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**St. Helena Community Health Center
Greensburg, Louisiana
June 30, 2004**

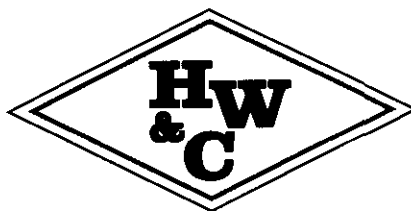
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-9-05

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HAWTHORN, WAYMOUTH & CARROLL, L.L.P.



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CERTIFIED PUBLIC ACCOUNTANTS

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August 23, 2004

Independent Auditor's Report

Board of Directors
St. Helena Community Health Center
Greensburg, Louisiana

Members of the Board:

We have audited the accompanying statements of financial position of the

**St. Helena Community Health Center
Greensburg, Louisiana**

as of June 30, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the St. Helena Community Health Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

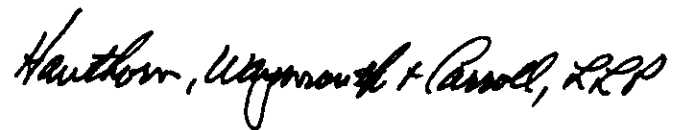
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the St. Helena Community Health Center as of June 30, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2004, on our consideration of the St. Helena Community Health Center's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming opinions on the basic financial statements of the St. Helena Community Health Center. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements of the St. Helena Community Health Center. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Yours truly,

A handwritten signature in black ink that reads "Hawthorn, Wynn & Powell, LLP". The signature is written in a cursive style.

**St. Helena Community Health Center
Statements of Financial Position
June 30, 2004 and 2003**

A s s e t s	<u>2004</u>	<u>2003</u>
Current Assets		
Cash and cash equivalents	\$390,476	\$470,422
Receivables		
Accounts receivable (net of estimated uncollectibles of \$120,582 and \$88,384 at June 30 2004 and 2003, respectively)	13,399	9,821
Estimated third-party payors, net	74,508	41,173
Grants receivable	128,465	73,233
Inventory	13,918	11,176
Prepaid expenses	<u>32,103</u>	<u>21,891</u>
<u>Total current assets</u>	652,869	627,716
Property and equipment, net	992,732	440,000
Goodwill	<u>114,000</u>	<u> </u>
<u>Total assets</u>	<u>1,759,601</u>	<u>1,067,716</u>
L i a b i l i t i e s a n d N e t A s s e t s		
Current Liabilities		
Current portion of notes payable related parties	25,909	
Current portion of notes payable	23,871	
Construction loan		176,603
Accounts payable	48,973	19,189
Accrued expenses	76,547	54,837
Deferred revenue	<u>174,626</u>	<u>178,912</u>
<u>Total current liabilities</u>	<u>349,926</u>	<u>429,541</u>
Long-Term Debt		
Notes Payable, Related Parties	289,691	
Notes Payable	<u>499,319</u>	<u> </u>
<u>Total long-term debt</u>	<u>789,010</u>	<u> </u>
<u>Total liabilities</u>	<u>1,138,936</u>	<u>429,541</u>
Net Assets		
Unrestricted	517,879	519,046
Temporarily restricted	<u>102,786</u>	<u>119,129</u>
<u>Total net assets</u>	<u>620,665</u>	<u>638,175</u>
<u>Total liabilities and net assets</u>	<u>1,759,601</u>	<u>1,067,716</u>

The accompanying notes are an integral part of these statements.

St. Helena Community Health Center
Statements of Activities
Years Ended June 30, 2004 and 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2004 Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2003 Total</u>
Revenue and Other Support						
Net patient revenue	\$472,236		\$472,236	\$428,597		\$428,597
Federal grant	745,341	\$1,500	746,841	614,441		614,441
School based clinic	245,036		245,036	236,108		236,108
Interest income from non-federal grant monies	3,447		3,447	6,162		6,162
Gain on sale of assets				3,300		3,300
Other	44	205	249	253	\$72	325
Net assets released from restrictions in satisfaction of program restrictions	<u>18,048</u>	<u>(18,048)</u>				
<u>Total revenue and other support</u>	<u>1,484,152</u>	<u>(16,343)</u>	<u>1,467,809</u>	<u>1,288,861</u>	<u>72</u>	<u>1,288,933</u>
Expenses						
Salaries and wages	796,662		796,662	692,302		692,302
Benefits	125,975		125,975	119,652		119,652
Medical supplies	239,850		239,850	110,082		110,082
Contractual services	53,530		53,530	47,916		47,916
General and administrative expenses	184,728		184,728	173,912		173,912
Depreciation and amortization	51,041		51,041	38,001		38,001
Bad debts	<u>33,533</u>		<u>33,533</u>	<u>78,080</u>		<u>78,080</u>
<u>Total expenses</u>	<u>1,485,319</u>		<u>1,485,319</u>	<u>1,259,945</u>		<u>1,259,945</u>
Changes in Net Assets	(1,167)	(16,343)	(17,510)	28,916	72	28,988
Net Assets, beginning of year	<u>519,046</u>	<u>119,129</u>	<u>638,175</u>	<u>490,130</u>	<u>119,057</u>	<u>609,187</u>
Net Assets, end of year	<u>517,879</u>	<u>102,786</u>	<u>620,665</u>	<u>519,046</u>	<u>119,129</u>	<u>638,175</u>

