1563

East Jefferson General Hospital and Related Organizations

Combined Financial Report

12.31.2007

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 7/30/08

McGladrey & Pullen

Certified Public Accountants

LaPorte Sehrt Romig Hand

Certified Public Accountants

Contents

McGladrey & Pullen
Certified Public Accountants

LaPorte Sehrt Romig Hand

Independent Auditor's Report

To the Board of Directors
East Jefferson General Hospital
Jefferson Parish, Louisiana

We have audited the accompanying combined basic financial statements of East Jefferson General Hospital and related organizations (the Organization) (Jefferson Parish Hospital Service District No. 2, is a component unit of Jefferson Parish, Louisiana) as of and for the years ended December 31, 2007 and 2006 as listed in the table of contents. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined basic financial statements based on our audits. We did not audit East Jefferson Radiation Oncology, LLC for the year ended December 31, 2007, which represents 1.1% and 3.2% of the assets and revenue, respectively, of the combined financial statements. We did not audit East Jefferson Ambulatory Surgery Center, LLC for the years ended December 31,2007 and 2006, which represents 0.9% and 0.7% of the assets and 0.7% and 0.1% of the revenue, respectively, of the combined financial statements. We did not audit the pension trust fund statements of East Jefferson General Hospital for the years ended December 31, 2007 and 2006. Those financial statements were audited by other independent auditors whose report thereon has been furnished to us and, our opinion on the combined basic financial statements is based solely upon the reports of the other independent auditors.

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of East Jefferson Ambulatory Surgery Center, LLC, PET Scan Center of East Jefferson, LLC, East Jefferson Radiation Oncology, LLC and East Jefferson Cardiovascular Venture, LLC were not audited in accordance with *Government Auditing Standards*. 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, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of East Jefferson General Hospital and related organizations, a component unit of Jefferson Parish, Louisiana, as of December 31, 2007 and 2006, and the changes in their financial position and their 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 April 29, 2008 and August 1, 2007, respectively, on our consideration of the East Jefferson General Hospital and related organizations' internal control over financial reporting and our tests of their compliance with certain provisions of laws, regulations, contracts, 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 considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 9 and the required retirement plan information, schedule of funding progress on page 49 are not a required part of the combined basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the combined basic financial statements that collectively comprise the Organization's combined basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the combined basic financial statements. The combining and other supplementary information for the years ended December 31, 2007 and 2006 has been subjected to the auditing procedures applied in the audit of the combined basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined basic financial statements taken as a whole.

The accompanying Hospital statistics, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the combined basic financial statements. This information has not been subjected to the auditing procedures applied in our audit of the combined basic financial statements, and accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Davenport, Iowa
April 29, 2008

LaPorte, Sehrt, Romig & Hand

Metairie, Louisiana
April 29, 2008

East Jefferson General Hospital
and Related Organizations

Management's Discussion and Analysis
Years Ended December 31, 2007 and 2006

Management's discussion and analysis of East Jefferson General Hospital (EJGH), Jefferson Parish Hospital Service District No. 2, a component of Jefferson Parish, Louisiana and related organizations' (the Organization) financial performance provides an overall review of the Organization's activities for the years ended December 31, 2007 and 2006. The intent of this discussion is to provide an overview of the Organization's performance for the years and *should be read in conjunction with the Organization's combined basic financial statements and notes thereto.*

EJGH operates a 448-bed general acute care hospital and physician practices located in Metairie, Louisiana. EJGH serves the citizens of the greater New Orleans area and particularly residents of the East Bank of Jefferson Parish.

The combined basic financial statements also include PET Scan Center of East Jefferson, LLC, which operates a PET Scan facility; East Jefferson Physician Network, LLC which was used to acquire several physician practices; East Jefferson Ambulatory Surgery Center, LLC, which operates an ambulatory surgery center; East Jefferson Radiation Oncology, LLC, which operates a radiation oncology center; and East Jefferson Cardiovascular Venture, LLC, which is expected to commence operations of a catheterization lab in 2008.

Financial Highlights

The assets of the Organization exceeded its liabilities by $248,677,677 and $260,832,842 (net assets) as of December 31, 2007 and 2006, respectively.

The Organization's total assets decreased by $28,498,232 or 5.1% from December 31, 2006 and increased by $73,318,712 or 15.2% from December 31, 2005.

The Organization's total liabilities decreased $16,343.067 or 5.5% from December 31, 2006 and increased by $68,680,955 or 30.3% from December 31, 2005.

Overview of Financial Statements

The audited financial statements include the combined basic financial statements: Combined Balance Sheets, Combined Statements of Revenue, Expenses and Changes in Net Assets, and Combined Statements of Cash Flows plus the Notes to the Combined Basic Financial Statements.

Our financial position is measured in terms of resources (assets) we own and obligations (liabilities) we owe at a given date. This information is reported in the Combined Balance Sheets, which reflects the Organization's assets in relation to its debts to bondholders, suppliers, employees and other creditors. The excess of our assets over our liabilities is reported as Net Assets.

Information regarding the results from operations during the year is reported in the Combined Statement of Revenue, Expenses and Changes in Net Assets. This statement shows how much our net assets increased or decreased during the year as a result of our operations, nonoperating activities and other changes.

The Combined Statement of Cash Flows discloses the flow of cash resources into and out of the Organization during the year. It identifies all cash received during the year from operating activities, contributions and other sources, and how we applied those funds (for example, payment of expenses, repayment of debt, purchases of new property and equipment, additions and deletions to the investment accounts, and transfers to related entities).

The Notes to Combined Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the Combined Basic Financial Statements.

Condensed Combined Statements of Revenue, Expenses and Changes in Net Assets

A summary version of the Statements of Revenue, Expenses and Changes in Net Assets for the years ended December 31, 2007, 2006 and 2005 follows:

	Year Ended December 31,		
	2007	2006	2005
	(Dollars in Thousands)		
Net patient revenue	$ 313,650	$ 281,829	$ 251,388
Other operating revenue	5,081	7,231	5,378
Total operating revenue	318,731	289,060	256,766
Nonoperating revenue	22,413	39,603	13,464
Total revenue	341,144	328,663	270,230
Expenses:			
Salaries, wages and benefits	161,700	149,704	139,682
Purchased services and other	101,202	93,909	78,478
Supplies	51,523	48,673	42,662
Depreciation and amortization	24,016	20,883	27,210
Interest	9,925	8,799	10,247
Total operating expenses	348,366	321,968	298,279
Nonoperating expenses	1,470	363	976
Total expenses	349,836	322,331	299,255
Excess of revenue over (under) expenses before transfers and minority interest	(8,692)	6,332	(29,025)
Transfers to Jefferson Parish	(2,086)	(960)	(1,072)
Minority interest in net (income) of related organizations	(1,377)	(734)	(653)
Change in net assets	(12,155)	4,638	(30,750)
Net assets:			
Beginning	260,833	256,195	286,945
Ending	$ 248,678	$ 260,833	$ 256,195

Operations

Year Ended December 31, 2007: The financial recovery for the Hospital and the Greater New Orleans Region continues to generate adverse financial conditions which still must be resolved directly relating to Hurricane Katrina. Hospital administration continues to address these issues at the State and Federal levels and also with the assistance of consultants. Higher labor cost and higher cost of living expenses continue to be a major contributing factor to the operating losses incurred by EJGH.

Total operating revenues increased by $29,671,000. This is primarily due to increased volumes in the Hospital Clinics, Emergency Rooms and new lines of service such as the Da Vinci Robot. Admissions, inpatient revenue per patient day and case mix all increased overall during 2007 directly causing operating revenue to increase. It should also be noted that improvements in the Medicare Acute length of stay decreased during 2007 directly causing net patient revenue to increase for the time period.

Operating expenses increased by $26,398,000. This is primarily due to increasing labor cost in the market. The Hospital experienced an 8% or $11,996,000 increase in salaries, wages and benefits during 2007. Other significant increases occurred in the areas of purchased services and supplies of $7,293,000 and 2,850,000, respectively. Purchased services increased mainly because of the hiring of outside business consultants.

The excess of revenue over (under) expenses before transfers and minority interest for the year ended December 31, 2006 was $ 6,332,794 and for the year ended December 21, 2007 was $(8,692,020) reflecting recording the change in the fair value of the interest on the rate swap agreement of $(946,685), a reduced loss from operations of $3,409,154, an increase in investment earnings of $4,052,893 and grant revenue recognized in 2007 of $3,173,506.

Year Ended December 31, 2006: The Hospital and the Greater New Orleans Region are still experiencing issues which are directly related to Hurricane Katrina. The major operational issues affecting the Hospital in the Post Katrina world include higher cost of living resulting in an increase in salaries, wages, benefits and contract labor. It has been very difficult to recruit and maintain the professional staff of physicians, nurses, and other allied health professional and support staff. Needless to say labor cost and non-labor cost have increased in this environment. With the shortage of health care resources, it has put a strain on the delivery of available beds and emergency room services at the Hospital. The CEO is involved in Health Care Redesign and is working closely with State and Federal Officials to resolve ongoing financial issues. We are working with Management Consultants to increase net revenue and decrease cost by developing new product lines that will generate additional revenue and by modifying our staffing and purchasing patterns.

Total operating revenue increased by $32,294,000. This is primarily due to the increased volumes in the Hospital Clinics, Emergency Rooms and longer lengths of stay resulting from the inability to discharge patients to a lower level of care. Admissions, patient days and outpatient visits increased overall during 2006 directly causing operating revenue to increase.

Operating expenses increased by $23,689,000. The Hospital experienced a 7% or $9,896,445 increase in salaries, wages and benefits during 2006. Other significant increases occurred in the areas of purchased services and supplies of $15,430,281 and $6,010,626, respectively. Purchased services increased because of additional consultants hired to assist in the preparation of business interruption and FEMA claims.

The excess of revenue over (under) expenses before transfers and minority interest for the year ended December 31, 2005 was $(29,025,000) and for the year ended December 31, 2006 was $6,333,000 reflecting recording the change in fair value of the interest on the rate swap agreement of $295,000, a reduced loss from operations of $8,607,000, an increase in investment earnings of $2,228,000 and insurance proceeds recognized in 2006 of $25,015,000.

Condensed Combined Balance Sheets

Condensed versions of the Balance Sheets as of December 31, 2007, 2006 and 2005 follow:

	December 31,		
	2007	2006	2005
	(Dollars in Thousands)		
Assets:			
Current assets	$ 129,008	$ 149,185	$ 92,498
Assets limited as to use, noncurrent	158,785	165,956	176,851
Capital assets, net	230,974	232,213	204,619
Other assets	9,247	9,159	9,226
Total assets	$ 528,014	$ 556,513	$ 483,194
Liabilities:			
Current liabilities	$ 52,263	$ 56,574	$ 57,051
Long-term debt	210,938	218,184	161,679
Retirement benefits, noncurrent	341	43	30
Other liabilities, noncurrent	15,794	20,879	8,239
Total liabilities	$ 279,336	$ 295,680	$ 226,999
Net Assets:			
Invested in capital assets, net of related debt	$ 83,570	$ 72,751	$ 40,044
Restricted under bond indenture	29,259	29,093	23,224
Unrestricted	135,849	158,989	192,927
Total net assets	$ 248,678	$ 260,833	$ 256,195

Long-term debt consists of several revenue bond issues issued in 1993, 1998 and 2004, a Community Disaster Loan and notes payable to the bank (EJASC). The Organization continues to make all annual and semi-annual debt service payments in compliance with these bond indentures. There are no current plans to issue additional debt or defease any existing debt, other than already in place as of December 31, 2007. Please see the Notes to Combined Basic Financial Statements for additional information.

December 31, 2007: The current assets decreased in 2007 by $20,177,000 primarily due to a reduction in short-term investments of $32,178,804, reduction in net patient accounts receivable of $2,628,555 and an increase in cash and cash equivalents of $9,802,346.

Total liabilities decreased in 2007 by $16,343,067 primarily due to reductions in accounts payables of $4,698,480, long-term debt of $7,245,531 and other occurred expenses of $3,742,588.

December 31, 2006: The current assets increased in 2006 by $56,687,000 primarily due to securing the $61,025,000 Community Disaster Loan and net account receivable increasing by $8,203,711.

Total liabilities increased in 2006 by $68,681,000 primarily due to the recording of the $61,025,000 Community Disaster Loan which is payable in 2011 and information technology benchmark payments of $14,000,000. Cash, cash equivalents and short-term investments increased by $48,206,044.

Condensed Combined Statements of Cash Flows

	Year Ended December 31,		
	2007	2006	2005
	(Dollars in Thousands)		
Cash provided by (used in) operating activities	$ (7,528)	$ (6,230)	$ 14,971
Cash provided by (used in) capital and related financing activities	(35,753)	31,459	(79,559)
Cash (used in) non-capital financing activities	(4,009)	(928)	(2,137)
Cash provided by (used in) investing activities	57,093	(22,691)	65,954
Net increase (decrease) in cash	9,803	1,610	(771)
Cash and cash equivalents:			
Beginning	3,996	2,386	3,157
Ending	$ 13,799	$ 3,996	$ 2,386

Year Ended December 31, 2007: Cash provided by operating activities decreased by $1,298,635 over the prior year. In addition, cash used in capital and related financing activities decreased by $67,211,052. Cash and cash equivalents increased over the prior year by $9,803,000.

Year Ended December 31, 2006: Cash provided by operating activities decreased by $21,201,000 over the prior year. In addition, cash used in capital and related financing activities increased by $111,018,000. Cash and cash equivalents increased over the prior year by $1,610,000.

Capital Assets

December 31, 2007: As of December 31, 2007 the Organization had $230,974,000 invested in capital assets. Capital expenditures in 2007 were approximately $1,238,762 more that 2007 depreciation expense, resulting in an increase in capital assets from 2006 to 2007.

December 31, 2006: As of December 31, 2006 the Organization had $232,213,000 invested in capital assets. Capital expenditures in 2006 were approximately $27,594,000 more than 2006 depreciation expense, resulting in an increase of capital assets from 2005 to 2006.

	December 31,		
	2007	2006	2005
	(Dollars in Thousands)		
Capital assets not being depreciated:			
Land	$ 12,873	$ 12,873	$ 12,418
Construction in progress	12,533	13,531	19,523
Capital assets net of depreciation:			
Land improvements	1,884	2,190	1,874
Buildings	131,456	132,015	133,804
Fixed equipment	35,592	37,251	3,902
Major movable equipment	36,613	34,220	32,857
Minor equipment	23	133	241
Total capital assets, net	$ 230,974	$ 232,213	$ 204,619

Long-Term Debt

Long-term debt consists of three revenue bond issues, described in more detail in the Notes to Combined Basic Financial Statements. The principal balance on the outstanding bonds was $146,135,000, $152,290,000 and $158,215,000 as of December 31, 2007, 2006 and 2005, respectively. The decrease is attributable to principal payments on the bonds and capital lease obligations.

Long-term debt also consists of a Community Disaster Loan of $61,025,000, notes payable to the bank of $2,247,000 and capital lease obligations of $8,824,000.

Economic Factors

Year Ended December 31, 2007: East Jefferson General Hospital continues to work very closely with the Federal and State Governments in order to ensure stability of the health care infrastructure in the New Orleans Region to rebuild our health care environment in the region which was so greatly negatively affected by Hurricane Katrina. Hospital Administration and the Board of Directors are addressing major issues in the Region that affects the availability of beds, mental health care services, product lines, relationships with allied health professional and the cost of doing business in this post Katrina environment. The OIG and GAO have recently completed financial reviews of the higher cost related to operating a hospital in the New Orleans area after Hurricane Katrina. With the help of outside accounting and business consultants we continue to address these issues and have sound plans to increase volumes and patient days, develop new product lines with our medical staff, new potential joint ventures, our new cancer project lines and Wellness Program.

We continue to monitor cost very closely and where appropriate reduce expenses. We also monitor the third-party accounting system to ensure payors reimburse the Hospital correctly. We continue to render services to the uninsured in the area. We anticipate that our actual 2008 financial performance will exceed our budget expectations. EJGH is committed to providing the highest quality of patient care.

