

**ST. TAMMANY
HOSPITAL FOUNDATION**

Review of Financial Statements

December 31, 2012 and 2011

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Independent Accountant's Review Report

To the Board of Trustees
St. Tammany Hospital Foundation

We have reviewed the accompanying statements of financial position of St. Tammany Hospital Foundation as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "LaPorte" in a cursive script.

A Professional Accounting Corporation

Metairie, LA
April 19, 2013

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ST. TAMMANY HOSPITAL FOUNDATION
Statements of Financial Position
December 31, 2012 and 2011

	2012	2011
Assets		
Cash and Cash Equivalents	\$ 3,017,988	\$ 2,475,793
Certificates of Deposit	1,017,131	1,011,452
Restricted Cash - Donor Endowment Funds	192,475	188,908
Interest Receivable	876	6,392
Pledges Receivable, Net of Allowance of \$59,360 and \$6,920, as of December 31, 2012 and 2011, Respectively	309,591	362,473
Other Receivable	113	160
Marketable Securities	97,183	99,722
Interest in Charitable Remainder Trust	202,087	188,386
Artwork	14,490	14,490
Real Estate Held	229,500	229,500
	<hr/>	<hr/>
Total Assets	\$ 5,081,434	\$ 4,577,276
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Net Assets		
Liabilities		
Annuities Payable	\$ 71,417	\$ 77,286
	<hr/>	<hr/>
Total Liabilities	71,417	77,286
	<hr/>	<hr/>
Net Assets		
Unrestricted		
Undesignated	250,077	285,594
Board Designated-Endowment	1,923,086	1,879,857
Temporarily Restricted	2,644,379	2,145,631
Permanently Restricted	192,475	188,908
	<hr/>	<hr/>
Total Net Assets	5,010,017	4,499,990
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 5,081,434	\$ 4,577,276
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See accompanying notes and accountant's review report.

ST. TAMMANY HOSPITAL FOUNDATION
Statement of Activities
For the Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support				
Contributions	\$ 42,048	\$ 1,104,013	\$ 3,567	\$ 1,149,628
Uncollectible Pledge Provision	(52,545)	-	-	(52,545)
Interest and Dividends	12,186	-	-	12,186
Investment Gains and Losses, Net	7,233	-	-	7,233
Change in Value of				
Split-Interest Agreements	(830)	12,577	-	11,747
Net Asset Reclassification	(48)	48	-	-
Net Assets Released from Restrictions	617,890	(617,890)	-	-
	625,934	498,748	3,567	1,128,249
Expenses				
Program Services				
Contributions Awarded / Distributed	618,222	-	-	618,222
	618,222	-	-	618,222
Change in Net Assets	7,712	498,748	3,567	510,027
Net Assets, Beginning of Year	2,165,451	2,145,631	188,908	4,499,990
Net Assets, End of Year	\$ 2,173,163	\$ 2,644,379	\$ 192,475	\$ 5,010,017

See accompanying notes and accountant's review report.

ST. TAMMANY HOSPITAL FOUNDATION
Statement of Activities
For the Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support				
Contributions	\$ 125,096	\$ 710,712	\$ 4,288	\$ 840,096
Interest and Dividends	15,070	-	-	15,070
Investment Gains and Losses, Net	1,426	-	-	1,426
Change in Value of				
Split-Interest Agreements	-	18,256	-	18,256
Net Asset Reclassification	(2,870)	2,870	-	-
Net Assets Released from Restrictions	436,081	(436,081)	-	-
Total Revenues, Gains and Other Support	574,803	295,757	4,288	874,848
Expenses				
Program Services				
Contributions Awarded / Distributed	508,473	-	-	508,473
Total Expenses	508,473	-	-	508,473
Change in Net Assets	66,330	295,757	4,288	366,375
Net Assets, Beginning of Year	2,099,121	1,849,874	184,620	4,133,615
Net Assets, End of Year	\$ 2,165,451	\$ 2,145,631	\$ 188,908	\$ 4,499,990

See accompanying notes and accountant's review report.