The accompanying notes are an integral part of these statements.

**St. Helena Community Health Center
Statements of Cash Flows
Years Ended June 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	(\$17,510)	\$28,988
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	51,041	38,001
Gain on sale of assets		(3,300)
Changes in operating assets and liabilities		
(Increase) decrease in		
Accounts receivable	(3,578)	3,991
Estimated third-party payors	(33,335)	16,911
Grants receivable	(55,232)	13,988
Inventory	(2,742)	1,580
Prepaid expenses	(10,212)	7,072
Increase (decrease) in		
Accounts payable	29,784	3,309
Accrued liabilities	21,710	(1,233)
Deferred revenue	<u>(4,286)</u>	<u>178,912</u>
<u>Net cash provided (used) by operating activities</u>	<u>(24,360)</u>	<u>288,219</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(400,073)	(305,579)
Certificates of deposit		245,555
Proceeds from sale of assets	<u> </u>	<u>3,300</u>
<u>Net cash (used) by investing activities</u>	<u>(400,073)</u>	<u>(56,724)</u>
Cash Flows From Financing Activities		
Increase (decrease) in construction loan	(176,603)	176,603
Increase in long-term debt	528,455	
Principal reduction of long-term debt	(5,265)	
Principal reduction of long-term debt related parties	<u>(2,100)</u>	<u> </u>
<u>Net cash provided (used by) financing activities</u>	<u>344,487</u>	<u>176,603</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(79,946)	408,098
Cash and Cash Equivalents, beginning of period	<u>470,422</u>	<u>62,324</u>
Cash and Cash Equivalents, end of period	<u>390,476</u>	<u>470,422</u>
Supplemental Disclosures		
Interest paid	<u>\$4,459</u>	
Purchased property, equipment and goodwill with loan described in Note 7	<u>317,700</u>	

The accompanying notes are an integral part of these statements.

St. Helena Community Health Center
Notes to Financial Statements
June 30, 2004 and 2003

Note 1-Nature of Operations

The St. Helena Community Health Center serves the medical needs of its patients in St. Helena Parish and surrounding areas. The purpose of the Center is to provide health care at a reasonable cost to those who cannot afford it financially.

Note 2-Summary of Significant Accounting Policies

A. Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Non-Profit Organizations". Under SFAS No. 117, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

B. Net Patient Revenue

The Center has a sliding fee plan for patients without any third party payors and whose income levels fall within the sliding fee guidelines. The minimum payment is \$15.00 for a visit.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

C. Property and Equipment

Property and equipment acquisitions are recorded at cost. Property and equipment donated for center operations are recorded as additions to net assets at fair value at the date of receipt.

St. Helena Community Health Center
Notes to Financial Statements
June 30, 2004 and 2003

Note 2-Summary of Significant Accounting Policies (Continued)

C. Property and Equipment (Continued)

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method. Useful lives range from 5 to 29 years.

D. Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

E. Inventories of Supplies

Inventories of drugs and other supplies are stated at the lower of cost (first-in, first-out) or market.

F. Goodwill

Goodwill represents the excess of the cost of the purchased Kentwood Medical Clinic over the fair value of the net assets at the date of acquisition. In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill and intangible assets deemed to have indefinite lives will no longer be amortized, but will be subject to periodic impairment tests in accordance with the Statement. The Center will test goodwill annually for impairment.

G. Income Tax

The Center is exempt from income taxes under Internal Revenue Code Section 501(c)(3). The Center is not a private foundation.