Year Ended December 31, 2006: Fiscal 2006 continues to provide EJGH with substantial challenges due to the slow economic recovery in the Region relating to the Federal and State response to Health Care Redesign in the Post Katrina Market. Major issues which continue to be relevant and are being addressed by EJGH are forgiveness on Community Disaster Loans, reimbursement for delivery of healthcare services to the indigent in the region, higher labor cost, increase in the average length of stay because of few sub-acute facilities operational, receiving all allowable funding payments from FEMA, shortage of nursing and other healthcare professionals, the Medicare Wage Index does not reimburse actual current cost, renegotiation of managed care contracts, working closely with physicians on clinical issues not limited to our Major Teaching Status and we have engaged management consultants to help us in a strategy to achieve positive results in these areas in this very competitive market.

We continue to work developing collaborative relations with our physicians, HMO/PPO's and other insurance payors to stabilize reimbursement rates. We continue to provide services to patients who are underinsured or who are self-pay. We have several new Board members who are very supportive of assuring that EJGH provides the highest quality of patient care and that we exceed our 2005 budget expectations. The installation of our new technology information systems (COMPAS) will also make us more competitive and efficient in the market place.

Financial Information Contact

The Organization's combined basic financial statements are designed to provide a general overview of the Organization's finances for all those with an interest in the Organization's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to East Jefferson General Hospital.

East Jefferson General Hospital
and Related Organizations

Combined Balance Sheets
December 31, 2007 and 2006

Assets		2007		2006
Current Assets:				
Cash and cash equivalents (Note 4)	$	13,798,622	$	3,996,276
Short-term investments (Note 4)		41,507,348		73,686,152
Receivables:				
Patients, net (Note 5)		45,265,012		47,835,057
Other		4,915,539		1,695,004
Estimated third-party payor settlements		653,434		-
Assets limited as to use, current portion (Note 4)		10,986,800		10,545,291
Inventories		8,193,447		6,206,413
Prepaid expenses		3,687,898		5,220,604
Total current assets		129,008,100		149,184,797
Noncurrent Assets:				
Assets limited as to use (Note 4):				
Under bond indenture		29,259,188		29,093,269
Board-designated for specific purposes		140,512,893		147,407,905
		169,772,081		176,501,174
Less portion required for current liabilities		10,986,800		10,545,291
		158,785,281		165,955,883
Capital assets (Notes 6 and 7):				
Nondepreciable		25,406,442		26,404,156
Depreciable, net		205,567,913		205,809,161
		230,974,355		232,213,317
Debt issuance costs, net of accumulated amortization		2,894,778		3,226,543
Investment in associated companies (Note 11)		2,942,843		2,347,923
Deferred compensation and life insurance (Note 8)		3,408,963		3,279,070
Interest rate swap agreement (Note 7)		-		305,019
		9,246,584		9,158,555
Total noncurrent assets		399,006,220		407,327,755
	$	528,014,320	$	556,512,552

See Notes to Combined Basic Financial Statements.

Liabilities and Net Assets		2007		2006
Current Liabilities:				
Current maturities of long-term debt (Note 7)	$	7,292,323	$	6,914,478
Outstanding checks in excess of bank balance		-		1,458,629
Accounts payable		14,762,335		19,460,815
Accrued expenses:				
Salaries and wages		3,127,480		2,577,717
Paid leave		4,462,098		4,354,770
Health insurance claims (Note 9)		2,000,000		2,000,000
Interest		6,730,056		4,893,281
Estimated third-party payor settlements		-		2,181,128
Other (Notes 6, 9 and 14)		13,888,640		12,733,104
Total current liabilities		52,262,932		56,573,922
Noncurrent Liabilities:				
Deferred compensation and executive benefits (Note 8)		1,550,323		1,383,984
Retirement benefits (Notes 8 and 15)		341,292		42,595
Estimated self-insurance reserves (Note 9)		3,328,628		5,059,895
Long-term debt, less current maturities (Note 7)		210,938,483		218,184,014
Other accrued expenses (Note 6)		7,435,176		11,177,764
Interest rate swap		641,666		-
Minority interest in related organizations		2,838,143		3,257,536
Total noncurrent liabilities		227,073,711		239,105,788
Total liabilities		279,336,643		295,679,710
Commitments and Contingencies (Notes 5, 6 and 9)				
Net Assets:				
Invested in capital assets, net of related debt		74,258,890		72,751,293
Restricted under bond indenture		29,259,188		29,093,269
Unrestricted		145,159,599		158,988,280
		248,677,677		260,832,842
	$	528,014,320	$	556,512,552

East Jefferson General Hospital
and Related Organizations

Combined Statements of Revenue, Expenses and Changes in Net Assets
Years Ended December 31, 2007 and 2006

	2007	2006
Operating revenue:		
Net patient service revenue (Note 2)	$ 313,649,762	$ 281,828,688
Other operating revenue	5,081,192	7,231,719
Total operating revenue	318,730,954	289,060,407
Operating expenses:		
Salaries, wages and benefits	161,699,554	149,703,796
Purchased services and other	101,202,466	93,908,563
Supplies	51,523,318	48,673,157
Depreciation and amortization	24,015,670	20,883,383
Interest	9,924,902	8,798,745
Total operating expenses	348,365,910	321,967,644
Loss from operations	(29,634,956)	(32,907,237)
Nonoperating revenue (expenses):		
Investment earnings	14,988,190	10,935,297
Rental income from leases	3,325,533	2,577,987
Community benefit services	(456,688)	(363,299)
Gain (loss) on disposal of capital assets	(66,953)	321,287
Grant revenues	3,173,506	25,015,034
Contributions	329,839	439,513
Equity in net income (loss) of associated companies (Note 11)	594,920	17,967
Change in fair value of interest rate swap agreement (Note 7)	(946,685)	294,791
Other	1,274	1,454
	20,942,936	39,240,031
Excess of revenue over (under) expenses before transfers and minority interest	(8,692,020)	6,332,794
Transfers to Jefferson Parish (Note 3)	(2,086,038)	(960,505)
Minority interest in net income of related organizations	(1,377,107)	(734,532)
Change in net assets	(12,155,165)	4,637,757
Net assets (Note 13):		
Beginning	260,832,842	256,195,085
Ending	$ 248,677,677	$ 260,832,842

See Notes to Combined Basic Financial Statements.

East Jefferson General Hospital
and Related Organizations

Combined Statements of Cash Flows
Years Ended December 31, 2007 and 2006

	2007	2006
Cash Flows from Operating Activities:		
Receipts from patients and third-party payors	$ 313,385,245	$ 267,419,419
Payments to suppliers	(162,051,867)	(131,868,468)
Payments to employees	(160,722,471)	(148,264,769)
Other receipts	1,860,657	6,484,017
Net cash (used in) operating activities	(7,528,436)	(6,229,801)
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets	(22,439,200)	(34,016,749)
Proceeds from disposals of capital assets	30,084	1,148,154
Insurance proceeds and grant revenues	3,173,506	16,097,034
Payment of debt issuance costs	-	(15,000)
Proceeds from issuance of long-term debt	-	63,444,950
Principal payments on long-term debt	(6,970,466)	(6,500,631)
Interest payments on long-term debt	(8,088,127)	(7,903,230)
(Decrease) in outstanding checks in excess of bank balance	(1,458,629)	(795,828)
Net cash provided by (used in) capital and related financing activities	(35,752,832)	31,458,700
Cash Flows from Non-Capital Financing Activities:		
Contributions received	329,839	439,513
Transfers to Jefferson Parish	(2,086,038)	(960,505)
Payments for community benefit services	(456,688)	(363,299)
(Distributions to) minority interest	(1,796,500)	(43,591)
Net cash (used in) non-capital financing activities	(4,009,387)	(927,882)
Cash Flows from Investing Activities:		
Investment earnings	7,559,053	8,113,534
Purchase of investments	(7,270,144,329)	(4,658,056,830)
Proceeds from sales and maturities of investments	7,316,481,363	4,624,856,862
Net (decrease) in deferred compensation, life insurance and other	(129,893)	(183,628)
Other revenue	1,274	1,454
Rental income	3,325,533	2,577,987
Net cash provided by (used in) investing activities	57,093,001	(22,690,621)
Increase in cash and cash equivalents	9,802,346	1,610,396
Cash and cash equivalents:		
Beginning	3,996,276	2,385,880
Ending	$ 13,798,622	$ 3,996,276

(Continued)

East Jefferson General Hospital
and Related Organizations

Combined Statements of Cash Flows (Continued)
Years Ended December 31, 2007 and 2006

		2007		2006
Reconciliation of operating loss to net cash (used in) operating activities:				
Cash Flows from Operating Activities:				
Loss from operations	$	**(29,634,956)**	$	(32,907,237)
Adjustments to reconcile loss from operations to net cash (used in) operating activities:				
Depreciation and amortization		**24,015,670**		20,883,383
Interest expense		**9,924,902**		8,798,745
(Increase) decrease in:				
Patient receivables		**2,570,045**		(8,203,711)
Other receivables		**(3,220,535)**		(747,702)
Inventories		**(1,987,034)**		(553,832)
Prepaid expenses		**1,532,706**		409,897
Increase (decrease) in:				
Accounts payable		**(4,698,480)**		6,674,723
Third-party payor settlements		**(2,834,562)**		(6,205,558)
Accrued expenses		**(1,929,961)**		4,836,995
Deferred compensation and executive benefits, retirement benefits and self-insurance reserves		**(1,266,231)**		784,496
Net cash (used in) operating activities	**$**	**(7,528,436)**	$	(6,229,801)
Schedule of Noncash Investing Activities, increase in fair value of investments	**$**	**1,060,301**	$	1,376,593
Schedule of Noncash Capital and Related Financing Activities:				
Insurance proceeds included in other receivables as of December 31, 2005, received in 2006		-		1,147,000
Insurance proceeds received and included in other accrued expenses as of December 31, 2005, recognized as income in 2006		-		10,065,000
Other accrued expenses incurred for acquisition of capital assets		-		14,920,352
Capital lease obligation for acquisition of capital assets		**102,780**		-

See Notes to Combined Basic Financial Statements.

East Jefferson General Hospital
and Related Organizations

Retirement and Savings Plan
Statements of Plan Net Assets - Pension Trust Fund
December 31, 2007 and 2006

Assets	**2007**	2006
Receivables and prepaids:		
Accrued interest and dividends	$ 171,365	$ 117,338
Contributions receivable:		
Employee	277,585	244,919
Employer	4,851,046	4,437,164
Total receivables	5,299,996	4,799,421
Investments at fair value:		
Cash equivalents	2,876,574	2,557,245
U.S. government and agency issues	11,047,030	4,549,296
Corporate bonds	5,491,045	8,438,867
Foreign obligation bonds	129,972	126,423
Equities	21,501,694	21,088,551
AIG Valic	85,764,370	73,353,182
Total investments	126,810,685	110,113,564
Liabilities		
Accounts payable	1,500,782	93,670
Contributions paid in advance due to forfeitures	-	527,304
Total liabilities	1,500,782	620,974
Net Assets Held in Trust for Pension Benefits	$ 130,609,899	$ 114,292,011

See Notes to Combined Basic Financial Statements.

**East Jefferson General Hospital
and Related Organizations**

**Retirement and Savings Plan
Statements of Changes in Plan Net Assets - Pension Trust Fund
Years Ended December 31, 2007 and 2006**

	2007	2006
Additions:		
Contributions:		
Members	$ 8,550,432	$ 7,741,040
Employer	6,348,765	5,240,384
Total contributions	14,899,197	12,981,424
Investment income:		
Interest	900,768	892,538
Dividends	3,643,283	1,633,865
Net appreciation in fair value of investments	4,250,655	6,572,240
	8,794,706	9,098,643
Less:		
Investment advisory services	218,768	293,474
Custodial fees	126,197	114,375
Net investment income	8,449,741	8,690,794
Total additions	23,348,938	21,672,218
Deductions:		
Retirement benefits paid and savings plan withdrawals	6,650,545	6,090,012
Forfeitures of nonvested contributions	380,505	336,725
Total deductions	7,031,050	6,426,737
Net increase	16,317,888	15,245,481
Net assets held in trust for pension benefits:		
Beginning	114,292,011	99,046,530
Ending	$ 130,609,899	$ 114,292,011

See Notes to Combined Basic Financial Statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

The combined basic financial statements include the accounts of the following entities:

East Jefferson General Hospital (Hospital) is organized as Jefferson Parish Hospital Service District No. 2 by the Parish Council of Jefferson Parish, Louisiana (Parish) under provisions of the Jefferson Parish Charter and of Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950 and is exempt from federal and state income taxes. The Hospital is a component unit of Jefferson Parish, Louisiana. The Hospital operates an acute care hospital and physician practices and owns certain medical office buildings.

PET Scan Center of East Jefferson, LLC (PET Scan) was formed in 2002 and shall continue perpetually. PET Scan operates a PET Scan facility. The Hospital had a 53.5% ownership interest in PET Scan as of December 31, 2007 and 2006.

East Jefferson Physician Network, LLC (EJPN) was formed in 1996 and shall continue perpetually. EJPN was used to acquire several physician practices. The Hospital has a 95% ownership interest in EJPN as of December 31, 2007 and 2006.

East Jefferson Ambulatory Surgery Center, LLC (EJASC) was formed in 2004 and shall continue perpetually. EJASC operates a surgery center on the Organization's campus. The Hospital has a 51% ownership interest in EJASC as of December 31, 2007 and 2006.

East Jefferson Radiation Oncology, LLC (EJRO) was formed in 2006 and shall continue perpetually. EJRO provides radiation oncology services. The Hospital has a 100% ownership interest in EJRO.

East Jefferson Cardiovascular Venture, LLC (EJCV) was formed in 2006. The Operating Agreement currently indicates EJCV shall continue for an initial term of seven years, which may be extended for two consecutive two year periods. EJCV will establish a catheterization lab within the Hospital. It is intended that the Hospital will have a 51% ownership interest in EJCV.

The Hospital, PET Scan, EJPN, EJASC, EJRO and EJCV are collectively referred to as the Organization. There are no other organizations or agencies whose financial statements should be combined and presented with these combined basic financial statements.

Significant accounting policies:

Principles of combination: The accompanying combined basic financial statements include the accounts of the Hospital, PET Scan, EJPN, EJASC, EJRO and EJCV. All significant intercompany accounts and transactions have been eliminated in combination.

Accrual basis of accounting: The accrual basis of accounting is used by the Organization. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when the liability has been incurred. Under this basis of accounting, all assets and liabilities associated with the operation of the Organization are included in the combined balance sheets.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Fiduciary fund type: The Organization also includes a pension trust fund, fiduciary fund type. The Pension Trust Fund is accounted for in essentially the same manner as the other entities of the Organization, using the same measurement focus and accrual basis of accounting. Employee and employer contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Pension Trust Fund accounts for the assets of the East Jefferson General Hospital Retirement and Savings Plan. This plan is included in the reporting entity due to the Organization's significant administrative involvement.

Accounting standards: The Organization has elected to apply all applicable Governmental Accounting Standards Board (GASB) Pronouncements as well as the following pronouncements issued before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs).

Accounting estimates: The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, 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.

Cash and cash equivalents: Cash and cash equivalents include temporary cash investments whose use is not limited. The temporary cash investments have original maturities of three months or less at date of issuance. Certain temporary investments internally designated as long-term investments are excluded from cash and cash equivalents.

Patient receivables: Patient receivables where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors.

Patient receivables due directly from the patients, net of any third-party payor responsibility, are carried at the original charge for the service provided less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. The Organization does not charge interest on patient receivables. Patient receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received. Provision for bad debts was $25,692,289 and $39,830,554 for the years ended December 31, 2007 and 2006, respectively.

Receivables or payables related to estimated settlements on various risk contracts that the Hospital participates in are reported as estimated third-party payor receivables or payables.

Inventories: Inventories, which consist primarily of drugs and supplies, are valued at the lower of cost (first-in, first-out method) or market.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Assets limited as to use and investments: Assets limited as to use include assets set aside by the Board of Directors for retirement of long-term debt and future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes and assets held by trustees under bond indenture agreements.

Investments, including assets limited as to use, are recorded at fair value in accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments in equity securities with readily determinable fair values and all investments in debt securities, including those classified as assets limited as to use, are measured at fair value in the balance sheets. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment earnings, including realized gains and losses on investments, interest and dividends, and changes in unrealized gains and losses are included in nonoperating income.

Funds that were established in connection with the issuance of the revenue bonds are maintained by a trustee in special trust accounts for the benefit and security of the holders and owners of the debt and are reported as assets limited as to use under bond indentures. Interest earned on the investments held in trust is retained in the funds and used for the purposes described in the respective bond ordinances.

