net assets	$ 7,557,455	$ 3,659,775	$ 11,217,230

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, 2015

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Totals
Revenue (unrestricted):			
Net patient service revenue (net of provision for bad debts of $4,830,638)	$ 21,884,804	$ -	$ 21,884,804
Rental and other revenue	1,217,162	487	1,217,649
Total revenues	23,101,966	487	23,102,453
Expenses:			
Salaries and wages	7,157,846	-	7,157,846
Employee benefits	1,416,494	-	1,416,494
Professional fees	920,417	-	920,417
Supplies	4,539,057	22	4,539,079
Utilities	1,025,374	-	1,025,374
Contract services	1,106,083	-	1,106,083
Insurance	718,776	1,970	720,746
Rents and leases	309,043	-	309,043
Repairs and maintenance	360,199	-	360,199
Interest expense	303,360	-	303,360
Intergovernmental transfer - access grants	4,600,000	-	4,600,000
Depreciation	645,650	264,607	910,257
Total expenses	23,102,299	266,599	23,368,898
Operating loss	(333)	(266,112)	(266,445)
Nonoperating revenues (expenses):			
Interest income	333	233	566
Change in unrestricted net assets	-	(265,879)	(265,879)
Net assets, beginning	2,367,413	3,925,654	6,293,067
Net assets, ending	$ 2,367,413	$ 3,659,775	$ 6,027,188

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, 2015

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Totals
Cash flows from operating activities:			
Operating loss	$ (333)	$ (266,112)	$ (266,445)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation and amortization	645,650	264,607	910,257
Provision for bad debts	4,830,638	-	4,830,638
Increase in accounts receivable	(4,367,589)	-	(4,367,589)
Decrease in third party payer receivables	609,953	-	609,953
Increase in other receivables	(6,403)	-	(6,403)
Increase in inventory	(21,847)	-	(21,847)
Decrease in prepaid expenses	3,135	-	3,135
Decrease in accounts payable	(964,298)	-	(964,298)
Increase in accrued expenses	300,867	-	300,867
Decrease in accrued salaries and payroll taxes	(341,894)	-	(341,894)
Increase in accrued interest	247,696	-	247,696
Net cash provided (used) by operating activities	935,575	(1,505)	934,070
Cash flows from investing activities:			
Interest earned on interest-bearing deposits	333	233	566
Purchase of property and equipment	(261,793)	-	(261,793)
Net cash provided (used) by investing activities	(261,460)	233	(261,227)
Cash flows from financing activities:			
Principal paid on notes payable	(403,334)	-	(403,334)
Principal paid on capital leases	(66,382)	-	(66,382)
Net cash used by financing activities	(469,716)	-	(469,716)
Net increase (decrease) in cash and cash equivalents	204,399	(1,272)	203,127
Cash and cash equivalents, beginning of year	589,096	6,584	595,680
Cash and cash equivalents, end of year	$ 793,495	$ 5,312	$ 798,807
Supplemental disclosures:			
Interest paid	$ 55,664	$ -	$ 55,664

Non-cash financing and investing activities:

The Organization entered into a capital lease in the amount of $35,000 to purchase medical equipment.

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:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

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. Patient Accounts Receivable

Patient accounts receivable are stated at net realizable value. The Organization maintains allowance for uncollectible accounts and for estimated losses resulting from a payer's inability to make payments on accounts. The Organization estimates the allowance for uncollectible accounts based on management's assessment of historical and expected net collections considering historical and current business and economic conditions, trends in healthcare coverage, and other collections indicators. Accounts receivable are charged to the allowance for uncollectible accounts when they are deemed uncollectible.

E. Inventory

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

F. 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.

G. Revenue and Expense Recognition

The Organization has agreements with third-party payors that provide for payments to the Organization 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 revenue is recognized at the time the services are provided at the estimated net amount due from patients and third-party payors for services rendered, including estimated adjustments under reimbursement agreements with third-party payors, certain of which 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 care to self-pay patients. The revenue on services provided to these patients is recognized at the time services are rendered. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting.

H. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. 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, 2015, 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 2012.

I. Compensated Absences

The Organization allows employees annual leave based on years of service. Annual leave must be taken during the year and is not cumulative. Upon termination of employment, an employee is paid for the value of any accrued leave through the date of employment separation. Although sick leave is accumulated and is available for employees when needed, it is not payable upon termination.

J. Advertising Expense

Advertising costs are expensed as incurred. Total advertising expense was $11,041 for the year ended December 31, 2015.

