



January 25, 2021

To the Board of Directors and Management
St. Francis Health Services of Morris, Inc. and Subsidiaries
Morris, Minnesota

In planning and performing our audit of the consolidated financial statements of St. Francis Health Services of Morris, Inc. and Subsidiaries (St. Francis) as of and for the year ended September 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered St. Francis' 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Francis' 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 and, therefore, material weaknesses may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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We consider the following deficiency in the entity's internal control to be a material weakness:

Preparation and Review of the Consolidated Financial Statements and Material Audit Adjustment

St. Francis does not have an internal control system designed to provide for the preparation of the consolidated financial statements and related financial statement disclosures being audited. In conjunction with the completion of our audit, we were requested to draft the consolidated financial statements and accompanying notes to those consolidated financial statements. In addition, we proposed audit adjustments related to the estimated receivable and liability for workers compensation and allowance for doubtful accounts on accounts receivable. Although this circumstance is not unusual for an organization of your size, the preparation of consolidated financial statements as a part of the audit engagement may result in consolidated financial statements and related information included in consolidated financial statement disclosures not being available for management purposes as timely as it would be if prepared by St. Francis personnel. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.

This communication is intended solely for the information and use of management, the Board of Directors, and others within St. Francis and is not intended to be, and should not be, used by anyone other than these specified parties.

Eide Bailly LLP

Minneapolis, Minnesota