Investments in associated companies are accounted for by the equity method of accounting under which the Organization's share of the net income of the associated companies is recognized as income in the Organization's combined statements of revenue, expenses and changes in net assets and are added to the investment account. Dividends and distributions received from the associated companies are treated as a reduction of the investment account. The Organization has interests in a company that operates a laundry service and in a company that owns a medical office building.

Capital assets: Capital assets are carried at cost or, if donated, at fair value at date of donation. Depreciation is computed by the straight-line method over the assets' estimated useful lives ranging from three to forty years. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets and is depreciated over the estimated useful lives of the constructed assets.

Interest capitalized on construction was approximately $186,000 and $386,000 during the years ended December 31, 2007 and 2006, respectively.

Debt issuance costs: Debt issuance costs are being amortized over the term the related debt is outstanding by a method which approximates the interest method.

Net patient service revenue: 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 with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Net patient service revenue is reported net of provision for bad debts.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Operating income: The Organization distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from the primary purpose of the Organization, which is to provide medical services to the region. Operating revenue consists of net patient services, cafeteria and special meals, Wellness Center membership and other miscellaneous services. Operating expenses consist of salaries and benefits, purchased services, supplies, depreciation and amortization, and interest. All revenue and expenses not meeting these criteria are considered nonoperating.

Net assets: Net asset classifications are defined as follows:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted – This component of net assets consists of constraints placed on net assets through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There was no amount restricted by enabling legislation as of year-end.

Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt" above.

Charity care: The Organization provides care to patients who meet certain criteria under its charity care policy at amounts less than its established rates.

Gifts, grants and bequests: Gifts, grants and bequests not designated by donors for specific purposes are reported as nonoperating revenue regardless of the use for which they might be designated by the Board of Directors.

Board of Directors: Members of the Hospital's Board of Directors receive no compensation or per diem.

Note 2. Net Patient Service Revenue

Approximately 90% of the Hospital's net patient service revenue for the years ended December 31, 2007 and 2006 is earned under agreements with third-party payors. These agreements with third-party payors provide for payments to the Hospital at amounts different from its established rates. These third-party payors include: the Medicare and Medicaid programs, health maintenance organizations, and various commercial insurance and preferred provider organizations. A summary of the payment arrangements with major third-party payors follows:

Medicare: The Hospital is paid for inpatient acute care services rendered to Medicare program beneficiaries under prospectively determined rates-per-discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The prospectively determined classification of patients and the appropriateness of the patients' admissions are subject to validation reviews by a Medicare peer review organization which is under contract with the Hospital to perform such reviews.

Outpatient services were paid via cost reimbursement methodologies, fee schedule limitations or cost/fee blending methodologies before August 1, 2000. After August 1, 2000, cost based and cost/fee blend reimbursed services are paid via the outpatient prospective payment system. Under this system most outpatient services are paid at predetermined outpatient rates, subject to certain stop-loss provisions referred to by Medicare as the transitional corridor. The transitional corridor will limit potential reductions in reimbursement caused by the implementation of the outpatient prospective payment system through 2003. Cost reimbursed outpatient services were paid at a tentative rate, with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. Outpatient services subject to the outpatient prospective payment system are not subject to cost report settlement with several exceptions, and without regard to the transitional corridor.

The Hospital's Medicare cost reports have been audited and finalized by the Medicare fiscal intermediary through December 31, 2005.

Medicaid: Inpatient services rendered to Medicaid program beneficiaries are reimbursed based upon prospectively determined rates. The prospectively determined rates are not subject to retroactive adjustment. Outpatient services are reimbursed based on cost reimbursement and fee schedule limitations. The cost based rates are subject to retroactive adjustment.

The Hospital's Medicaid cost reports have been audited and finalized through December 31, 2005.

Other agreements: The Hospital has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined daily rates and capitated per member per month rates.

Note 2. Net Patient Service Revenue (Continued)

A summary of the Organization's net patient revenue for the years ended December 31, 2007 and 2006 is as follows:

	2007	2006
Gross patient service revenue	$ 906,091,560	$ 845,127,787
Less discounts, allowances and estimated contractual adjustments under third-party reimbursement programs	566,749,509	523,468,545
Less provision for bad debts	25,692,289	39,830,554
	$ 313,649,762	$ 281,828,688

Contractual adjustment expenses for the years ended December 31, 2007 and 2006 include the effects of changes in the estimate of liabilities due to Medicare. The effect of this change in estimate for the Medicare liability was a reduction in contractual adjustment expense of approximately $129,000 and $1,427,000 for the years ended December 31, 2007 and 2006, respectively, and is primarily related to the recognition of disproportionate share reimbursement.

Note 3. Charity Care and Community Service

The Organization maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and the estimated cost of those services and supplies. The amount of charges foregone, based on established rates during the years ended December 31, 2007 and 2006, was approximately $2,884,000 and $1,559,000, respectively.

Although not accounted for as charity care, the Organization considers the contractual adjustment expense related to the Medicaid services as charity care. Contractual adjustment expense related to the Medicaid services performed was approximately $49,282,000 and $35,600,000 for the years ended December 31, 2007 and 2006, respectively.

Community benefit services represent the cost of providing services such as ambulance services, public speeches on health care issues to Parish organizations and funding of a community health center.

The Organization transferred $1,000,000 and $900,000 in 2007 and 2006, respectively, to the Parish to fund a medical facility at the Parish prison. The Organization also transferred $1,000,000 and none in 2007 and 2006, respectively, to the Parish to fund Jefferson Community Health Center. Additional transfers of $86,038 and $60,505 for the years ended December 31, 2007 and 2006, respectively, were made to fund other Parish programs. These amounts have been recorded in the accompanying combined basic financial statements as transfers.

Note 4. Cash and Investments

The Organization's cash, cash equivalents, and investments as of December 31, 2007 and 2006 are classified in the accompanying combined balance sheets as follows:

	2007	2006
Current assets:		
Cash and cash equivalents	$ 13,798,622	$ 3,996,276
Short-term investments:		
Certificates of deposit	250,000	250,000
Investments	41,257,348	73,436,152
Assets limited as to use	169,772,081	176,501,174
	$ 225,078,051	$ 254,183,602

Authorized investments:

Louisiana state statutes authorize the Organization to invest in direct obligations of the U.S. Treasury and other federal agencies, time deposits with state banks and national banks having their principal office in the State of Louisiana, guaranteed investment contracts issued by highly rated financial institutions, and certain investments with qualifying mutual or trust fund institutions. Louisiana statutes also require that all of the deposits of the Organization be protected by insurance or collateral. The market value of collateral pledged must equal or exceed 100% of the deposits not covered by insurance.

Interest rate risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the Organization's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Organization's investments by maturity:

		Investment Maturities (in Years)			
	Fair Value	Less than 1	1 - 5	6 -10	More than 10
Money market mutual funds	$ 19,549,991	$ 19,549,991	$ -	$ -	$ -
United States Treasury bills	34,299,379	34,299,379	-	-	-
United States Treasury Sec. Strips	30,711,858	-	30,711,858	-	-
Federal Home Loan	17,270,225	17,270,225	-	-	-
United States Treasury notes	109,197,976	-	109,197,976	-	-
	$ 211,029,429	$ 71,119,595	$ 139,909,834	$ -	$ -

Note 4. Cash and Investments (Continued)

Credit risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

As of December 31, 2007, the Organization's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor's Service
Money market mutual funds	A1+	Aaa
United States Treasury Bills	AAA	Aaa
United States Treasury Sec. Strips	AAA	Aaa
Federal Home Loan	AAA	P-1
United States Treasury Notes	AAA	Aaa

Concentration of credit risk:

The Organization's investment policy is to apply the standard of prudence: Investments shall be made with judgment and care, under circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The Organization places no limits on the amount that may be invested with one issuer. More than 5% of the Organization's investments are in Money Market Mutual Funds and Federal Home Loan. These investments are 9% and 8%, respectively, of the Organization's total investments.

Custodial credit risk:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The custodial risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Hospital's investment policy requires all certificates of deposit and repurchase agreements be collateralized by government securities for an amount in excess of FDIC and SAIF insurance limits. Certificates of deposit or repurchase agreement with terms longer than four days must be held by an independent third party.

As of December 31, 2007, the $4,208,181 of the Organization's bank balance in deposits with financial institutions were not covered by insurance or collateral held by financial institutions in the Organization's name. The remaining bank balance of deposits and investments were not subject to custodial credit risk as they are entirely covered by insurance or collateral held by financial institutions in the Organization's name.

Note 4. Cash and Investments (Continued)

East Jefferson General Hospital Retirement and Savings Plan:

Following are the components of the East Jefferson General Hospital Retirement and Savings Plan's (Plan) cash equivalents and investments as of December 31, 2007 and 2006:

	Defined Benefit Retirement Plan	Savings Plans	Total
		2007	
Cash equivalents	$ 2,876,574	$ -	$ 2,876,574
Investments	38,169,741	85,764,370	123,934,111
	$ 41,046,315	$ 85,764,370	$ 126,810,685
		2006	
Cash equivalents	$ 2,557,245	$ -	$ 2,557,245
Investments	34,203,137	73,353,182	107,556,319
	$ 36,760,382	$ 73,353,182	$ 110,113,564

Cash equivalents: The Plan's cash equivalents totaling $2,876,574 and $2,557,245 as of December 31, 2007 and 2006, respectively, consist of government backed pooled funds. The funds are held by a sub-custodian and are managed by a separate money manager and are in the name of the Plan's custodian's trust department.

Investments: Hospital service districts are authorized under Louisiana R.S. 46:1068 to establish and maintain actuarially sound pension and retirement systems making contributions from hospital service district funds. They may make contracts of insurance with any insurance company legally authorized to do business in Louisiana and may enter into other contracts and Trust Agreements with banks, which are incidental to creating and maintaining an actuarially sound pension and retirement system. As of December 31, 2007 and 2006, the Retirement Plan's investments were held by JP Morgan Chase. The Savings Plan's investments are held by AIG Federal Savings Bank.

Concentration of credit risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investment policy states that no more than 5% (of cost) of the assets assigned to an investment manager may be invested in the securities of one issuer. As of June 30, 2007 and 2006, there were no investment holdings that exceeded the Plan's concentration of credit risk policy.

Note 4. Cash and Investments (Continued)

Credit risk: Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Following are the credit ratings of the Plan's investments in long-term debt securities as of June 30, 2007 and 2006. (*U.S. Government and Agency obligations totaling $5,139,964 and $4,549,296 for June 30, 2007* and 2006, respectively, are not rated.) Below is a schedule of other bonds with their applicable ratings.

	Fair Value	Government (Not Rated)	Corporate	Foreign Obligations
		2007		
Investment type:				
AAA	$ 8,117,681	$ 5,907,066	$ 2,133,345	$ 77,270
AA	561,705	-	561,705	-
AA-	203,841	-	203,841	-
A+	45,520	-	45,520	-
A	844,863	-	844,863	-
A-	411,782	-	411,782	-
BBB+	305,809	-	305,809	-
BBB	142,048	-	89,346	52,702
BBB-	351,811	-	351,811	-
Not rated	5,682,987	5,139,964	543,023	-
	$ 16,668,047	$ 11,047,030	$ 5,491,045	$ 129,972
		2006		
Investment type:				
AAA	$ 4,139,630	$ -	$ 4,065,259	$ 74,371
AA	611,613	-	611,613	-
AA-	-	-	-	-
A+	170,588	-	170,588	-
A	1,083,717	-	1,083,717	-
A-	557,714	-	557,714	-
BBB+	618,879	-	618,879	-
BBB	773,783	-	721,731	52,052
BBB-	306,850	-	306,850	-
Not rated	4,851,812	4,549,296	302,516	-
	$ 13,114,586	$ 4,549,296	$ 8,438,867	$ 126,423

The Plan's investment policy regarding credit risk states that all fixed income securities shall carry an investment grade rating of BBB or higher.

Note 4. Cash and Investments (Continued)

Custodial credit risk: Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Plan holds its cash equivalents in a nominee name in the amount of $2,876,574 and $2,557,245 as of June 30, 2007 and 2006, respectively. The Plan has assets in the amount of $123,934,111 and $106,935,345 as of June 30, 2007 and 2006, respectively, which are not held in a nominee name or in the name of the Plan and therefore exposed to custodial credit risk. These assets are held in JP Morgan Chase & Valic custodial accounts.

Interest rate risk: Interest rate risk is defined as the risk that changes in the interest rates will adversely affect the fair value of an investment. As of June 30, 2007 and 2006, the Plan had the following investments in long-term debt securities and maturities:

	Fair Value	Less than 1	1 - 5	6 - 10	Greater Than 10
			2007		
Investment type:					
U.S. government and government agency obligations	$ 11,047,030	$ -	$ 5,548,638	$ 5,415,713	$ 82,679
Other bonds:					
Corporate	4,558,540	118,921	2,074,263	891,710	1,473,646
Asset-backed	932,505	-	466,683	203,943	261,879
Foreign obligation	129,972	-	-	129,972	-
	$ 16,668,047	$ 118,921	$ 8,089,584	$ 6,641,338	$ 1,818,204
			2006		
Investment type:					
U.S. government and government agency obligations	$ 4,549,296	$ 642,655	$ 1,170,671	$ 544,088	$ 2,191,882
Other bonds:					
Corporate	7,373,490	-	1,234,880	3,565,518	2,573,092
Asset-backed	1,065,377	-	230,810	577,596	256,971
Foreign obligation	126,423	-	-	74,371	52,052
	$ 13,114,586	$ 642,655	$ 2,636,361	$ 4,761,573	$ 5,073,997

The Plan has no formal investment policy regarding interest rate risk.

The Plan invests in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

Note 5. Composition of Patient Receivables

Patient receivables as of December 31, 2007 and 2006 consist of the following:

	2007	2006
Patients	$ 148,718,171	$ 176,583,985
Less estimated third-party contractual adjustments	77,579,542	97,697,273
Less allowance for doubtful accounts	25,873,617	31,051,655
	$ 45,265,012	$ 47,835,057

Note 6. Capital Assets

Capital assets activity as of and for the years ended December 31, 2007 and 2006 is as follows:

	December 31, 2006	Additions	Transfers and Disposals	December 31, 2007
Capital assets not being depreciated:				
Land	$ 12,873,070	$ -	$ -	$ 12,873,070
Construction in progress	13,531,086	10,759,779	(11,757,493)	12,533,372
Total capital assets not being depreciated	26,404,156	10,759,779	(11,757,493)	25,406,442
Capital assets being depreciated:				
Land improvements	6,535,375	4,853	(17,257)	6,522,971
Buildings	231,613,938	7,103,216	(616,626)	238,100,528
Fixed equipment	82,431,514	3,323,768	(5,393,818)	80,361,464
Major movable equipment	140,527,131	13,107,857	(3,814,954)	149,820,034
Minor equipment	902,424	-	(11,566)	890,858
Total capital assets being depreciated	462,010,382	23,539,694	(9,854,221)	475,695,855
Less accumulated depreciation for:				
Land improvements	4,345,652	310,185	(17,257)	4,638,580
Buildings	99,598,685	7,644,788	(597,398)	106,646,075
Fixed equipment	45,180,393	4,237,663	(4,649,472)	44,768,584
Major movable equipment	106,306,736	11,381,723	(4,481,491)	113,206,968
Minor equipment	769,755	109,546	(11,566)	867,735
Total accumulated depreciation	256,201,221	23,683,905	(9,757,184)	270,127,942
Total capital assets being depreciated, net	205,809,161	(144,211)	(97,037)	205,567,913
Organization capital assets, net	$ 232,213,317	$ 10,615,568	$ (11,854,530)	$ 230,974,355

Note 6. Capital Assets (Continued)

	December 31, 2005	Additions	Transfers and Disposals	December 31, 2006
Capital assets not being depreciated:				
Land	$ 12,418,178	$ 490,000	$ (35,108)	$ 12,873,070
Construction in progress	19,522,911	21,017,543	(27,009,368)	13,531,086
Total capital assets not being depreciated	31,941,089	21,507,543	(27,044,476)	26,404,156
Capital assets being depreciated:				
Land improvements	5,861,887	673,746	(258)	6,535,375
Buildings	226,186,808	6,136,550	(709,420)	231,613,938
Fixed equipment	50,258,568	35,139,661	(2,966,715)	82,431,514
Major movable equipment	134,230,968	12,443,256	(6,147,093)	140,527,131
Minor equipment	857,335	45,713	(624)	902,424
Total capital assets being depreciated	417,395,566	54,438,926	(9,824,110)	462,010,382
Less accumulated depreciation for:				
Land improvements	3,988,048	357,862	(258)	4,345,652
Buildings	92,382,695	7,648,258	(432,268)	99,598,685
Fixed equipment	46,355,956	1,790,316	(2,965,879)	45,180,393
Major movable equipment	101,374,252	10,565,806	(5,633,322)	106,306,736
Minor equipment	616,455	153,924	(624)	769,755
Total accumulated depreciation	244,717,406	20,516,166	(9,032,351)	256,201,221
Total capital assets being depreciated, net	172,678,160	33,922,760	(791,759)	205,809,161
Organization capital assets, net	$ 204,619,249	$ 55,430,303	$ (27,836,235)	$ 232,213,317

In January 2004 the Organization entered into an agreement for the purchase and implementation of a new software system and related equipment. During the year ended December 31, 2006, the software was placed in service. The payment terms of the agreement continue through July 1, 2010 with semiannual payments of $1,871,204. This payable is record on the accompanying combined balance sheets as a current liability of $5,613,882 and noncurrent liability of $7,435,176.