H. Grant Revenue

Grant revenue is recorded as related expenses are incurred and reimbursement requests are submitted to the grantor agency.

I. Advertising Costs

Advertising costs are expensed as incurred.

J. Use of Estimates

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

St. Helena Community Health Center
Notes to Financial Statements
June 30, 2004 and 2003

Note 2-Summary of Significant Accounting Policies (Continued)

K. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. When restrictions are met within the same year as received, they are reported as unrestricted contributions in the accompanying financial statements. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. The Center has no permanently restricted net assets.

L. Designations of Net Assets

Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments. Designations may be reversed by the board of directors at any time. The Board has not designated any funds as of year end.

Note 3-Property and Equipment

A summary of property and equipment at June 30, 2004 and 2003, is as follows:

	<u>2004</u>	<u>2003</u>
Buildings	\$834,294	
Land	78,000	\$50,000
Furniture and fixtures	49,531	41,182
Office equipment	273,455	253,271
Medical equipment	183,740	172,690
Construction in progress		298,103
Leasehold improvements	<u>3,384</u>	<u>3,384</u>
	1,422,404	818,630
Less accumulated depreciation and amortization	<u>429,672</u>	<u>378,630</u>
Property and equipment, net	<u>992,732</u>	<u>440,000</u>

Note 4-Capitalized Interest

Interest costs charged to operations consist of the following:

	<u>2004</u>	<u>2003</u>
Interest cost incurred	\$11,500	\$626
Decrease as a result of capitalizing interest as a cost of construction	<u>(4,676)</u>	<u>—</u>
Interest charged to operations	<u>6,824</u>	<u>626</u>

St. Helena Community Health Center
Notes to Financial Statements
June 30, 2004 and 2003

Note 5-Purchase of Medical Clinic

In May, 2004, the Center purchased the assets of Kentwood Medical Clinic for \$353,000 in exchange for cash and a long-term note. The purchase method was used to account for the acquisition, and the purchase price was allocated as follows:

Building and land	\$224,000
Equipment	11,050
Inventory	3,950
Goodwill	<u>114,000</u>
	<u>353,000</u>

The Center is presently operating the business as a division under the name Kentwood Medical Clinic.

Note 6-Construction Loan

In 2003, the Center obtained a construction loan in the amount of \$606,115 of which \$176,603 had been drawn as of June 30, 2003. Additional draws during 2004 increased the total balance to \$528,455 on February 25, 2004, at which time the balance was refinanced under a mortgage described in Note 6. The loan had an interest rate of 5.5% and was secured by all deposit accounts and certificates of deposit owned by the Center.

Note 7-Long-Term Debt

Long-term debt consists of the following:

Note Payable

Note payable to Bank of Greensburg. Interest at 5.5% secured by land and building. Payable in monthly principal and interest installments of \$4,323, with the balance due March 1, 2007.	\$523,190
Less: current portion	<u>23,871</u>
	<u>499,319</u>

Note Payable Related Parties

Three notes payable to Carlton S. Faller, M.D. (former owner and seller of Kentwood Medical Clinic and current a employee, see Note 4). Interest is fixed at 6%. These are unsecured notes payable in monthly principal and interest installments of \$3,689. Two notes mature in 2009 and one note matures in 2024	\$315,600
Less: current portion	<u>25,909</u>
	<u>289,691</u>

St. Helena Community Health Center
Notes to Financial Statements
June 30, 2004 and 2003

Note 7-Long-Term Debt (Continued)

Maturities for the following years are as follows:

2005	\$49,780
2006	52,726
2007	503,304
2008	31,526
2009	32,229
Thereafter	<u>169,225</u>
	<u>838,790</u>

Note 8-Deferred Revenue

The Center received payments during 2003 totaling \$303,201, from the State Department of Health and Hospitals (DHH) for Medicaid reimbursements. The DHH reimbursed the Center for the difference between the prospective rate and the interim rate, previously paid for the period of January 1, 2001 to June 30, 2003, for each Medicaid patient visit. Subsequent to these payments, the DHH adjusted these rates significantly lower, thus creating a liability. Rather than request a refund, the DHH will apply this \$178,912 overpayment, which is shown as deferred revenue at June 30, 2003, to future Medicaid visits based on the new Prospective Payment System (PPS) rate. During 2004, DHH applied at total of \$4,286 to current year Medicaid visits reducing the deferred balance to \$174,626 at June 30, 2004.