ST. TAMMANY HOSPITAL FOUNDATION
Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities		
Changes in Net Assets	\$ 510,027	\$ 366,375
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities		
Provision for Uncollectible Pledges	52,545	-
Unrealized and Realized Gains, Net	(7,233)	(1,426)
Stock Donation	(16,143)	(8,824)
Interest Reinvested	(1,787)	(1,149)
Decrease in Pledges Receivables	337	115,003
Decrease (Increase) in Interest Receivable	5,516	(2,539)
Decrease in Other Receivable	47	59
Decrease in Due to Hospital	-	(35,286)
Change in Present Value of Gift Annuities	1,883	56,796
Increase in Assets Held in Charitable Remainder Trusts	(13,701)	(25,701)
Net Cash Provided by Operating Activities	531,491	463,308
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	27,702	8,916
Net Increase in Certificates of Deposit	(5,679)	(2,520)
Net Cash Provided by Investing Activities	22,023	6,396
Cash Flows from Financing Activities		
Beneficiary Distributions for Gift Annuities	(7,752)	(3,357)
Increase in Cash Restricted for Donor Endowment Funds	(3,567)	(4,288)
Net Cash Used in Financing Activities	(11,319)	(7,645)
Net Increase in Cash and Cash Equivalents	542,195	462,059
Cash and Cash Equivalents, Beginning of Year	2,475,793	2,013,734
Cash and Cash Equivalents, End of Year	\$ 3,017,988	\$ 2,475,793

See accompanying notes and accountant's review report.

ST. TAMMANY HOSPITAL FOUNDATION

Notes to Financial Statements

Note 1. Nature of Activities

The accompanying financial statements include the assets, liabilities, net assets and financial activities of the programs administered by the St. Tammany Hospital Foundation (the Foundation), a nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and as a nonprivate foundation under Section 509(a)(1) of the Internal Revenue Code of 1986. The Foundation was organized on February 19, 2003, to benefit St. Tammany Parish Hospital Service District No. 1 (the Hospital) through comprehensive fund development programs to support, develop, and expand its services, functions, purpose, and mission of providing quality community healthcare to Western St. Tammany Parish.

Cooperative Endeavor Agreement with St. Tammany Parish Hospital

The Foundation operates under a cooperative endeavor agreement with the Hospital. The Foundation is governed by a separate Board of Trustees. It is currently not considered a component unit of the Hospital under the criteria established by Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations Are Component Units* an Amendment of GASB Statement 14.

The Foundation and the Hospital entered into this agreement to assist the Foundation in achieving its purpose of benefitting the Hospital.

Under the terms of the agreement the Hospital assumes the obligation to provide administrative services, use of office space, equipment and supplies utilized in the Foundation's day to day operations. The Foundation's executive director is selected and employed by the Hospital, subject to the concurrence of the executive committee of the board of trustees of Foundation. The executive director reports to, and works in partnership with both the CEO of the Hospital and the Foundation board of trustees. While the Hospital is responsible for the administrative daily operations of the Foundation, the significant components of the grant making process, the donor solicitation process, and fund management process are considered trustee functions and are reserved exclusively to the Foundation.

The agreement, which became effective in 2008, replaced a similar previously executed agreement between the two entities, and may generally be terminated by either party with, or without cause, subject to the required notice provisions ranging from 30 to 60 days.

Cooperative endeavor expenditures incurred by the Hospital including costs associated with fundraising, and management and general expenses attributable to the agreement (and prior agreement) for the year ended December 31, 2012 and 2011, were \$491,818 and \$392,186, respectively.

Basis of Accounting

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

ST. TAMMANY HOSPITAL FOUNDATION

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Foundation's contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents.

Investments

The Foundation's investments in marketable securities with readily determinable fair values and all investments in debt securities (when present) are valued at their fair value in the statements of financial position. Unrealized and realized gains and losses are included in the change in net assets.

Real Estate Held

Investment property is comprised of land donated to the Foundation. These assets are recorded at fair market value at the time of the donation.

Contributed Support

The Foundation reports contributed support as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support.

Contributions that are restricted by the donors are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation.

ST. TAMMANY HOSPITAL FOUNDATION

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Foundation is exempt from federal tax under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. Gifts to the Foundation are tax deductible.

Fair Values of Financial Instruments

The Foundation follows the provisions of FASB ASC Topic 820, *Fair Value Measurements*. Under FASB ASC Topic 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FASB ASC Topic 820 establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3 - Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement (see Note 10).

The Foundation's measurements of fair value are made on a recurring basis, and their valuation techniques for assets and liabilities recorded at fair value are as follows:

Mutual funds/common stock - The fair value is the market value based on quoted market prices.