Note 7. Long-Term Debt and Interest Rate Swap Agreement

Long-term debt as of December 31, 2007 and 2006 consists of:

	2007	2006
Hospital Revenue Refunding Bonds, Series 2004 (A) (E)	$ 3,755,000	$ 3,950,000
Hospital Revenue Bonds, Series 1998 (B) (E)	109,300,000	112,210,000
Hospital Revenue Refunding Bonds, Series 1993 (C) (E)	33,080,000	36,130,000
Community Disaster Loan (D)	61,024,950	61,024,950
Capital lease obligation, MRI (F)	3,698,145	3,904,597
Capital lease obligation, parking garage (G)	5,006,354	5,334,775
Capital lease obligations, laboratory equipment (H)	119,477	149,393
EJASC note payable, bank (I)	2,246,880	2,394,777
	218,230,806	225,098,492
Less current maturities	7,292,323	6,914,478
	$ 210,938,483	$ 218,184,014

(A) The Hospital issued $5,755,000 of Hospital Revenue Refunding Bonds, Series 2004. The proceeds of these bonds were used to refund a portion of the Hospital Revenue Bonds, Series 1993 and pay issuance costs incurred. The Series 2004 Bonds bear interest at a variable rate which was 3.64% as of December 31, 2007 and are secured by a letter of credit which has been issued in the amount of $5,849,603. Annual principal payments are due in amounts ranging from $145,000 to $3,610,000 through July 2009.

(B) The Hospital issued $125,000,000 of Hospital Revenue Bonds, Series 1998. The proceeds of these bonds were used for capital improvements and paying interest and issuance costs incurred. The Series 1998 Bonds bear interest at rates ranging from 4.5% to 5.25% payable semi-annually. Annual principal payments are due in amounts ranging from $2,910,000 to $8,130,000 through July 2028.

(C) The Hospital issued $64,575,000 of Hospital Revenue Refunding Bonds, Series 1993. The proceeds of these bonds were used to advance refund its Hospital Revenue Refunding Bonds, Series 1986, and for paying bond insurance and issuance costs incurred. The Series 1993 Bonds bear interest at rates ranging from 5% to 5.75% payable semi-annually. Annual principal payments are due in amounts ranging from $3,050,000 to $5,020,000 through July 2016.

(D) During the year ended December 31, 2006, the Hospital borrowed monies in accordance with the federal Community Disaster Loan (CDL) program, which is administered by the Federal Emergency Management Agency (FEMA). The proceeds of this loan were used for operating expenses of the Hospital, mainly payroll costs. The loan bears interest at fixed rates of 2.68% for approximately $45,489,000 of the loan and 3.0% for the remaining balance. Approximately $45,489,000 of the loan plus accrued interest, is due in January 2011, with the remainder due in August and September 2011.

The CDL program is a program of federal aid available to local governments specifically to replace revenue lost as the result of a natural or man-made disaster. The CDL program is unique in permitting local governments struck by disasters to borrow directly from the federal government. It has also been unique in giving the federal administrators of the loan program the authority to cancel the borrower's obligation to repay the loan under specified local budget conditions. The obligation to repay the loan shall be canceled if the locality's revenue in the three fiscal years following the disaster are deemed insufficient by FEMA; however, the current regulations provide that FEMA cannot cancel the obligation to repay a loan until at lease three years following a disaster.

Note 7. Long-Term Debt and Interest Rate Swap Agreement (Continued)

(E) The Series 2004, Series 1998 and Series 1993 Bonds grant a security interest in all revenue either accrued or received in connection with operations of the Hospital. The terms of the trust indentures require the Hospital to comply with certain covenants. The covenants provide for restrictions as to financial reporting and require the Hospital to maintain certain financial ratios, the most restrictive of which is the maintenance of a specified debt service coverage ratio.

Management has computed the maximum annual debt service requirements for the debt service coverage ratio referred to in the preceding paragraph excluding the Community Disaster Loan which is described in (D) above. In a letter dated July 17, 2007, EJGH's bond counsel provided an opinion which clarified that the exclusion of the possible balloon payment of the CDL from these calculations is appropriate.

(F) The Hospital has entered into a capital lease agreement with a medical partnership for the purpose of constructing a medical building used to house magnetic resonance imaging unit and radiation therapy equipment. The medical building and equipment revert to the Hospital upon termination of the lease. The lease requires monthly base rental payments of approximately $47,000 and minimum monthly operating expense payments of approximately $22,000 through March 2017. The base rental payments are subject to a 1% annual cumulative escalation clause. The lease is collateralized by the building and equipment with an amortized cost of approximately $1,911,000 as of December 31, 2006.

(G) The Hospital has entered into a capital lease agreement with East Jefferson General Hospital Foundation for the purpose of constructing a parking garage. The parking garage reverts to the Hospital upon termination of the lease. The lease requires monthly base rental payments of approximately $65,000 and minimum monthly operating expense payments of approximately $15,000 through May 2017. The lease is collateralized by the parking garage with an amortized cost of approximately $2,587,000 as of December 31, 2007.

(H) The Hospital has entered into three capital lease agreements for the purchase of laboratory equipment. Two of the leases require total monthly payments of $6,635 through December 2008. The third lease requires quarterly payments of $11,526 through October 2008. The leases are collateralized by laboratory equipment with an amortized cost of approximately $153,000 as of December 31, 2006.

(I) EJASC has entered into two notes payable. The first note bears interest at 8.75%, due in monthly installments of $14,743, with a maturity date of November 2013. This note is secured by furniture, equipment and accounts receivable of EJASC. The second note bears interest at 8.75%, due in monthly installments of $15,135, which are based on a fifteen year amortization and seven year balloon payment with a maturity date of August 2013. This note is secured by equipment and accounts receivable of EJASC. These notes payable contain certain financial covenants for EJASC, including requirements to maintain defined levels of net worth and financial statement reporting requirements.

Note 7. Long-Term Debt and Interest Rate Swap Agreement (Continued)

Long-term debt activity as of and for the years ended December 31, 2007 and 2006 is as follows:

	December 31, 2006	Borrowings	Payments	December 31, 2007	Due Within One Year
Hospital Revenue Refunding Bonds, Series 2004	$ 3,950,000	$ -	$ (195,000)	$ 3,755,000	$ 145,000
Hospital Revenue Bonds, Series 1998	112,210,000	-	(2,910,000)	109,300,000	3,055,000
Hospital Revenue Refunding Bonds, Series 1993	36,130,000	-	(3,050,000)	33,080,000	3,215,000
Community Disaster Loan	61,024,950	-	-	61,024,950	-
Capital lease obligation, MRI	3,904,597	-	(206,452)	3,698,145	234,223
Capital lease obligation, parking garage	5,334,775	-	(328,421)	5,006,354	358,339
Capital lease obligations, laboratory equipment	149,393	102,780	(132,696)	119,477	119,477
EJASC note payable, bank	2,394,777	-	(147,897)	2,246,880	165,284
	$ 225,098,492	$ 102,780	$ (6,970,466)	$ 218,230,806	$ 7,292,323

	December 31, 2005	Borrowings	Payments	December 31, 2006	Due Within One Year
Hospital Revenue Refunding Bonds, Series 2004	$ 4,200,000	$ -	$ (250,000)	$ 3,950,000	$ 195,000
Hospital Revenue Bonds, Series 1998	114,995,000	-	(2,785,000)	112,210,000	2,910,000
Hospital Revenue Refunding Bonds, Series 1993	39,020,000	-	(2,890,000)	36,130,000	3,050,000
Community Disaster Loan	-	61,024,950	-	61,024,950	-
Capital lease obligation, MRI	4,085,965	-	(181,368)	3,904,597	206,452
Capital lease obligation, parking garage	5,635,776	-	(301,001)	5,334,775	328,421
Capital lease obligations, laboratory equipment	217,432	-	(68,039)	149,393	72,385
EJASC note payable, bank	-	2,420,000	(25,223)	2,394,777	152,220
	$ 168,154,173	$ 63,444,950	$ (6,500,631)	$ 225,098,492	$ 6,914,478

The aggregate principal and interest maturities, including capital leases, of long-term debt as of December 31, 2007 are as follows:

	Principal	Interest
Year ending December 31:		
2008	$ 7,292,323	$ 7,632,249
2009	7,652,082	7,309,807
2010	7,838,460	6,850,881
2011	69,363,204	14,417,424
2012	8,841,908	6,115,912
2013 to 2017	46,352,829	23,655,887
2018 to 2022	27,570,000	15,099,750
2023 to 2027	35,190,000	7,482,500
2028	8,130,000	406,500
	$ 218,230,806	$ 88,970,910

Note 7. Long-Term Debt and Interest Rate Swap Agreement (Continued)

The future minimum rental commitments payable as of December 31, 2007 on capital lease obligations are as follows:

Year ending December 31:		
2008	$	1,975,706
2009		1,820,492
2010		1,826,487
2011		1,832,540
2012		1,838,655
2013 to 2017		8,044,920
Total minimum lease payments		17,338,800
Less amount representing executory costs (i.e., operating expenses) included in total minimum lease payments		4,127,552
Net minimum lease payments		13,211,248
Less amount representing interest		4,387,272
Present value of net minimum lease payments	$	8,823,976

The Hospital's interest rate swap agreement is summarized as follows:

The Hospital is a party to an interest rate swap agreement for a notional amount of $37,885,000 and $41,049,000 as of December 31, 2007 and 2006, respectively. Under this arrangement, which terminates July 1, 2016, the Hospital pays a fixed rate of 3.331% and the counterparty pays a floating rate equal to 68% of the one-month LIBOR (5.27% and 5.32% as of December 31, 2007 and 2006, respectively), both of which are applied to the notional principal amount.

The fair value of the swap liability as of December 31, 2007 is $641,666 and asset as of December 31, 2006 is $305,019. The change in the fair value of the swap agreement is included in nonoperating revenue in the accompanying combined statements of revenue, expenses and changes in net assets. The interest settlements received by the Hospital, or paid to the counterparty, are included as a component of interest expense. The net settlements (increased) reduced interest expense by approximately $(231,300) and $53,700 for the years ended December 31, 2007 and 2006, respectively.

Note 8. Retirement and Benefit Plans

Description of defined benefit retirement plan:

The Hospital contributes to the Retirement Plan for Employees of East Jefferson General Hospital (Plan) which is a single-employer, noncontributory defined benefit public employee retirement system (PERS). The Plan is sponsored by the Hospital to provide retirement benefits as well as death benefits. All full-time employees at least 21 years of age with at least one year of credited service are eligible to participate in the Plan. Plan benefits vest after five years of credited service. Employees who retire at or after age 62 with 5 years of credited service are entitled to an annual retirement benefit payable monthly for life. The Plan also provides early retirement benefits at reduced amounts at age 55 with 10 years of service. For the years ended December 31, 2007 and 2006, the Hospital's total payroll for all employees was approximately $136,233,000 and $123,500,000, respectively, and the Hospital's total covered payroll (for pension plan participants) was approximately $67,012,000 and $69,483,000, respectively. Covered payroll refers to all compensation paid by the Hospital to active employees covered by the Plan on which contributions to the Plan are based.

In November 2004, the Board of Directors of the Hospital adopted a resolution to revise the Plan participation eligibility requirements to exclude employees hired or rehired subsequent to January 1, 2005. In January 2005, the Board of Directors adopted a resolution to freeze the Plan effective April 1, 2005. This resolution has the immediate effect of reducing the actuarially determine recommended contribution to the Plan for 2005. The Board of Directors also resolved to increase base contributions to the Employee Savings Plan on a graduated scale based on length of service.

The benefit provisions of the Plan consist of current and prior accrued benefits. The current benefit provided is equal to .75% of the participant's annual earnings for each Plan year commencing after December 31, 1988, plus .5% of the participant's annual earnings in excess of covered compensation, as defined by the Plan, for each Plan year commencing after December 31, 1988, for up to 35 years of benefit service. The prior accrued benefit provided was equal to 30% of the participant's final average monthly earnings in excess of the Social Security Maximum Wage Average. Certain Plan participants are also entitled to supplemental benefits as specifically defined in the Plan. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to East Jefferson General Hospital, Administration Department or by calling (504) 454-4000.

Basis of accounting: The Plan's assets are held in various investments, including U.S. government and agency issues, equity securities, mutual funds, foreign obligation bonds, and guaranteed investment contracts with a life insurance company. The Plan's asset value is the fund value as reported by the life insurance company, which is a book value with part of the fund subject to a market value adjustment should the contract be terminated.

Funding status and progress: The amount shown as the net pension obligation in the following table is a standardized disclosure measure of the present value of pension benefits, adjusted beginning January 1, 2001 for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The measure, which is independent of the actuarial funding method used to determine contributions to the Plan, is the actuarial present value of credited projected benefits. The measure is intended to help users assess the Plan's funding status on a going-concern basis and assess progress made in accumulating sufficient assets to pay benefits when due.

Note 8. Retirement and Benefit Plans (Continued)

Plan members are not required to contribute a portion of their annual salary. The Hospital is required to contribute at an actuarially determined rate which was 2.1% and 2.2% for the years ended December 31, 2007 and 2006, respectively.

Significant actuarial assumptions used in 2007 and 2006 include a rate of return on the investment of present and future assets of 8.5% per year compounded annually. There has been no cost of living adjustment. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a four-year period. The unfunded actuarial accrued liability is being amortized as an open level percentage of payroll. The remaining amortization period at a January 1, 2008 actuarial valuation date was 30 years.

Annual pension costs, net pension obligation and the accrual for retirement benefits for 2007 and 2006 are as follows:

	2007	2006
Annual required contribution for current year	$ 1,497,719	$ 1,487,375
Interest on net pension obligation	2,954	2,510
Adjustment to annual required contribution	34,770	(32,507)
Annual pension costs	1,535,443	1,457,378
Contribution made	1,502,545	1,444,309
Decrease in net pension obligation	32,898	13,069
Net pension obligation, beginning of year	42,595	29,526
Net pension obligation, ending of year	$ 75,493	$ 42,595

Contributions required and contributions made: The funding policy of the Plan provides for actuarially determined periodic employer contributions at rates that, for individual employees, remain fairly constant over time so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the Unit Credit actuarial cost method. The Plan is being funded based on its normal cost, as actuarially determined, reduced by amounts sufficient to amortize an over funded amount from prior years over a ten-year period. The Hospital made contributions of approximately $1,503,000 and $1,444,000 for the years ended December 31, 2007 and 2006, respectively, and is fully funded according to Internal Revenue Service funding limitations. Significant actuarial assumptions used to compute the contribution required are the same as those used to compute the standardized measure of the pension benefit obligation.

Trend information: Trend information related to the Plan is as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/05	$ 1,446,622	100%	$ 29,526
12/31/06	1,457,378	99	42,595
12/31/07	1,535,443	98	75,493

Note 8. Retirement and Benefit Plans (Continued)

Employee Savings Plan:

Effective September 15, 1989, the Hospital adopted the East Jefferson General Hospital Savings Plan (Savings Plan) for the benefit of eligible employees. Benefits under the Plan are payable upon the retirement/disability of the participant or termination of the participant's employment. The Hospital believes the Savings Plan qualifies under Sections 401(a), 403(b) and 457(b) of the Internal Revenue Code of 1986, as applicable to governmental plans.