Note 9-Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following specific program services as follows:

	<u>2004</u>	<u>2003</u>
Cash received from State of Louisiana for a new building	\$101,081	\$119,057
School Based Health Newsletter	205	72
Louisiana Breast Cancer Task Force	<u>1,500</u>	<u> </u>
	<u>102,786</u>	<u>119,129</u>

Note 10-Functional Classification of Expenses

Expenses specifically identifiable to a particular program are charged directly to the program. Management and general expenses include expenses that are not directly identifiable with a specific program, but provide for the overall support and direction of the Center.

	<u>2004</u>	<u>2003</u>
Program services expenses	\$952,091	\$746,058
Management and general expenses	<u>533,228</u>	<u>533,887</u>
	<u>1,485,319</u>	<u>1,279,945</u>

**St. Helena Community Health Center
Notes to Financial Statements
June 30, 2004 and 2003**

Note 11-Medical Malpractice Claims

The Center's medical malpractice insurance is covered by the Federal Tort Claims Act.

Note 12-Concentrations of Credit Risk

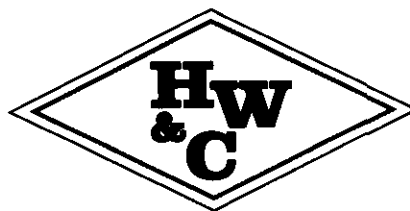
The Center depends significantly on grant revenue to carry out its program activities. The grant is approved through June 30, 2004. The Center is located in Greensburg, Louisiana and grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. Revenue from patients and third-party payors was as follows:

	<u>2004</u>	<u>2003</u>
Medicare	20%	22%
Medicaid	46	38
Sliding fee/private pay	19	24
Third party insurance	<u>15</u>	<u>16</u>
	<u>100%</u>	<u>100%</u>

At various times during the year, cash and cash equivalents on deposit with one banking institution exceeded the \$100,000 insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the institution on a regular basis, along with their balances in cash and cash equivalents, to minimize this potential risk.

Note 13-Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on net assets.



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CERTIFIED PUBLIC ACCOUNTANTS

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August 23, 2004

**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
St. Helena Community Health Center
Greensburg, Louisiana

Members of the Board:

We have audited the financial statements of the

**St. Helena Community Health Center
Greensburg, Louisiana**

as of and for the year ended June 30, 2004, and have issued our report thereon dated August 23, 2004. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Helena Community Health Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect St. Helena Community Health Center's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying summary schedule of findings and questioned costs as Item 04-1.

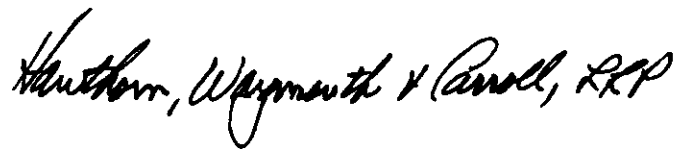
A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Helena Community Health Center'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*.

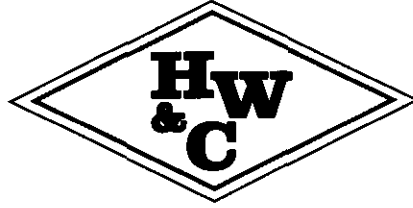
This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and pass-through entities, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Yours truly,

A handwritten signature in cursive script that reads "Henthorn, Weymouth & Carroll, LLP". The signature is written in black ink and is positioned below the "Yours truly," text.

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

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August 23, 2004

**Report on Compliance with Requirements Applicable
to each Major Program and Internal Control over
Compliance in Accordance with OMB Circular A-133**

Board of Directors
St. Helena Community Health Center
Greensburg, Louisiana

Members of the Board:

Compliance

We have audited the compliance of the St. Helena Community Health Center, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. St. Helena Community Health Center's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of St. Helena Community Health Center's management. Our responsibility is to express an opinion on St. Helena Community Health Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the St. Helena Community Health Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the St. Helena Community Health Center's compliance with those requirements.

In our opinion St. Helena Community Health Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

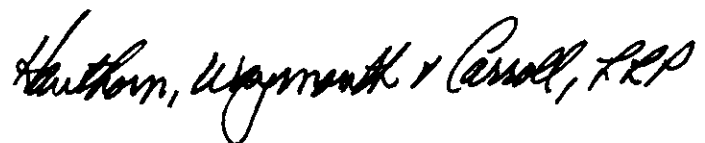
Internal Control Over Compliance

The management of the St. Helena Community Health Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, *contracts and grants applicable to federal programs*. In planning and performing our audit, we considered St. Helena Community Health Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weakness.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and pass-through entities, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Yours truly,

A handwritten signature in black ink, reading "Hawthorn, Wymouth & Caswell, LLP". The signature is written in a cursive style and is positioned below the "Yours truly," text.