K. 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.

(2) Cash and interest-bearing deposits

As of December 31, 2015, the Organization had cash and interest-bearing deposits in the amount of $798,807. 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, 2015 are secured as follows:

Bank balances	$ 796,922
Federal deposit insurance	505,062
Pledged securities	291,860
Total	$ 796,922

Deposits in the amount of $291,860 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. The Organization does not have a policy for custodial credit risk.

(3) Patient Accounts Receivable

Patient accounts receivable at December 31, 2015 consisted of the following:

Medicare	$ 941,857
Medicaid	344,914
Other third-party payors	744,766
Patients	4,044,830
	6,076,367
Less: allowance for uncollectible accounts	(4,108,427)
	$ 1,967,940

(4) Estimated Third-Party Settlements

The estimated third-party payors settlements receivable consisted of the following at December 31, 2015:

Cost Report Year:	Medicare	Medicaid	Uncompensated Care Cost (UCC)	Total
2015	$ 440,499	$ (25,784)	$ 1,112,826	$ 1,527,541

(5) Property, Plant and Equipment

Property, plant and equipment consisted of the following at December 31, 2015:

	Savoy Medical Center Operations Fund	Town of Mamou Building Fund	Total
Land	$ -	$ 430,000	$ 430,000
Buildings and improvements	1,582,826	18,722,013	20,304,839
Equipment	3,867,512	2,471,663	6,339,175
Furniture	465,052	27,061	492,113
Total property, plant and equipment	5,915,390	21,650,737	27,566,127
Less: Accumulated depreciation	(3,501,743)	(17,996,274)	(21,498,017)
Net property, plant and equipment	$ 2,413,647	$ 3,654,463	$ 6,068,110

Depreciation expense charged to operations amounted to $645,650 and $264,607 for Savoy Medical Center's Operations Fund and Town of Mamou Building Fund, respectively, for the year ended December 31, 2015.

Savoy Medical Center Operations Fund leases equipment with a cost basis of $368,611 under a capital lease. The depreciation for the year ended December 31, 2015 on these assets is $67,305 and the accumulated depreciation balance at December 31, 2015 is $145,148.

(6) Changes in Long-Term Debt

The following is a summary of long-term debt transactions for the year ended December 31. 2015:

	Balance 1/1/2015	Additions	Reductions	Balance 12/31/2015	Due Within One Year
Savoy Medical Center Operations Fund:					
Notes payable	$ 2,717,115	$ -	$ (403,334)	$ 2,313,781	$ 930,970
Capital leases	316,932	35,000	(66,382)	285,550	75,429
Total long-term debt	$ 3,034,047	$ 35,000	$ (469,716)	$ 2,599,331	$ 1,006,399

Long-term debt at December 31, 2015 is comprised of the following individual issues:

Savoy Medical Center Operations Fund:

Notes Payable -

$2,800,000 note payable dated July 1, 2013 (originally payable to Rapides Healthcare), due in monthly installments of $46,483 through June 1, 2014, with one final payment in the amount of $2,187,754 due July 1, 2014, original interest of 10.0%; payable from excess revenues from Savoy Medical Center Operations Fund. CHRISTUS Health Central Louisiana acquired the note from Rapides Healthcare on February 11, 2015. The Organization and CHRISTUS Health are negotiating a resolution to the note, but the parties have not formalized any agreement to date. As of December 31, 2015, the Organization has accrued interest in the amount of $247,947 on the note.	$ 2,150,000
$317,620 note payable to Centers for Medicare and Medicaid Services, dated April 15, 2013, due in monthly installments of $6,847 through March 15, 2018, interest at 10.625%; payable from excess revenues of Savoy Medical Center Operations Fund.	163,781
Total notes payable	$2,313,781

Capital Leases

$35,000 capital lease payable to CHRISTUS Health Northern Louisiana, dated November 1, 2015, due in monthly installments of $1,073 through October 31, 2018, interest at 6.5%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of $34,417.	$ 34,117
$333,611 capital lease payable to Med One Capital Funding, LLC, dated July 1, 2014, due in monthly installments of $6,690 through July 1, 2019, interest at 7.532%; payable from excess revenues of the Savoy Medical Center Operations Fund; secured by equipment with a carrying value of $189,046.	251,433
Total capital leases	$285,550

Scheduled maturities of long-term debt as of December 31, 2015 are as follows:

	Savoy Medical Center Operations Fund					
	Notes Payable		Capital Leases		Total	
Year Ending December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 930,970	$ 169,265	$ 75,429	$ 18,796	$ 1,006,399	$ 188,061
2017	473,181	61,888	80,234	12,920	553,415	74,808
2018	438,109	35,340	84,209	6,799	522,318	42,139
2019	439,311	13,599	45,678	1,154	484,989	14,753
2020	32,210	135	-	-	32,210	135
Total	$ 2,313,781	$ 280,227	$ 285,550	$ 39,669	$ 2,599,331	$ 319,896

(7) 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, 2015:

Gross patient charges	$ 91,433,009
Less: Contractual allowances	(64,717,567)
Patient service revenue (net of contractual allowances)	26,715,442
Less: Provision for bad debts	(4,830,638)
Net patient service revenue (net of provision for bad debt)	$ 21,884,804

(8) Operating Leases

The Organization entered into various operating leases for copiers commencing from 2012 through 2015 with terms ranging from 36 to 60 months. Future minimum lease payments due under the lease terms are as follows:

Year Ending December 31,	
2016	$ 128,286
2017	122,742
2018	73,710
	$ 324,738

Lease expense amounted to $126,873 for the year ended December 31, 2015.

(9) Functional Expenses

The Organization provides general health care services to residents within its geographic location. For the year ended December 31, 2015, expenses related to providing these services were as follows:

Health care services	$ 22,562,426
General, administrative, and other	539,873
Total functional expenses	$ 23,102,299

(10) 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, 2015.

(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, 2015, the Organization provided intergovernmental transfer grants to other Hospitals in the amount of $4,600,000.

(12) 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.

(13) 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 recorded a management fee in the amount of $405,867 for the year ended December 31, 2015.

(14) 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, 2015 is as follows:

Medicare	47.6%
Medicaid	14.2%
Other third-party payors	29.1%
Patients	9.1%
	100.0%

(15) 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.

(16) 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 statues, 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 statues 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.

(17) Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH). The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology. In subsequent years, providers must demonstrate meaningful use of such technology to qualify for additional Medicaid incentive payments. Hospitals that do not successfully demonstrate meaningful use of EHR technology are subject to payment penalties or downward adjustments to their Medicare payments beginning in federal fiscal year 2015.

The Organization recognizes revenue for the Medicare and Medicaid EHR incentive payments when the Organization is reasonably assured that the EHR meaningful use criteria for the required period of time were met and that the grant revenue will be received. EHR incentive payment revenue totaling $566,349 was received from Medicare for the year ended December 31, 2015. This revenue is included in other revenue in the accompanying statement of activities. Income from incentive payments is subject to retrospective adjustment upon final settlement of the applicable cost report from which payments were calculated. Additionally, the Organization's attestation compliance with the meaningful use criteria is subject to audit by the federal government.

(18) 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, 2015.

(19) Subsequent Event Review

The Organization's management has evaluated subsequent events through June 23, 2016, the date which the financial statements were available to be issued.

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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, 2015, 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 June 23, 2016.

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) to determine the 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2015-001 and 2015-002 to be material weaknesses.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

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

Savoy Medical Management Group, Inc.'s response to the findings identified in our audit is 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 it.

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, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 23, 2016

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2015

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Completion Date
CURRENT YEAR (12/31/15) --						
Internal Control:						
2015-001	2012	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Organization to outsource this task to its independent auditors, and to carefully review the draft financial statements and the related notes prior to approving them and accepting responsibility for their contents and presentation.	Sherman Fookes, CEO	N/A
2015-002	2012	Due to the small number of employees involved in accounting operations, the Organization did not have adequate segregation of functions within the accounting system. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	N/A	No response is considered necessary.	N/A	N/A
Compliance:						
		There were no findings that were required to be reported.				

(continued)

SAVOY MEDICAL MANAGEMENT GROUP, INC.
Mamou, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2015

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Completion Date
PRIOR YEAR (12/31/14) --						
Internal Control:						
2014-001	2012	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Organization to outsource this task to its independent auditors, and to carefully review the draft financial statements and the related notes prior to approving them and accepting responsibility for their contents and presentation.	Sherman Fookes, CEO	N/A
2014-002	2012	Due to the small number of employees involved in accounting operations, the Organization did not have adequate segregation of functions within the accounting system. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	N/A	No response is considered necessary.	N/A	N/A
Compliance:						
2014-003	2014	The Organization had uninsured bank balances in the amount of $379,335. R.S. 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. 39:1224.	Yes	The Organization will coordinate with the appropriate financial institution to ensure any deposits in excess of federal deposit insurance are properly collateralized.	Sherman Fookes, CEO	7/31/2015