Employees who have attained the age of 21 and completed one year of service are eligible to become participants in the Savings Plan. Savings Plan participants may elect to make pre-tax contributions up to a maximum of 6% of their Savings Plan compensation, as defined in the Savings Plan agreement. The Savings Plan agreement provides that the Hospital contribute 2% of participants' Savings Plan compensation each year and match participant contributions up to 2% of the participants' Savings Plan compensation. Beginning April 1, 2005, the Hospital will increase its contribution to a graduated scale of 2% to 5% of compensation based on employee length of service.

Savings Plan assets are invested in an equity fund (consisting primarily of common stocks) or a guaranteed investment contract fund with a commercial insurance company, as elected by plan participants. A separate account is established for each Savings Plan participant. Participants have a nonforfeitable right to the value of their after-tax deposits at any time and become 100% vested in Hospital basic deposits and Hospital matching deposits upon the completion of five years of service. Loans are not permitted under the terms of the Savings Plan.

Employer contributions and employer paid Savings Plan expenses totaled $3,920,644 and $4,588,894 for the years ended December 31, 2007 and 2006, respectively.

Note 8. Retirement and Benefit Plans (Continued)

The following is a summary of the financial statements of the pension plan and employee savings plan as of and for the year ended December 31, 2007:

	Defined Benefit Retirement Plan	Savings Plan 401(a)	Savings Plan 403(b)	Savings Plan 457(b)	(Total Memorandum Only)
Assets					
Receivables and prepaids:					
Accrued interest and dividends	$ 171,365	$ -	$ -	$ -	$ 171,365
Contributions receivable:					
Employee	-	-	213,840	63,745	277,585
Employer	-	2,955,549	1,895,497	-	4,851,046
Total receivables	171,365	2,955,549	2,109,337	63,745	5,299,996
Investments at fair value:					
Cash equivalents	2,876,574	-	-	-	2,876,574
U.S. government and agency issues	11,047,030	-	-	-	11,047,030
Corporate bonds	5,491,045	-	-	-	5,491,045
Foreign obligation bonds	129,972	-	-	-	129,972
Equities	21,501,694	-	-	-	21,501,694
AIG Valic	-	47,240,232	32,807,393	5,716,745	85,764,370
Total Investments	41,046,315	47,240,232	32,807,393	5,716,745	126,810,685
Liabilities					
Accounts payable	1,500,782	-	-	-	1,500,782
Contributions paid in advance due to forfeitures	-	-	-	-	-
Total liabilities	1,500,782	-	-	-	1,500,782
Net Assets Held in Trust for Pension Benefits	$ 39,716,898	$ 50,195,781	$ 34,916,730	$ 5,780,490	$ 130,609,899

Note 8. Retirement and Benefit Plans (Continued)

	Defined Benefit Retirement Plan	Savings Plan 401(a)	Savings Plan 403(b)	Savings Plan 457(b)	(Total Memorandum Only)
Additions:					
Contributions:					
Members	$ -	$ 5,841	$ 6,919,989	$ 1,624,602	$ 8,550,432
Employer	1,497,719	2,955,548	1,895,498	-	6,348,765
Total contributions	1,497,719	2,961,389	8,815,487	1,624,602	14,899,197
Investment income:					
Interest	868,270	25,897	6,601	-	900,768
Dividends	413,882	1,843,827	1,130,091	255,483	3,643,283
Net appreciation in fair value of investments	2,887,546	1,148,128	215,136	(155)	4,250,655
	4,169,698	3,017,852	1,351,828	255,328	8,794,706
Less:					
Investment advisory services	218,768	-	-	-	218,768
Custodial fees	56,329	43,614	21,926	4,328	126,197
Net investment income	3,894,601	2,974,238	1,329,902	251,000	8,449,741
Total additions	5,392,320	5,935,627	10,145,389	1,875,602	23,348,938
Deductions:					
Retirement benefits paid and savings plan withdrawals	2,499,791	2,517,886	1,411,974	220,894	6,650,545
Forfeitures of nonvested contributions	-	150,448	230,057	-	380,505
Total deductions	2,499,791	2,668,334	1,642,031	220,894	7,031,050
Net increase	2,892,529	3,267,293	8,503,358	1,654,708	16,317,888
Net assets held in trust for pension benefits:					
Beginning	36,824,369	46,928,488	26,413,372	4,125,782	114,292,011
Ending	$ 39,716,898	$ 50,195,781	$ 34,916,730	$ 5,780,490	$ 130,609,899

Deferred compensation and executive benefits:

The Hospital provided a supplemental executive retirement plan (SERP) as well as a deferred compensation plan to certain key employees. The SERP plan was terminated during 2005. No Hospital contributions were made to the plans in 2007 or 2006. Assets and liabilities associated with the deferred compensation plan were $1,550,323 and $1,383,984 as of December 31, 2007 and 2006, respectively. These amounts are included in noncurrent assets and liabilities in the accompanying combined basic financial statements.

Note 8. Retirement and Benefit Plans (Continued)

Early termination benefits:

In order to encourage early retirement, the Hospital offered a one-time only early termination benefit in 2002. The employee had to be 50 years of age or older and have completed five years of credited service by August 15, 2002 to be eligible for enhanced health and dental insurance as part of East Jefferson General Hospital's early retirement offering to begin on October 1, 2002. The early termination benefit allows an eligible employee to remain on the Hospital's health plan at their existing participation level for up to five years, or until the individual is Medicare eligible. The rates of coverage under the early termination benefit were based on the current employee rate for the first three years, or through October 2005. Then, the rate was calculated based on the current employee rate plus 10% for year four, or November 1, 2005 through October 31, 2006. In the fifth year, the rate was calculated based on the current employee rate plus 20%. After the fifth year, the retirees may remain on the Hospital's health plan until they are Medicare eligible at a fair market value rate of insurance, which is defined as a rate no less than the COBRA rate. If the retiree drops coverage any time after retirement, they are no longer eligible to return to the plan. There were 45 and 52 participants still remaining under the plan as of December 31, 2007 and 2006, respectively. As of December 13, 2007 and 2006, the Hospital had an accrual of $41,588 and $187,000, respectively. Also see Note 13.

Note 9. Self-Insurance, Commitments and Contingent Liabilities

Self-insurance for health insurance:

The Hospital is self-insured for its employee health insurance plan. The self-insured claims are processed through a Plan Administrator. In 2007 and 2006, the Hospital had stop-loss insurance coverage for claims in excess of $300,000 per individual per plan year and a lifetime maximum coverage of $700,000 per individual. The following is a summary of estimated claims liability for the years ended December 31, 2007 and 2006. The Hospital has recorded a current liability for open claims and claims incurred but not reported.

	2007	2006
Balance, beginning	$ 2,000,000	$ 3,186,333
Claims expense	8,002,370	8,058,244
Claims payment	(8,002,370)	(9,244,577)
Balance, ending	$ 2,000,000	$ 2,000,000

Note 9. Self-Insurance, Commitments and Contingent Liabilities (Continued)

Self-insurance for worker's compensation insurance:

The Hospital is self-insured for worker's compensation. The self-insured claims are processed through a Plan Administrator. The Hospital has purchased stop-loss insurance coverage for claims in excess of $150,000 per occurrence. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. The following is a summary of estimated claims liability for the years ended December 31, 2007 and 2006. The Hospital has recorded a current liability for open claims and claims incurred but not reported which is included in other accrued expenses.

	2007	2006
Balance, beginning	$ 1,866,168	$ 1,554,232
Claims expense	1,075,056	1,379,367
Claims payment	(905,017)	(1,067,431)
Balance, ending	$ 2,036,207	$ 1,866,168

Professional liability insurance:

During 1976, the State of Louisiana enacted legislation that created a statutory limit of $500,000 plus interest, costs and future medical expenses for each medical professional liability claim and established the Louisiana Patient Compensation Fund (State Insurance Fund) to provide professional liability insurance to participating health care providers. The constitutionality of the statutory limit has been tested and sustained to date although additional challenges may be made in the future. The Hospital participates in the State Insurance Fund, which provides up to $400,000 coverage for settlement amounts in excess of $100,000 per claim. The Hospital is self-insured with respect to the first $100,000 of each claim and has purchased additional coverage through a claims-made policy with a commercial insurance carrier for losses on claims in excess of $500,000 for claims made on or prior to December 31, 2003 and $1,000,000 for claims made subsequent to December 31, 2003. The following is a summary of estimated claims liability for the years ended December 31, 2007 and 2006. The Hospital has recorded the liability in noncurrent liabilities.

	2007	2006
Balance, beginning	$ 3,541,004	$ 3,368,227
Claims expense	1,606,274	177,658
Claims payment and change in accrual	(3,350,395)	(4,881)
Balance, ending	$ 1,796,883	$ 3,541,004

Note 9. Self-Insurance, Commitments and Contingent Liabilities (Continued)

Other self-insurance programs:

During 2004 the Hospital became self-insured for general liability and vehicle liability. The self-insured claims are processed through a Plan Administrator. The following is a summary of estimated claims liability from the date at which the Hospital became self-insured through December 31, 2007. The Hospital has recorded the liability in noncurrent liabilities.

	2007	2006
Balance, beginning	$ 1,218,891	$ 961,808
Claims expense and change in accrual	13,418	632,421
Claims payment	(564)	(375,338)
Balance, ending	$ 1,231,745	$ 1,218,891

Laws and regulations:

The health care industry is subject to numerous laws and regulations of federal, state and local governments. 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. These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Organization is subject to similar regulatory reviews, management believes the outcome of any such regulatory review will not have a material adverse effect on the Organization's financial position.

The Organization has been named as a defendant in various legal actions arising from normal business activities in which damages in various amounts are claimed. The amount of ultimate liability, if any, with respect to such matters cannot be determined, but management believes that any such liability would not have a material effect on the Organization's financial position.

Note 9. Self-Insurance, Commitments and Contingent Liabilities (Continued)

Lease commitments:

The Organization leases property and various equipment under leases that expire at various dates through April 2017.

As of December 31, 2007, the total minimum rental commitment under operating lease agreements is approximately $8,661,000 which is due as follows:

Year ending December 31:	
2008	$ 1,908,000
2009	1,755,000
2010	1,754,000
2011	481,000
2012	490,000
2013 to 2017	2,273,000
	$ 8,661,000

Total rent expense for the above leases for the years ended December 31, 2007 and 2006 was approximately $2,031,000 and $1,952,000, respectively.

Professional services commitments:

The Organization has agreements for the outsourcing of its information technology department and for its emergency room coverage. These agreements expire in December 2012 and December 2008, respectively.

As of December 31, 2007, the total minimum commitment under these agreements is approximately $32,207,000 which is due as follows:

Year ending December 31:	
2008	$ 7,143,000
2009	6,266,000
2010	6,266,000
2011	6,266,000
2012	6,266,000
	$ 32,207,000

Total expense for the above agreements for the years ended December 31, 2007 and 2006 was approximately $6,977,000 and $6,878,000, respectively.

Note 10. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors as of December 31, 2007 and 2006 was as follows:

	2007	2006
Medicare	46.8%	50.6%
Medicaid	6.7	6.5
Managed care	21.7	20.3
Other third-party payors	18.5	13.9
Patients	6.3	8.7
	100.0%	100.0%

Note 11. Investment in Associated Companies and Subsequent Event

The Organization's investment in associated companies as of December 31, 2007 and 2006 consist of the following:

	2007	2006
Associated Hospital Services (laundry service)	$ 1,953,435	$ 1,546,124
Metairie Medical Office Limited Partnership (medical office building)	989,408	801,799
	$ 2,942,843	$ 2,347,923

The Organization's equity in net income of associated companies consists of the following:

	2007	2006
Associated Hospital Services	$ 407,311	$ (201,963)
Metairie Medical Office Limited Partnership	187,609	219,930
	$ 594,920	$ 17,967

In March 2008, the Organization sold its investment in Metairie Medical Office Limited Partnership for approximately $5,300,000. The resulting gain on the sale of this investment of approximately $4,300,000 will be included in the statement of revenue, expenses and changes in net assets during the year ending December 31, 2008.

Note 12. Functional Expenses

The Organization provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended December 31, 2007 and 2006 are as follows:

	2007	2006
Program	$ 205,164,121	$ 183,737,498
General and administrative	143,064,916	138,230,146
	$ 348,229,037	$ 321,967,644

Note 13. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* was issued June 2004 and is effective for the Organization for its year ended December 31, 2007. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports. The Hospital's plan, executive Medicare reimbursement supplement, falls under the requirements of GASB No. 45. The effect of this Statement on the Organization was to disclose a liability of $265,799. The current year required contribution was $279,842 of which $14,043 was contributed resulting in a liability of $265,799 as of December 31, 2007.

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* was issued September 2006 and is effective for the Organization with its year ended December 31, 2007. This Statement established accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenue. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenue. This Statement had no effect on the Organization's combined basic financial statements.

GASB Statement No. 47, *Accounting for Termination Benefits*, was issued in June 2005 and is effective for the Organization for its year ended December 31, 2006. GASB No. 47 establishes accounting standards for termination benefits. Under GASB No. 47, an employer should recognize a liability and expense for voluntary termination benefits (early retirement incentives) when the offer is accepted and the amount can be estimated. A liability for involuntary termination benefits (severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the Organization to the plan, the plan has been communicated to the employees and the amount can be estimated. The Organization's plan, the enhanced health and dental insurance plan, falls under the requirements of GASB No. 47 as an early retirement incentive.

GASB No. 47 requires the cumulative effect of adopting the accounting standard be recognized in the Organization's financial statements. As such, the Organization's unrestricted net assets as of January 1, 2005 have been decreased, and liabilities have been increased, by $716,766, from what was previously reported.

Note 13. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

The following change in unrestricted net assets for the year ended December 31, 2005 shows the effect of the retrospective application of the change in accounting principles for the adoption of GASB No. 47:

Change in unrestricted net assets, as previously reported	$ (31,078,184)
Less income effect for 2005	327,892
Change in unrestricted net assets	$ (30,750,292)

The Organization also adopted GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, during the year ended December 31, 2006, which had no effect on the Organization's combined basic financial statements.

As of December 31, 2007, the Governmental Accounting Standards Board has also issued several statements not yet implemented by the Organization. The Statements which might impact the Organization are as follows:

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November 2006, will be effective for the Organization beginning with its year ending December 31, 2008. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This Statement requires the government to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

GASB Statement No. 50, *Pension Disclosures*, an amendment of GASB Statement Nos. 25 and 27, issued May 2007, will be effective for the Organization beginning with its year ending December 31, 2008. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the Organization beginning with its year ending December 31, 2010. This Statement provides guidance regarding how to identify, account for and report intangible assets. The new Statement characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature and has an initial useful life extending beyond a single reporting period.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, issued November 2007, will be effective for the Organization beginning with its year ending December 31, 2009. This Statement establishes consistent standards for the reporting of land and other real estate held as investments. Endowments were previously required to report their land and other real estate held for investment purposes at historical cost. However, such investments are reported at fair value by similar entities, such as pension plans. The Statement requires endowments to report land and other real estate investments at fair value. The changes in the fair value are to be reported as investment income.

The Organization's management has not yet determined the effect these Statements will have on the Organization's financial statements.

Note 14. Hurricane Katrina

On August 29, 2005, southeastern Louisiana and southern Mississippi were impacted by Hurricane Katrina, and its resulting aftermath. The economy, population and infrastructure of the metropolitan New Orleans area, in particular, have been severely affected. The Hospital is located in Metairie, Louisiana, and suffered disruption of business and damage to its structures from the effects of the Hurricane. Additionally, the State's charity hospital system facilities in the New Orleans area were heavily damaged which resulted in a substantial increase in the number of uninsured patients at East Jefferson General Hospital. Management believes this change in payor mix has had dramatic negative impact on the net patient service revenue recognized by the Hospital. In addition, post-discharge programs such as home health care have been affected, leading to increased length of stay at the Hospital. The State of Louisiana is currently evaluating how to adequately compensate the affected providers for this shift in patient census.

The Hospital estimates its damage and business interruption losses from the storm exceed $30,000,000. The Hospital increased depreciation expense by $6,000,000 as an estimate of the change in the useful lives of assets damaged during the storm for year ended December 31, 2005. The Hospital filed claims with its insurance carriers and as of December 31, 2005 had received advances totaling $10,065,000. However, because management was not able to reasonably estimate the final settlements that would be reached with its insurance carriers, the advances received had not been recognized in the accompanying combined statements of revenue, expenses and changes in net assets, and were therefore included in other current liabilities as of December 31, 2005.