**St. Helena Community Health Center
Schedule of Federal and State Awards
Year Ended June 30, 2004**

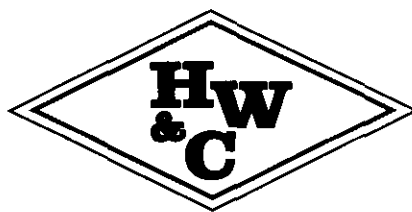
Note 1-Basis of Presentation

The Schedule of Expenditures of Federal and State Awards includes the federal and state grant activity of the St. Helena Community Health Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations."

<u>Federal Agency/Program</u>	<u>C.F.D.A. # or Other Number</u>	<u>Expenditures</u>
U. S. Department of Health and Human Services Community Health Center Program	93.224	\$516,035
Healthy Schools/Healthy Communities	93.151	109,457
New Access Point	93.224	69,920
 <u>State Grants</u>		
Louisiana Department of Health and Hospitals School Based Clinic		245,036
Pharmacy Assistance Program		<u>49,929</u>
 <u>Total federal and state expenditures</u>		 <u>990,377</u>

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

J. CHARLES PARKER, C.P.A.
LOUIS C. MCKNIGHT, III, C.P.A.
ANTHONY J. CRISTINA, III, C.P.A.
CHARLES R. PEVEY, JR., C.P.A.
DAVID J. BROUSSARD, C.P.A.



CERTIFIED PUBLIC ACCOUNTANTS

8555 UNITED PLAZA BLVD., SUITE 200
BATON ROUGE, LOUISIANA 70809
(225) 923-3000 • FAX (225) 923-3008

August 23, 2004

Schedule of Audit Findings and Questioned Costs

Board of Directors
St. Helena Community Health Center
Greensburg, Louisiana

Members of the Board:

We have audited the financial statements of the St. Helena Community Health Center, as of and for the year ended June 30, 2004, and have issued our report thereon dated August 23, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations".

- (1) *The above mentioned audit report contained an unqualified opinion.*
- (2) *One reportable condition disclosed during the audit of the financial statements is reported in the Summary Schedule of Audit Findings.*
- (3) *We issued an unqualified report on compliance for major programs.*
- (4) *Our audit report did not disclose any material weaknesses or other conditions in internal control over major programs which are required to be reported by OMB Circular A-133.*
- (5) *Our audit report did not disclose any material noncompliance in major programs, as described in §.510(a)(2).*
- (6) *Our audit did not disclose any questioned costs, as described in §.510(a)(3).*

- (7) The major program was identified as the Community Health Center Program.
- (8) The auditee's above mentioned major program was classified as Type A using \$300,000 of total federal awards expended as the threshold.
- (9) The auditee does qualify as a low risk auditee under §.530.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and pass-through entities, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Yours truly,

Hawthorn, Weymouth & Carroll, LLP

**St. Helena Community Health Center
Summary Schedule of Current Year Audit Findings and Questioned Costs
Year Ended June 30, 2004**

Findings - Financial Statement Audit

04-1 403(b) Payroll Deductions

- | | |
|------------------------|---|
| Condition: | Payroll deductions for the 403(b) plan are not being remitted on a timely basis. This finding is a repeat of prior year finding 03-1. |
| Recommendation: | Funds deducted from employee checks for the purpose of 403(b) contributions should be remitted on a timely basis. |
| Management's Response: | All liabilities related to the 403(b) have been paid up to a current status and better procedures will be followed in the future. |

**St. Helena Community Health Center
Summary Schedule of Prior Year Findings
Year Ended June 30, 2004**

Findings - Financial Statement Audit

03-1 403(b) Payroll Deductions

Condition:	Payroll deductions for the 403(b) plan are not being remitted on a timely basis.
Recommendation:	Funds deducted from employee checks for the purpose of 403(b) contributions should be remitted on a timely basis.
Management's Response:	All liabilities related to the 403(b) have been paid up to a current status and better procedures will be followed in the future.
Current Status: payroll	The Center is still not remitting amounts deducted from employee checks on a timely basis.