During the year ended December 31, 2006, the Hospital agreed to a settlement with its insurance carrier. As a result, $22,750,000 of insurance proceeds (which includes the advance received in 2005) were recognized as nonoperating revenue in the accompanying combined statements of revenue, expenses and changes in net assets. Additionally the Hospital has filed claims with the State of Louisiana's assistance programs and with the Federal Emergency Management Agency (FEMA). The Hospital has received $3,173,506 and $2,265,000 in reimbursement from FEMA and other insurers for flood damage, which have been included in the accompanying combined statements of revenue, expenses and changes in net assets as nonoperating revenue for the years ended December 31, 2007 and 2006, respectively.

As of the date of these financial statements management can not reasonably estimate the remaining amount of reimbursement for outstanding damage and loss claims, including amounts to be received from FEMA and State of Louisiana assistance programs. The ultimate future effect of this event on the ongoing operations of the Hospital is unknown.

Note 15. Other Post Employment Benefits (OPEB)

Plan description and funding policy:

The Hospital sponsors a post-retirement medical plan that provides post-termination medical insurance coverage for the participant and the participant's spouse of health insurance through age 65, then lifetime Medicare supplement insurance. The employees eligible under this policy are key employees as designated by the Hospital's Board of Directors who terminate employment at or after age 62 with at least 10 years of service. Prior to the participants' age 65, the coverage shall be insured coverage providing a level of benefits reasonably comparable to the standard medical coverage the Hospital provides to all full-time employees. Commencing at the participant's age 65, the coverage shall be provided in the form of an insured Medicare Supplement Policy providing the level of coverage determined by the Hospital in its sole discretion.

Note 15. Other Post Employment Benefits (OPEB) (Continued)

The Hospital shall pay 50% or 100% of the premiums for the coverage under this Plan for the participant and the participant's spouse depending on the ages of both of the covered individuals' age with a gross premium cap of $1,000 per month per individual. The required contribution is based on projects pay-as-you-go financing requirements. For fiscal year 2007, the Hospital contributed $14,043 to the plan.

Annual OPEB cost and net OPEB obligation:

The Hospital's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Hospital's annual OPEB cost for the year, the amount actuarially contributed to the plan, and changes in the Hospital's annual OPEB obligation:

Annual required contribution	$	279,842
Interest on net OPEB obligation		-
Annual OPEB cost (expense)		279,842
Contributions made		(14,043)
Increase in net OPEB obligation		265,799
Net OPEB obligation, January 1, 2007		-
Net OPEB obligation, December 31, 2007	$	265,799

The Hospital's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations for fiscal year 2007 is as follows. This is the transition year of GASB Statement No. 45.

	Annual OPEB Cost	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
Fiscal year ended, December 31, 2007	$ 279,842	5.0%	$ 265,799

Funded status and funding progress:

Post Employment Benefit Obligations under GASB Statement No. 45 as of December 31, 2007 the most recent actuarial valuation date:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
December 31, 2007	$ -	$ 2,495,161	$ 2,495,161	$ -

Note 15. Other Post Employment Benefits (OPEB) (Continued)

Actuarial methods and assumptions:

The actuarial calculations are performed in accordance with the Projected Unit Credit Actuarial Cost Method as allowed under GASB Statement No. 45. The excess of the AAL over the actuarial value of plan assets is the Unfunded Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability is amortized over a maximum of 30 years in level dollar amounts on an open period amortization basis. The sum of the normal cost and the amortization of the unfunded actuarial accrued liability is the annual required contribution, which with interest at the valuation date, determines the annual OPEB cost.

Economic cost assumptions:

The rate at which projected cash flows are to be discounted is 4% based on estimated long-term investment return on the investments that are expected to be used to finance the payment of benefits.

Actuarial calculations reflect a long-term perspective that involves estimates of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

SUPPLEMENTARY INFORMATION

East Jefferson General Hospital
and Related Organizations

Required Retirement Plan Information
December 31, 2007

Schedule of Funding Progress	**2007**	2006	2005
Actuarial valuation date	**1/1/08**	1/1/07	1/1/06
Actuarial value of assets (AVA)	**$ 39,790,947**	$ 36,954,546	$ 34,719,918
Actuarial accrued liability (AAL)	**$ 54,976,707**	$ 53,050,297	$ 50,674,981
Unfunded AAL (UAAL)	**$ 15,185,760**	$ 16,095,751	$ 15,955,063
Funded ratio	**72.4%**	69.7%	68.5%
Annual covered payroll	**$ 67,011,684**	$ 69,482,662	$ 69,325,248
UAAL as % of payroll	**22.7%**	23.2%	23.0%

The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

1. The valuation date is January 1, 2008.
2. The actuarial method used is traditional unit credit.
3. The amortization method is a level payment open method. The remaining amortization period is 30 years.
4. The assets are shown at fair value.
5. Economic assumptions are as follows: investment rate of return of 8.5% and no projected salary increases.

East Jefferson General Hospital
and Related Organizations

Combining Balance Sheet
December 31, 2007

Assets	EJGH	EJPN, LLC	PET Scan	EJASC, LLC	EJRO, LLC	EJCV, LLC	Eliminations	Combined
Current Assets:								
Cash and cash equivalents	$ 6,176,419	$ 82,518	$ 1,158,738	$ 1,109,398	$ 4,232,132	$ 1,039,417	$ -	$ 13,798,622
Short-term investments	41,507,348	-	-	-	-	-	-	41,507,348
Receivables:								
Patients, net	41,940,281	-	1,511,093	871,238	942,400	-	-	45,265,012
Other	5,006,463	238,395	28,667	-	209,321	-	(567,307)	4,915,539
Estimated third-party payor settlements	653,434	-	-	-	-	-	-	653,434
Assets limited as to use, current portion	10,986,800	-	-	-	-	-	-	10,986,800
Inventories	8,193,447	-	-	-	-	-	-	8,193,447
Prepaid expenses	3,628,971	-	37,968	20,959	-	-	-	3,687,898
Total current assets	118,093,163	320,913	2,736,466	2,001,595	5,383,853	1,039,417	(567,307)	129,008,100
Noncurrent Assets:								
Assets limited as to use:								
Under bond indenture	29,259,188	-	-	-	-	-	-	29,259,188
Board-designated for specific purposes	140,512,893	-	-	-	-	-	-	140,512,893
	169,772,081	-	-	-	-	-	-	169,772,081
Less portion required for current liabilities	10,986,800	-	-	-	-	-	-	10,986,800
	158,785,281	-	-	-	-	-	-	158,785,281
Capital assets	229,317,878	-	197,387	2,510,907	259,578	98,313	(1,409,708)	230,974,355
Debt issuance costs, net of accumulated amortization	2,883,778	-	-	11,000	-	-	-	2,894,778
Investment in related organizations and associated companies *	11,794,914	-	-	-	-	-	(8,852,071)	2,942,843
Deferred compensation and life insurance	3,408,963	-	-	-	-	-	-	3,408,963
Total noncurrent assets	406,190,814	-	197,387	2,521,907	259,578	98,313	(10,261,779)	399,006,220
	$ 524,283,977	$ 320,913	$ 2,933,853	$ 4,523,502	$ 5,643,431	$ 1,137,730	$ (10,829,086)	$ 528,014,320

* EJGH carries its investment in EJPN, LLC at $1,193,450 as of December 31, 2007. This investment should be carried at $123,631. The effects of this investment have been properly eliminated in the combined balance sheet as of December 31, 2007.

Liabilities and Net Assets	EJGH	EJPN, LLC	PET Scan	EJASC, LLC	EJRO, LLC	EJCV, LLC	Eliminations	Combined
Current Liabilities:								
Current maturities of long-term debt	$ 7,653,460	$ -	$ -	$ 165,284	$ -	$ -	$ (526,421)	$ 7,292,323
Accounts payable	14,927,757	-	27,820	167,861	308,204	-	(669,307)	14,762,335
Accrued expenses:								
Salaries and wages	3,127,480	-	-	-	-	-	-	3,127,480
Paid leave	4,462,098	-	-	-	-	-	-	4,462,098
Health insurance claims	2,000,000	-	-	-	-	-	-	2,000,000
Interest	6,730,056	-	-	-	-	-	-	6,730,056
Estimated third-party payor settlements	-	-	-	-	-	-	-	-
Other	13,626,452	159,286	53,400	49,502	-	-	-	13,888,640
Total current liabilities	52,527,303	159,286	81,220	382,647	308,204	-	(1,195,728)	52,262,932
Noncurrent Liabilities:								
Deferred compensation and executive benefits	1,550,323	-	-	-	-	-	-	1,550,323
Retirement benefits	341,292	-	-	-	-	-	-	341,292
Estimated self-insurance reserves	3,328,628	-	-	-	-	-		3,328,628
Long-term debt, less current maturities	209,225,050	-	-	2,081,596	-	-	(368,163)	210,938,483
Other accrued expenses	7,435,176	-	-	391,652	-	-	(391,652)	7,435,176
Interest rate swap	641,666	-	-	-	-	-	-	641,666
Minority interest in related organizations	-	-	-	-	-	-	2,838,143	2,838,143
Total noncurrent liabilities	222,522,135	-	-	2,473,248	-	-	2,078,328	227,073,711
Total liabilities	275,049,438	159,286	81,220	2,855,895	308,204	-	882,600	279,336,643
Net Assets:								
Invested in capital assets, net of related debt	73,464,318	-	197,387	264,027	259,578	98,313	(24,733)	74,258,890
Restricted under bond indenture	29,259,188	-	-	-	-	-	-	29,259,188
Unrestricted *	146,511,033	161,627	2,655,246	1,403,580	5,075,649	1,039,417	(11,686,953)	145,159,599
Total net assets	249,234,539	161,627	2,852,633	1,667,607	5,335,227	1,137,730	(11,711,686)	248,677,677
	$ 524,283,977	$ 320,913	$ 2,933,853	$ 4,523,502	$ 5,643,431	$ 1,137,730	$ (10,829,086)	$ 528,014,320

East Jefferson General Hospital and Related Organizations

Combining Balance Sheet
December 31, 2006

Assets	EJGH	EJPN, LLC	PET Scan	EJASC, LLC	EJRO, LLC	EJCV, LLC	Eliminations	Combined
Current Assets:								
Cash and cash equivalents	$ -	$ 79,481	$ 1,575,757	$ 785,260	$ 899,778	$ 656,000	$ -	$ 3,996,276
Short-term investments	73,686,152	-	-	-	-	-	-	73,686,152
Receivables:								
Patients, net	44,841,711	-	1,548,305	538,400	906,641	-	-	47,835,057
Other	2,159,390	212,200	998	-	-	649,469	(1,327,053)	1,695,004
Assets limited as to use, current portion	10,545,291	-	-	-	-	-	-	10,545,291
Inventories	6,206,413	-	-	-	-	-	-	6,206,413
Prepaid expenses	5,155,723	-	47,376	17,505	-	-	-	5,220,604
Total current assets	142,594,680	291,681	3,172,436	1,341,165	1,806,419	1,305,469	(1,327,053)	149,184,797
Noncurrent Assets:								
Assets limited as to use:								
Under bond indenture	29,093,269	-	-	-	-	-	-	29,093,269
Board-designated for specific purposes	147,407,905	-	-	-	-	-	-	147,407,905
	176,501,174	-	-	-	-	-	-	176,501,174
Less portion required for current liabilities	10,545,291		-	-	-	-	-	10,545,291
	165,955,883	-	-	-	-	-	-	165,955,883
Capital assets	230,477,213	-	383,661	2,737,418	125,790	-	(1,510,765)	232,213,317
Debt issuance costs, net of accumulated amortization	3,212,543	-	-	14,000	-	-	-	3,226,543
Investment in related organizations and associated companies *	7,226,564	-	-	-	-	-	(4,878,641)	2,347,923
Deferred compensation and life insurance	3,279,070	-	-	-	-	-	-	3,279,070
Interest rate swap agreement	305,019	-	-	-	-	-	-	305,019
Total noncurrent assets	410,456,292	-	383,661	2,751,418	125,790	-	(6,389,406)	407,327,755
	$ 553,050,972	$ 291,681	$ 3,556,097	$ 4,092,583	$ 1,932,209	$ 1,305,469	$ (7,716,459)	$ 556,512,552

* EJGH carries its investment in EJPN, LLC at $1,483,454 as of December 31, 2006. This investment should be carried at $138,588. The effects of this investment have been properly eliminated in the combined balance sheet as of December 31, 2006.

Liabilities and Net Assets	EJGH	EJPN, LLC	PET Scan	EJASC, LLC	EJRO, LLC	EJCV, LLC	Eliminations	Combined
Current Liabilities:								
Current maturities of long-term debt	$ 7,252,649	$ -	$ -	$ 152,220	$ -	$ -	$ (490,391)	$ 6,914,478
Outstanding checks in excess of bank balance	1,458,629	-	-	-	-	-	-	1,458,629
Accounts payable	19,864,176	145,799	26,007	196,951	554,935	-	(1,327,053)	19,460,815
Accrued expenses:								
Salaries and wages	2,577,717	-	-	-	-	-	-	2,577,717
Paid leave	4,354,770	-	-	-	-	-	-	4,354,770
Health insurance claims	2,000,000	-	-	-	-	-	-	2,000,000
Interest	4,893,281	-	-	-	-	-	-	4,893,281
Estimated third-party payor settlements	2,181,128	-	-	-	-	-	-	2,181,128
Other	12,624,559	-	74,362	34,183	-	-	-	12,733,104
Total current liabilities	57,206,909	145,799	100,369	383,354	554,935	-	(1,817,444)	56,573,922
Noncurrent Liabilities:								
Deferred compensation and executive benefits	1,383,984	-	-	-	-	-	-	1,383,984
Retirement benefits	42,595	-	-	-	-	-	-	42,595
Estimated self-insurance reserves	5,059,895	-	-	-	-	-	-	5,059,895
Long-term debt, less current maturities	216,836,041	-	-	2,242,557	-	-	(894,584)	218,184,014
Other accrued expenses	11,177,764	-	-	-	-	-	-	11,177,764
Minority interest in related organizations	-	-	-	-	-	-	3,257,536	3,257,536
Total noncurrent liabilities	234,500,279	-	-	2,242,557	-	-	2,362,952	239,105,788
Total liabilities	291,707,188	145,799	100,369	2,625,911	554,935	-	545,508	295,679,710
Net Assets:								
Invested in capital assets, net of related debt	72,010,991	-	383,661	356,641	125,790	-	(125,790)	72,751,293
Restricted under bond indenture	29,093,269	-	-	-	-	-	-	29,093,269
Unrestricted *	160,239,524	145,882	3,072,067	1,110,031	1,251,484	1,305,469	(8,136,177)	158,988,280
Total net assets	261,343,784	145,882	3,455,728	1,466,672	1,377,274	1,305,469	(8,261,967)	260,832,842
	$ 553,050,972	$ 291,681	$ 3,556,097	$ 4,092,583	$ 1,932,209	$ 1,305,469	$ (7,716,459)	$ 556,512,552

East Jefferson General Hospital and Related Organizations

Combining Statement of Revenue, Expenses and Changes in Net Assets Year Ended December 31, 2007

	EJGH	EJPN, LLC	PET Scan	EJASC, LLC	EJRO, LLC	EJCV, LLC	Eliminations	Combined
Operating revenue:								
Net patient service revenue	$ 294,040,166	$ -	$ 3,551,202	$ 4,840,281	$ 11,218,113	$ -	$ -	$ 313,649,762
Other operating revenue	7,392,461	-	-	-	42,601	-	(2,353,870)	5,081,192
Total operating revenue	301,432,627	-	3,551,202	4,840,281	11,260,714	-	(2,353,870)	318,730,954
Operating expenses:								
Salaries, wages and benefits	160,791,541	-	-	908,013	-	-	-	161,699,554
Purchased services and other	94,573,975	13,500	1,489,603	1,172,962	7,057,744	130,080	(3,235,398)	101,202,466
Supplies	50,383,407	-	-	911,378	228,533	-	-	51,523,318
Depreciation and amortization	23,825,992	-	186,274	276,924	16,484	-	(290,004)	24,015,670
Interest	9,718,819	-	-	206,083	-	-	-	9,924,902
Total operating expenses	339,293,734	13,500	1,675,877	3,475,360	7,302,761	130,080	(3,525,402)	348,365,910
Income (loss) from operations	(37,861,107)	(13,500)	1,875,325	1,364,921	3,957,953	(130,080)	1,171,532	(29,634,956)
Nonoperating revenue (expenses):								
Investment earnings	14,905,921	3,037	21,580	34,740	-	22,912	-	14,988,190
Rental income from leases	4,143,698	26,208	-	-	-	-	(844,373)	3,325,533
Community benefit services	(456,688)	-	-	-	-	-	-	(456,688)
Gain (loss) on disposal of capital assets	(66,953)	-	-	-	-	-	-	(66,953)
Grant revenues	3,173,506	-	-	-	-	-	-	3,173,506
Contributions	329,839	-	-	-	-	-	-	329,839
Equity in net income (loss) of related organizations and associated companies	6,755,262	-	-	-	-	-	(6,160,342)	594,920
Change in fair value of interest rate swap agreement	(946,685)	-	-	-	-	-	-	(946,685)
Other	-	-	-	1,274	-	-	-	1,274
	27,837,900	29,245	21,580	36,014	-	22,912	(7,004,715)	20,942,936
Excess of revenue over (under) expenses before capital contribution (distribution), transfers and minority interest	(10,023,207)	15,745	1,896,905	1,400,935	3,957,953	(107,168)	(5,833,183)	(8,692,020)
Capital contribution (distribution)	-	-	(2,500,000)	(1,200,000)	-	(60,571)	3,760,571	-
Transfers to Jefferson Parish	(2,086,038)	-	-	-	-	-	-	(2,086,038)
Minority interest in net income of related organizations	-	-	-	-	-	-	(1,377,107)	(1,377,107)
Change in net assets	(12,109,245)	15,745	(603,095)	200,935	3,957,953	(167,739)	(3,449,719)	(12,155,165)
Net assets:								
Beginning	261,343,784	145,882	3,455,728	1,466,672	1,377,274	1,305,469	(8,261,967)	260,832,842
Ending	$ 249,234,539	$ 161,627	$ 2,852,633	$ 1,667,607	$ 5,335,227	$ 1,137,730	$ (11,711,686)	$ 248,677,677

East Jefferson General Hospital
and Related Organizations

Combining Statement of Revenue, Expenses and Changes in Net Assets
Year Ended December 31, 2006

	EJGH	EJPN, LLC	PET Scan	EJASC, LLC	EJRO, LLC	EJCV, LLC	Eliminations	Combined
Operating revenue:								
Net patient service revenue	$ 274,965,823	$ -	$ 4,343,629	$ 1,108,293	$ 1,410,943	$ -	$ -	$ 281,828,688
Other operating revenue	7,231,719	-	-	-	-	-	-	7,231,719
Total operating revenue	282,197,542	-	4,343,629	1,108,293	1,410,943	-	-	289,060,407
Operating expenses:								
Salaries, wages and benefits	149,230,328	-	-	473,468	-	-	-	149,703,796
Purchased services and other	91,189,980	13,500	1,557,778	614,514	558,999	-	(26,208)	93,908,563
Supplies	48,293,751	-	-	378,946	460	-	-	48,673,157
Depreciation and amortization	20,119,718	-	920,275	133,394	-	-	(290,004)	20,883,383
Interest	8,676,176	-	-	122,569	-	-	-	8,798,745
Total operating expenses	317,509,953	13,500	2,478,053	1,722,891	559,459	-	(316,212)	321,967,644
Income (loss) from operations	(35,312,411)	(13,500)	1,865,576	(614,598)	851,484	-	316,212	(32,907,237)
Nonoperating revenue (expenses):								
Investment earnings	10,875,737	3,141	18,326	38,093	-	-	-	10,935,297
Rental income from leases	2,577,987	26,208	-	-	-	-	(26,208)	2,577,987
Community benefit services	(363,299)	-	-	-	-	-	-	(363,299)
Gain on disposal of capital assets	321,287	-	-	-	-	-	-	321,287
Insurance proceeds	25,015,034	-	-	-	-	-	-	25,015,034
Contributions	439,513	-	-	-	-	-	-	439,513
Equity in net income (loss) of related organizations and associated companies	610,638	-	-	-	-	-	(592,671)	17,967
Change in fair value of interest rate swap agreement	294,791	-	-	-	-	-	-	294,791
Other	-	-	-	1,454	-	-	-	1,454
	39,771,688	29,349	18,326	39,547	-	-	(618,879)	39,240,031
Excess of revenue over (under) expenses before capital contribution (distribution), transfers and minority interest	4,459,277	15,849	1,883,902	(575,051)	851,484	-	(302,667)	6,332,794
Capital contribution (distribution)	-	-	(1,700,000)	185,529	525,790	1,305,469	(316,788)	-
Transfers to Jefferson Parish	(960,505)	-	-	-	-	-	-	(960,505)
Minority interest in net income of related organizations	-	-	-	-	-	-	(734,532)	(734,532)
Change in net assets	3,498,772	15,849	183,902	(389,522)	1,377,274	1,305,469	(1,353,987)	4,637,757
Net assets:								
Beginning	257,845,012	130,033	3,271,826	1,856,194	-	-	(6,907,980)	256,195,085
Ending	$ 261,343,784	$ 145,882	$ 3,455,728	$ 1,466,672	$ 1,377,274	$ 1,305,469	$ (8,261,967)	$ 260,832,842

East Jefferson General Hospital
and Related Organizations

Statements of Revenue, Expenses and Changes in Net Assets Information
(Hospital Only)
Years Ended December 31, 2007 and 2006

Gross Patient Service Revenue, Summary by Department	**2007 Inpatient**	**Outpatient**	**Total**
Routine care services:			
Medical and surgical	$ 79,245,598	$ 6,635,054	$ 85,880,652
Intensive care	20,492,993	12,075	20,505,068
Coronary care	6,378,931	1,270	6,380,201
Psychiatric care	6,517,052	771,097	7,288,149
Nursery	13,297,271	117	13,297,388
Rehabilitation	2,890,774	-	2,890,774
Skilled nursing facility	6,828,964	-	6,828,964
	135,651,583	7,419,613	143,071,196
Ancillary services:			
Ambulance	3,325,192	11,613,190	14,938,382
Anesthesiology	17,825,540	14,877,112	32,702,652
Blood bank	8,036,605	1,928,588	9,965,193
Cardiology	43,276,501	34,797,081	78,073,582
Central supply	565,889	285,094	850,983
Dialysis	3,004,327	219,893	3,224,220
Electroencephalography	302,875	257,645	560,520
Emergency services	10,798,420	26,697,665	37,496,085
Endoscopy	2,487,082	4,894,687	7,381,769
Labor and delivery	5,089,559	868,087	5,957,646
Laboratory	32,625,753	29,623,586	62,249,339
Magnetic resonance imaging	3,029,553	8,732,640	11,762,193
Operating and recovery	87,003,963	64,556,992	151,560,955
Outpatient screening of wellness	-	2,150,248	2,150,248
Pharmacy and IV solution	101,190,709	47,227,538	148,418,247
Physical therapy	11,407,132	3,179,496	14,586,628
Physician network revenue	-	22,019,613	22,019,613
Radiation therapy	651,688	608,487	1,260,175
Radiology	32,989,285	58,136,954	91,126,239
Respiratory care	18,524,402	4,500,595	23,024,997
Wound care center	24,426	2,481,140	2,505,566
	382,158,901	339,656,331	721,815,232
	$ 517,810,484	$ 347,075,944	864,886,428
Less charity care			2,884,332
Gross patient service revenue			862,002,096
Less discounts, allowances and estimated contractual adjustments under third-party reimbursement programs			542,260,006
Less provision for bad debts			25,701,924
Net patient service revenue			$ 294,040,166

	2006		
	Inpatient	Outpatient	Total
	$ 80,656,571	$ 5,349,317	$ 86,005,888
	18,674,493	7,905	18,682,398
	5,967,954	-	5,967,954
	6,349,390	744,133	7,093,523
	11,498,254	909	11,499,163
	3,697,682	7,269	3,704,951
	6,017,113	-	6,017,113
	132,861,457	6,109,533	138,970,990
	1,873,280	6,607,322	8,480,602
	14,307,648	14,993,003	29,300,651
	7,491,842	1,918,714	9,410,556
	45,781,446	27,603,797	73,385,243
	2,203,457	1,554,420	3,757,877
	3,038,146	182,040	3,220,186
	333,140	232,981	566,121
	10,492,229	21,048,831	31,541,060
	2,987,789	5,684,543	8,672,332
	5,052,747	749,442	5,802,189
	30,060,745	29,020,861	59,081,606
	2,677,319	9,043,330	11,720,649
	78,279,128	74,337,703	152,616,831
	-	2,000,258	2,000,258
	98,645,814	33,639,370	132,285,184
	10,756,639	2,999,021	13,755,660
	-	21,044,109	21,044,109
	1,487,688	15,728,266	17,215,954
	30,937,246	53,632,962	84,570,208
	18,807,500	4,133,165	22,940,665
	14,555	2,143,659	2,158,214
	365,228,358	328,297,797	693,526,155
	$ 498,089,815	$ 334,407,330	832,497,145
			1,559,146
			830,937,999
			516,242,037
			39,730,139
			$ 274,965,823

East Jefferson General Hospital
and Related Organizations

Statements of Revenue, Expenses and Changes in Net Assets Information
(Hospital Only)
Years Ended December 31, 2007 and 2006

Other Operating Revenue	2007	2006
Cafeteria	$ 2,149,074	$ 2,223,650
Educational fees	10,264	64,893
Special meals	942,569	831,762
Vending machines	448,939	436,454
LTAC services	848,573	829,821
Wellness Center membership fees	2,569,242	2,455,205
Elder Advantage fees	28,034	28,190
Miscellaneous	395,766	361,744
	$ 7,392,461	$ 7,231,719

Provision for Discounts, Allowances and Estimated Contractual Adjustments under Third-Party Reimbursement Programs		
Medicare contractual adjustments	$ 191,684,190	$ 235,394,481
Medicaid contractual adjustments	49,282,345	35,599,857
Managed care discounts	301,293,471	244,910,384
Obstetric package discounts	-	337,315
	$ 542,260,006	$ 516,242,037

East Jefferson General Hospital
and Related Organizations

Statements of Revenue, Expenses and Changes in Net Assets Information
(Hospital Only)
Years Ended December 31, 2007 and 2006

	2007			
Departmental Expenses	**Salaries, Wages and Benefits**	**Purchased Services and Other**	**Supplies**	**Total**
Routine services:				
Medical and surgical	$ 27,003,137	$ 1,754,947	$ 3,249,586	$ 32,007,670
Intensive care	5,151,506	483,168	1,058,544	6,693,218
Coronary care	1,859,171	150,295	367,696	2,377,162
Psychiatric care	1,905,234	28,161	348,724	2,282,119
Nursery	4,300,944	300,540	512,674	5,114,158
Nursing administration	892,866	12,621	31,966	937,453
Rehabilitation	1,128,417	88,162	208,565	1,425,144
Skilled nursing facility	2,806,775	120,433	416,625	3,343,833
	45,048,050	2,938,327	6,194,380	54,180,757
Ancillary services:				
Ambulance	4,075,653	475,364	(1,407,376)	3,143,641
Anesthesiology	137,343	1,160,663	5,562,177	6,860,183
Blood bank	816,038	2,298,009	221,462	3,335,509
Cardiology	3,652,345	6,938,921	73,700	10,664,966
Central supply	458,546	1,082,720	562,537	2,103,803
Dialysis	-	10,041	759,118	769,159
Electroencephalography	76,849	6,203	2,121	85,173
Emergency services	4,483,995	835,581	1,954,705	7,274,281
Endoscopy	750,666	332,560	5,834	1,089,060
Labor and delivery	1,948,621	527,245	186,168	2,662,034
Laboratory	4,016,244	1,864,737	1,485,612	7,366,593
Magnetic resonance imaging	380,913	240,559	84,060	705,532
Operating and recovery	7,989,593	22,719,715	3,021,771	33,731,079
Occupational Medicine & Wellness Center	1,644,630	146,403	1,929,347	3,720,380
Pharmacy and IV solution	3,829,195	201,681	23,064,341	27,095,217
Physical therapy	3,479,481	88,901	328,679	3,897,061
Radiation therapy	1,000,862	98,131	(690,366)	408,627
Radiology	5,112,803	2,908,956	538,971	8,560,730
Respiratory care	3,704,513	577,723	1,002,904	5,285,140
Wound care center	479,479	177,716	30,701	687,896
	$ 48,037,769	$ 42,691,829	$ 38,716,466	$ 129,446,064

2006			
Salaries, Wages and Benefits	Purchased Services and Other	Supplies	Total
$ 25,731,187	$ 4,185,991	$ 1,415,614	$ 31,332,792
5,267,079	530,713	443,112	6,240,904
1,723,855	442,118	106,675	2,272,648
1,655,079	378,249	28,588	2,061,916
3,589,879	141,581	219,598	3,951,058
390,446	25,879	49,996	466,321
1,232,415	281,568	74,479	1,588,462
2,062,097	504,579	161,787	2,728,463
41,652,037	6,490,678	2,499,849	50,642,564
3,323,189	(841,465)	436,693	2,918,417
97,589	1,874,677	908,593	2,880,859
695,987	188,762	2,146,386	3,031,135
3,312,310	98,502	7,281,885	10,692,697
461,080	571,379	2,428,843	3,461,302
-	812,650	7,690	820,340
63,946	2,697	7,061	73,704
4,220,196	1,410,979	675,608	6,306,783
778,851	10,868	512,580	1,302,299
1,745,903	333,492	378,716	2,458,111
3,306,158	1,460,951	1,599,817	6,366,926
352,062	195,845	459,294	1,007,201
7,157,723	2,635,502	19,679,608	29,472,833
1,392,547	1,825,990	158,100	3,376,637
3,119,760	21,400,985	223,219	24,743,964
3,129,985	134,039	77,005	3,341,029
831,556	130,246	121,505	1,083,307
5,113,877	376,222	3,605,224	9,095,323
3,580,908	609,780	535,408	4,726,096
441,770	26,604	101,211	569,585
$ 43,125,397	$ 33,258,705	$ 41,344,446	$ 117,728,548

(Continued)

East Jefferson General Hospital
and Related Organizations

Statements of Revenue, Expenses and Changes in Net Assets Information
(Hospital Only) (Continued)
Years Ended December 31, 2007 and 2006

	2007			
Departmental Expenses	Salaries, Wages and Benefits	Purchased Services and Other	Supplies	Total
General services:				
Dietary and cafeteria	$ 2,454,560	$ 2,086,689	$ 205,301	$ 4,746,550
Housekeeping	2,334,989	474,848	769,057	3,578,894
Laundry	-	28,296	104,000	132,296
Plant engineering and security	3,444,222	627,284	4,939,670	9,011,176
Utilities	-	-	4,575,784	4,575,784
	8,233,771	3,217,117	10,593,812	22,044,700
Fiscal and administrative services:				
Accounting	613,540	6,956	(7,675)	612,821
Administration	13,484,430	454,576	14,679,235	28,618,241
Information systems	463,369	60,389	11,702,703	12,226,461
Education	160,298	5,753	89,923	255,974
Employee benefits	23,285,793	-	-	23,285,793
Financial support services	-	-	-	-
Insurance	-	-	3,110,516	3,110,516
Medical records	2,052,019	44,374	802,416	2,898,809
Miscellaneous	-	-	855,666	855,666
Patient accounts	2,906,530	32,244	3,116,487	6,055,261
Personnel	2,064,230	44,476	333,125	2,441,831
Physician's network	12,316,289	392,589	(102,273)	12,606,605
Printing and duplication	67,831	382,550	25,406	475,787
Professional fees	-	-	1,673,887	1,673,887
Public relations	1,256,467	92,207	2,750,991	4,099,665
Purchasing	357,993	2,537	11,325	371,855
Telephone service	233,948	907	-	234,855
Volunteer services	209,214	16,576	27,585	253,375
	59,471,951	1,536,134	39,069,317	100,077,402
Total	$ 160,791,541	$ 50,383,407	$ 94,573,975	$ 305,748,923

2006			
Salaries, Wages and Benefits	Purchased Services and Other	Supplies	Total
$ 2,438,167	$ 166,596	$ 2,138,843	$ 4,743,606
2,259,197	991,836	404,045	3,655,078
-	122,458	33,737	156,195
2,808,573	4,696,608	517,576	8,022,757
-	4,592,980	-	4,592,980
7,505,937	10,570,478	3,094,201	21,170,616
546,648	11,141	12,227	570,016
12,327,168	11,594,051	284,693	24,205,912
1,775,594	11,443,295	148,670	13,367,559
171,521	63,079	20,354	254,954
23,474,648	-	-	23,474,648
66,191	(1,172)	(338)	64,681
-	5,011,846	-	5,011,846
2,103,096	650,680	114,373	2,868,149
-	633,296	-	633,296
2,537,571	3,205,870	61,083	5,804,524
1,727,022	419,321	48,585	2,194,928
10,329,966	2,600,186	264,581	13,194,733
60,502	6,133	361,388	428,023
-	2,472,551	-	2,472,551
1,209,279	2,732,785	81,254	4,023,318
241,259	21,830	(61,804)	201,285
184,832	1,146	1,976	187,954
191,660	4,081	18,213	213,954
56,946,957	40,870,119	1,355,255	99,172,331
$ 149,230,328	$ 91,189,980	$ 48,293,751	$ 288,714,059

East Jefferson General Hospital
and Related Organizations

Hospital Statistics
Years Ended December 31, 2007 and 2006

	(Unaudited)	
	2007	2006
Total admissions	**21,523**	20,666
Inpatient admissions, excluding nursery	**17,867**	17,131
Nursery, newborn and neonatal	**2,241**	2,275
Total patient days of service	**128,212**	129,720
Inpatients, excluding nursery	**122,573**	124,562
Nursery, neonatal	**5,556**	3,981
Nursery, newborn	**5,639**	5,158
Special care units days of service, included in inpatient days of service above:		
Psychiatric unit	**7,215**	7,327
Rehabilitation unit	**4,217**	5,669
Skilled nursing facility unit	**9,465**	11,553
Average daily census	**351.2**	355.4
Inpatients, excluding nursery	**335.8**	341.3
Nursery, neonatal	**15.2**	10.9
Nursery, newborn	**15.4**	14.1
Percentage of occupancy, inpatients, excluding nursery	**78.3%**	75.2%
Medicare percentage of total patient days	**55.9%**	51.8%
Average length of stay (days):		
Inpatients, excluding nursery	**6.4**	6.7
Nursery, newborn and neonatal	**2.5**	23.5
Psychiatric unit	**8.7**	7.3
Rehabilitation unit	**16.0**	17.7
Skilled nursing facility unit	**12.6**	13.9

East Jefferson General Hospital
and Related Organizations

Hospital Statistics
Years Ended December 31, 2007 and 2006

	(Unaudited)	
	2007	2006
Ambulance runs	**18,986**	12,100
Anesthesiology cases	**14,178**	16,149
Blood bank units of service	**102,822**	100,852
Cardiology:		
Cath lab procedures	**11,452**	11,694
Noninvasive procedures	**68,918**	63,674
Deliveries, newborn	**2,586**	2,308
EEG tests	**1,706**	1,822
Emergency room visits	**50,784**	49,033
Endoscopy procedures	**10,562**	10,261
Laboratory units of service	**1,251,229**	1,220,786
Surgical hours	**26,329**	29,109
Open heart operations	**272**	301
Physical therapy relative value units	**83,353**	75,887
Recovery room visits	**10,277**	11,351
Respiratory care units of service	**350,122**	333,390
Radiology:		
Diagnostic exams	**87,489**	80,703
CT scans	**38,630**	34,001
Nuclear medicine exams	**12,089**	9,461
Ultrasonic procedures	**15,903**	14,508
Special procedures	**4,141**	4,660
MRI procedures	**8,380**	8,250
Full-time equivalent employees	**2,706**	2,420

McGladrey & Pullen
Certified Public Accountants

LaPorte Sehrt Romig Hand

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
East Jefferson General Hospital
Jefferson Parish, Louisiana

We have audited the combined basic financial statements of East Jefferson General Hospital and related organizations (Organization) as of and for the year ended December 31, 2007 and 2006, and have issued our report thereon dated April 29, 2008 and August 1, 2007, respectively. 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. We did not audit East Jefferson Radiation Oncology, LLC for the year ended December 31, 2007. We did not audit East Jefferson Ambulatory Surgery Center, LLC and the pension trust fund statements of East Jefferson General Hospital for the years ended December 31, 2007 and 2006. Those financial statements were audited by other independent auditors whose report thereon has been furnished to us and, our opinion on the combined basic financial statements is based solely upon the reports of other independent auditors.

The financial statements of East Jefferson Ambulatory Surgery Center, LLC, PET Scan Center of East Jefferson, LLC, East Jefferson Radiation Oncology, LLC and East Jefferson Cardiovascular Venture, LLC were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered East Jefferson General Hospital and related organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the East Jefferson General Hospital and related organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the East Jefferson General Hospital and related organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Jefferson General Hospital and related organizations' 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*.

We noted certain matters that we reported to management of East Jefferson General Hospital and related organizations in a separate letter dated April 29, 2008.

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

McGladrey & Pullen, LLP

Davenport, Iowa
April 29, 2008

LaPorte, Sehrt, Romig & Hand

Metairie, Louisiana
April 29, 2008

McGladrey & Pullen
Certified Public Accountants

LaPorte Sehrt Romig Hand

Board of Directors
East Jefferson General Hospital
Jefferson Parish, Louisiana

In connection with our audit of the financial statements of East Jefferson General Hospital as of and for the year ended December 31, 2007, we identified deficiencies in internal control over financial reporting (control deficiencies).

A control deficiency 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 financial statement misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to authorize, initiate, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Certain control deficiencies that have been previously communicated to you, in writing, by us or by others within your Organization are not repeated herein.

Following are descriptions of other identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

CURRENT YEAR RECOMENDATIONS

Fixed Assets

An employee is responsible for both receiving bids placed by third parties on capital assets being disposed of and the proceeds from these respective bidders. To strengthen internal controls over this process, we recommend these duties are performed by two separate individuals.

Management's Response: Management will work closely with the Purchasing and Materials Management Department to ensure separation of duties in the bid and disposal process on capital assets relating to third parties. Management will strengthen control over any proceeds to ensure the employee receiving the proceeds was not directly involved in the bid process.

Patient Accounts Receivable

During patient accounts receivable testing, we noted six of 44 patients tested did not have insurance cards on file. We recommend insurance cards be maintained for all patients to ensure appropriate billing.

<u>Management's Response</u>: Management will ensure there are adequate processes and follow up procedures in place in the Patient Financial Services Department and Health Information Management Department which are responsible for securing a copy of the patient's insurance card to ensure appropriate billing.

PRIOR YEAR RECOMMENDATIONS

External Financial Reporting for Related Organizations

In order for East Jefferson General Hospital's financial statements to be prepared 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*, the Hospital's financial statements need to be combined with other related organizations for which the Hospital has controlling ownership interest. The number of organizations has increased the past few years with PET Scan Center of East Jefferson, LLC formed in 2002, East Jefferson Ambulatory Surgery Center, LLC formed in 2004, and East Jefferson Radiation Oncology, LLC and East Jefferson Cardiovascular Venture, LLC both formed in 2006. Along with the increase in the number of organizations has come an increase in the number and complexity of related party transactions.

We understand that the Hospital's accounting department is not always processing the transactions and preparing the monthly financial statements for the related organizations as the organizations are having these services performed by others. We do, however, want to remind you that management of the Hospital needs to maintain oversight of these financial statements and is responsible for the financial reporting of these related organizations as their financial statements are combined with the Hospital for proper reporting in accordance with GAAP.

The accounting personnel of the Hospital should also have a direct relationship with the accountants for the related organizations so that inter-company transactions between the related organizations are properly recorded.

<u>Management's Response</u>: Management will work closely with all related organizations to ensure oversight and that proper accounting transactions are recorded timely and accurately prior to the year-end audit process.

Status – IN PROCESS.

Posting of Cash Receipts to Patient Accounts

As of December 31, 2006 the Hospital had received approximately $7 million of payments on patient accounts which had not yet been posted and applied to the patient accounts receivable subsidiary ledger. While the cash was properly deposited in the bank, and we are aware that some of this large unapplied balance may have been attributable to the new patient accounts system which was placed in service in the fall of 2006, we recommend that appropriate attention be given to this area so that all payments are applied to the patient accounts timely.

<u>Management's Response</u>: Management has retained the services of a consulting firm, which in conjunction with Project FOCUS is currently addressing this issue as part of the master plan relative to the revenue cycle cash acceleration and redesign plan. Management will ensure that all payments are applied to patient's accounts in a timely manner.

Status – IN PROCESS. As of December 31, 2007, there was $1,200,000 of unposted payments.

Location of Information Technology Equipment

We understand the Hospital's management is currently evaluating the cost versus the benefit of relocating some of the critical information technology equipment from the ground floor to an elevated location that would be safe from flooding. We commend management for this initiative and recommend the necessary resources be devoted to this very important initiative.

Management's Response: Management is attempting to acquire grant funding from the federal or state government or FEMA in order to start this initiative. Management will continue to try to find the funds for this project as the Hospital's financial position improves in the Post Katrina healthcare environment.

Status: UNRESOVLED.

Pharmacy Inventory

We understand that the Hospital conducts physical counts of its pharmacy inventory once a year (at the end of the fiscal year). The physical count amount is then compared to what is on the general ledger and the variance between the physical count and what is on the general ledger is then adjusted. In 2007 and 2006, the Hospital made an adjustment of approximately $1,200,000 and $1,100,000, respectively, in order to reconcile the physical count of the pharmacy inventory to the general ledger. We recommend either conducting physical inventory cycle counts periodically throughout the year (perhaps quarterly) or implementing a perpetual inventory system for pharmacy, particularly because pharmacy has such large volumes and high dollar amounts of items involved.

Management's Response: Management will ensure that the Pharmacy Department conducts physical inventory cycle counts during the fiscal year and that this process in monitored by Internal Audit.

Status: UNRESOVLED.

Arbitrage Calculation

The Hospital did not obtain a formal arbitrage rebate liability calculation related to Series 1993 and 1998 Revenue Bonds. Management has performed internal calculations to ensure that there is no potential arbitrage rebate liability related to these bonds; however, we wanted to make you aware of this required calculation.

Management's Response: Management has made the decision that obtaining a formal arbitrage rebate liability calculation would not be cost justified at this time.

Status: IN PROCESS – The calculation has not been performed.

PET Scan Center of East Jefferson, LLC

We noted several of the estimated useful lives assigned to capital assets owned by the PET Scan Center were not appropriate. We recommend that Hospital management work with the PET Scan Center to assign proper lives to the depreciable assets. If an agreement on the proper depreciable lives assigned cannot be reached, Hospital management should adjust the financial information being combined into the Hospital's financial statements to reflect the appropriate lives for these assets and the related depreciation.

Management's Response: Management will coordinate with the PET Scan Center to assure that appropriate lives are assigned to these depreciable assets.

Status: IN PROCESS – EJGH management has recorded additional depreciation expense to compensate for the incorrect depreciable lives; however, the appropriate lives have not been assigned in the depreciation subledger with the exception of the PET Scan machine.

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

McGladrey & Pullen, LLP

Davenport, Iowa
April 29, 2008

LaPorte, Sehrt, Romig & Hand

Metairie, Louisiana
April 29, 2008

East Jefferson General Hospital and Related Organizations

Single Audit Reporting

12.31.2007

Contents

Schedules

LAPORTE SEHRT
ROMIG HAND
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133

To the Board of Directors
East Jefferson General Hospital
Jefferson Parish, Louisiana

Compliance

We have audited the compliance of East Jefferson General Hospital 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 December 31, 2007. East Jefferson General Hospital'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 East Jefferson General Hospital's management. Our responsibility is to express an opinion on East Jefferson General Hospital'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 East Jefferson General Hospital'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 of East Jefferson General Hospital's compliance with those requirements.

In our opinion, East Jefferson General Hospital 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 December 31, 2007.

110 Veterans Memorial Boulevard, Suite 200, Metairie, LA 70005-4958 · 504.835.5522 · Fax 504.835.5535
5100 Village Walk, Suite 202, Covington, LA 70433-4012 · 985.892.5850 · Fax 985.892.5956
5153 Bluebonnet Boulevard, Suite B, Baton Rouge, LA 70809 · 225.296.5150 · Fax 225.296.5151
www.laporte.com

Internal Control Over Compliance

The management of East Jefferson General Hospital is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered East Jefferson General Hospital's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of East Jefferson General Hospital's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditure of Federal Awards

We have audited the combined basic financial statements of East Jefferson General Hospital and related organizations as of and for the year ended December 31, 2007, and have issued our report thereon dated April 29, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise East Jefferson General Hospital's combined basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the combined basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the combined basic financial statements taken as a whole.

This report is intended solely for the information and use of management, and Board of Directors, others within the entity, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities 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 of the State of Louisiana as a public document.

Schultz, Schmidt, Longo & Neal

A Professional Accounting Corporation

Metairie, Louisiana
May 28, 2008

East Jefferson General Hospital
And Related Organizations

Schedule Of Findings And Questioned Costs
Year Ended December 31, 2007

I. **Summary Of Independent Auditor's Results:**
Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

• Material weakness identified?	______ Yes	X No
• Significant Deficiency identified that is not considered to be a material weakness?	______ Yes	X None Reported
Noncompliance material to financial statements noted?	______ Yes	X No

Federal Awards

Internal control over major programs:

• Material weakness identified?	______ Yes	X No
• Significant Deficiency identified that is not considered to be a material weakness?	______ Yes	X None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

• Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	______ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
97.036	Department of Homeland Security Public Assistance Grants

Dollar threshold used to distinguish between
Type A and Type B programs $\quad$ $ 300,000

Auditee qualified as low-risk auditee? _____Yes __X__No

II. Findings Related To The Basic Financial Statements:

None

III. Findings And Questioned Costs For Federal Awards:

None

East Jefferson General Hospital
And Related Organizations

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2007

Prior Years' Findings Related to the Basic Financial Statements:

Finding 2006-1: The Hospital did not have a system in place to review the late charges charged to patient accounts.

Condition: The Hospital had approximately $4,668,000 of gross patient service revenue for late charges related to services provided during 2006, which were unrecorded as of year-end.

Context: Pervasive to all late charges on patient accounts.

Effect: Misstatement of the patient revenue and net patient receivables.

Recommendation: We recommend that the Hospital review the process for posting patient charges to reduce the number of late charges generated and ensure at year-end all patient charges are recorded in the appropriate accounting period.

Management Response and Corrective Action Plan: **Management is truly aware of the challenges involved when installing a major new information technology billing system due to the volume and dollar amounts of patient accounts receivable involved. Management in conjunction with outside consultants have updated polices, processes and reports which directly address this issue and will help monitor and properly capture and record late charges in the appropriate accounting period.**

Status: Resolved in the current year

Finding 2006-2: The Hospital had not complied with state filing requirements of their annual audit.

Condition: The annual audit report of the Hospital was not filed in a timely manner and in accordance with state laws and regulations.

Criteria: Louisiana Revised Statute 24:513 requires completion of the Hospital's annual audit within six months of the close of the Hospital's fiscal year.

Effect: Noncompliance with state law.

Recommendation: We recommend that the Hospital undertake measures to ensure that all information required to allow completion and submission of the audited financial statements within the required reporting deadline.

Management Response and Corrective Action Plan: **The delay in the issuance of the audited financial statements was due to the need to resolve certain issues related to the Hospital's bond covenant provisions.**

Status: **Resolved in the current year.**

East Jefferson General Hospital
And Related Organizations

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2007

Prior Years' Findings and Questioned Costs for Federal Awards:

None

East Jefferson General Hospital
And Related Organizations

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2007

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
United States Department of Homeland Security			
Pass-Through Awards:			
Federal Emergency Management Agency passed through the State of Louisiana, Office of Homeland Security and Emergency Preparedness			
Disaster Grants - Public Assistance	97.036	FEMA-1603-DR	$ 3,607,787
Total United States Department of Homeland Security			$ 3,607,787
Total Federal Assistance Expended			$ 3,607,787

CFDA = Catalog of Federal Domestic Assistance

See accompanying notes to schedule of expenditures of federal awards.

East Jefferson General Hospital
And Related Organizations

Notes To Schedule Of Expenditures Of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of East Jefferson General Hospital and related organizations 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. Therefore, some amounts in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.