Municipal bonds - The fair value is the market value based on quoted market prices or, for less active markets, market prices provided by recognized broker dealers.

Interest in charitable remainder trust - Fair value for the contribution receivable from a beneficial interest in a charitable remainder trust (Level 3) is determined by calculating the present value of the future distributions expected to be received, using published life expectancy tables and an annually adjusted discount rate.

ST. TAMMANY HOSPITAL FOUNDATION

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Concentration of Credit and Market Risk

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution. The Foundation has not experienced any losses on its cash investments. Except for the investment in a non-publicly traded company, the Foundation's investments do not represent significant concentrations of market risk inasmuch as the Foundation's investment portfolio is adequately diversified among issuers, industries, and geographic regions.

Note 3. Investments

Currently the Foundation invests principally in certificates of deposits and other instruments reported as cash equivalents. Investments consist of mutual fund investments, fixed income securities and stock which are presented in the financial statements at fair value based on quoted prices in active markets. Market risk could occur and is dependent on the future changes in market prices of the various investments held.

Note 4. Split - Interest Agreements

The Foundation's split-interest agreements at December 31, 2012 and 2011, include a charitable remainder trust, and seven charitable gift annuities. The charitable remainder trust is held by a third party trustee. The donors of the charitable gift annuities contributed those assets directly to the Foundation.

The charitable remainder trust provides for the payment of distributions of all income earned by the trust's investments to designated income beneficiaries over the life of those beneficiaries. At the end of the trust's term, 50% the remaining assets will be available for the Foundation's use with the remaining 50% due to an unrelated organization. The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded as a temporarily restricted contribution in the Statement of Activities in the period the trust is established. An asset representing the Foundation's interest in the charitable remainder trust has been recognized at the present value of the expected future cash flow payments.

Changes in fair market value of the charitable remainder trust are reflected as changes in net assets in the Foundation's statements of activities. The present value of the Foundation's estimated 50% interest in the trust's remainder totals \$202,087 and \$188,386, as of December 31, 2012 and 2011, respectively, and is calculated using applicable mortality tables and an estimated discount rate of 1.2% and 1.6%, respectively. All amounts are considered to be long-term since the dates of the distribution of the trusts are uncertain. No allowance for uncollectible receivables has been recorded. Management deems all contributions of the trust to be fully collectible.

ST. TAMMANY HOSPITAL FOUNDATION

Notes to Financial Statements

Note 4. Split - Interest Agreements (Continued)

During 2011, three additional gift annuity agreements were created for a total of seven. Under each of these agreements, the Foundation accepted a donation and, in return, agreed to pay a fixed amount per year until the annuitant's death. The annual payments are expected to be approximately \$7,752 during the coming year. The original donations totaling \$115,574 are included in cash and cash equivalents as of December 31, 2012 and 2011, respectively. The present value of estimated future payments, based on life expectancies, of \$71,417 and \$77,286, as of December 31, 2012 and 2011, respectively, are included in annuities payable in the Foundation's statement of financial position.

Note 5. Unrestricted - Board Designated Net Assets

Unrestricted - board designated net assets are attributable to board established (designated) funds that are detailed in Note 9.

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following as of December 31, 2012 and 2011:

	2012	2011
Restricted for Life of Income Beneficiaries:		
Charitable Remainder Trust Interest	\$ 202,087	\$ 188,386
Permanent Endowment Income Earned	-	-
Total Time Restrictions	202,087	188,386
Purpose Restrictions:		
Pediatrics	772,707	402,232
Parenting	306,632	311,990
Community Wellness	230,859	304,503
Miscellaneous Directed Gifts	214,783	138,467
Cancer Care	189,859	81,939
Hospice	171,223	118,166
STPH Employee Benevolent Fund	166,271	148,253
Facility and Technology Expansion	128,262	162,001
Healing Arts	120,076	139,647
Oncology	77,758	100,149
Education	49,273	32,788
Building Expansion Initiative	7,325	7,325
Employee Education	6,365	9,236
Breast Center	899	549
Total Purpose Restrictions	2,442,292	1,957,245
Total Temporarily Restricted Net Assets	\$ 2,644,379	\$ 2,145,631

ST. TAMMANY HOSPITAL FOUNDATION

Notes to Financial Statements

Note 7. Release of Restricted Assets

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the expiration of time during the year ended December 31, 2012 and 2011 as follows:

	2012	2011
Net Assets Released from Restrictions:		
Parenting	\$ 127,133	\$ 140,217
Mary Bird Perkins	118,484	-
Community Wellness	87,068	19,756
Miscellaneous Directed Gifts	79,323	147,349
Healing Arts	50,014	21,291
Pediatrics	42,123	2,450
Facility and Technology Expansion	40,096	10,622
STPH Employee Benevolent Fund	29,010	26,736
Oncology	23,388	38,014
Hospice	8,620	13,816
Education	7,681	15,830
Employee Education	4,950	-
Total Net Assets Released from Restrictions	\$ 617,890	\$ 436,081

Note 8. Permanently Restricted Net Assets

Permanently restricted net assets consisted of donor restricted endowment funds totaling \$192,475 and \$188,908, as of December 31, 2012 and 2011, respectively.

Note 9. Endowment Composition

The State of Louisiana enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective August 15, 2010, the provisions of which apply to endowment funds existing on or established after that date. The Board of Directors has determined that the Foundation's permanently restricted net assets meet the definition of endowment funds under UPMIFA. The Foundation's endowment includes donor-restricted funds. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

ST. TAMMANY HOSPITAL FOUNDATION

Notes to Financial Statements

Note 9. Endowment Composition (Continued)

The Foundation has interpreted the State of Louisiana's UPMIFA as requiring the preservation of the fair value of the original gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed in UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Net Asset Classification - The Board of Trustees has designated a portion of unrestricted net assets to function as a board designated endowment. The Board's current policy is to designate 75% of unrestricted contributions each year to the board designated endowment to support the mission of the Foundation. Since these amounts result from an internal designation and are not donor-restricted, it is classified and reported as unrestricted net assets. In accordance with U.S. generally accepted accounting principals, contributions restricted by donors for endowment purposes are classified and reported as permanently restricted net assets.

Endowment Investment Spending Policies - The Foundation's investment spending policy is that all income earned on the board designated endowment fund is to be reinvested and used for purposes, stipulated by the Board of Trustees. Absent donor stipulations, income from donor restricted endowments is reinvested in the board designated endowment fund.

Endowment Investment Policies - The Foundation's investment policy is that all endowed funds will be maintained and managed by Management within their cash and investment pool and in accordance with their investment policies. Each endowment fund participates in the income and return of the pool on a per share basis commensurate with its contribution to the pool.

Funds with Deficiencies - From time to time, the fair value of assets associated with the individual donor endowment funds may fall below the level that the donor or state statutes require the Foundation to retain as a fund of perpetual duration. In accordance with U.S. generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were \$2,918 and \$2,870, as of December 31, 2012 and 2011, respectively. The deficiencies resulted from change in estimated life expectancies for the beneficiaries of the gift annuities included in the endowment.

ST. TAMMANY HOSPITAL FOUNDATION

Notes to Financial Statements

Note 9. Endowment Composition (Continued)

The Foundation's maintains both board designated and donor restricted endowment funds. Endowment net asset composition by fund type as of December 31, 2012 and 2011, is as follows:

		Temporarily	Permanently	
	Unrestricted	Restricted	Restricted	Total
2012				
Board Designated Endowment	\$ 1,923,086	\$ -	\$ -	\$ 1,923,086
Donor Restricted Endowments	(2,918)	-	192,475	189,557
Total	\$ 1,920,168	\$ -	\$ 192,475	\$ 2,112,643
2011				
Board Designated Endowment	\$ 1,879,857	\$ -	\$ -	\$ 1,879,857
Donor Restricted Endowments	(2,870)	-	188,908	186,038
Total	\$ 1,876,987	\$ -	\$ 188,908	\$ 2,065,895

A summary of the changes in the Foundation's endowment net assets for the year ended December 31, 2012 and 2011, is as follows:

		Temporarily	Permanently	
	Unrestricted	Restricted	Restricted	Total
2012				
Net Assets, Beginning of Year	\$ 1,876,987	\$ -	\$ 188,908	\$ 2,065,895
Investment Return				
Interest Income	3,806	-	-	3,806
Change in Split				
Interest Agreements	-	(48)	-	(48)
Contributions and Designations	39,423	-	3,567	42,990
Reclassification	(48)	48	-	-
Net Assets, End of Year	\$ 1,920,168	\$ -	\$ 192,475	\$ 2,112,643
2011				
Net Assets, Beginning of Year	\$ 1,735,092	\$ 573	\$ 184,620	\$ 1,920,285
Investment Return				
Interest Income	6,114	-	-	6,114
Change in Split				
Interest Agreements	-	(3,443)	-	(3,443)
Contributions and Designations	138,651	-	4,288	142,939
Reclassification	(2,870)	2,870	-	-
Net Assets, End of Year	\$ 1,876,987	\$ -	\$ 188,908	\$ 2,065,895

ST. TAMMANY HOSPITAL FOUNDATION

Notes to Financial Statements

Note 10. Fair Value Measurements

Fair values of assets measured on a recurring basis at December 31, 2012, are as follows:

Description	Fair Value	Fair Value Measurements at Reporting Date Using		
		Markets for Identical Assets/Liabilities (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Municipal Bonds	\$ 35,318	\$ -	\$ 35,318	\$ -
Mutual Funds	61,865	61,865	-	-
Interest in Charitable Remainder Trust	202,087	-	-	202,087
Total	\$ 299,270	\$ 61,865	\$ 35,318	\$ 202,087

Fair values of assets measured on a recurring basis at December 31, 2011, are as follows:

Description	Fair Value	Fair Value Measurements at Reporting Date Using		
		Markets for Identical Assets/Liabilities (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Municipal Bonds	\$ 44,324	\$ -	\$ 44,324	\$ -
Mutual Funds/Common Stock	55,398	55,398	-	-
Interest in Charitable Remainder Trust	188,386	-	-	188,386
Total	\$ 288,108	\$ 55,398	\$ 44,324	\$ 188,386

Fair values for marketable securities are determined by reference to quoted market prices and other relevant information generated by market transactions.

ST. TAMMANY HOSPITAL FOUNDATION

Notes to Financial Statements

Note 10. Fair Value Measurements (Continued)

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Interest in Charitable Remainder Trust

Balance at December 31, 2010	\$ 162,685
Change in Value of Split-Interest Agreement	<u>25,701</u>
Balance at December 31, 2011	188,386
Change in Value of Split-Interest Agreement	<u>13,701</u>
Balance at December 31, 2012	<u>\$ 202,087</u>

The interest in the trust above was established and recognized by the Foundation in the 4th quarter of 2008. Change in value of the interest in the trust will be recognized annually in the Foundation's statement of activities as a component of the change in value of split-interest agreements. Change in value is attributable to the revaluation of the interest based on applicable mortality tables and current market conditions and is included in the change in temporarily restricted net assets.

Note 11. Uncertain Tax Positions

The Foundation follows the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB Accounting Standards Codification. All tax returns have been appropriately filed by the Foundation. The Foundation recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Foundation's Federal tax returns for 2009, 2010 and 2011 are subject to audit by the IRS, generally for three years after they were filed. The Foundation is not currently under examination by any taxing authority. As of December 31, 2012, management evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Note 12. Subsequent Events

Management has evaluated subsequent event through the date the financial statements were available to be issued, April 19, 2013, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Trustees of
St. Tammany Hospital Foundation
Covington, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of St. Tammany Hospital Foundation, the Legislative Auditor, State of Louisiana, and applicable state grantor agency solely to assist the users in evaluating management's assertions about St. Tammany Hospital Foundation's compliance with certain laws and regulations during the year ended December 31, 2012 included in the accompanying *Louisiana Attestation Questionnaire*. Management of St. Tammany Hospital Foundation is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

St. Tammany Hospital Foundation had no Federal awards for the reporting period. St. Tammany Hospital Foundation did receive "non-financial" assistance through a cooperative endeavor agreement with St. Tammany Parish Hospital Service District No. 1 (the Hospital) in the amount of \$491,819. That assistance is in the form of expenditures incurred by the Hospital under the terms of the agreement.

NEW ORLEANS HOUSTON BATON ROUGE COVINGTON

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The McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. The McGladrey Alliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

2. In accordance with the cooperative endeavor agreement between the St. Tammany Hospital Foundation (the Foundation) and St. Tammany Parish Hospital Service District No. 1 (the Hospital) the cost of the Foundation's fundraising and day to day administration are incurred by the Hospital. Those expenditures are subject to the disbursement controls of the Hospital and are included in the annual audit of the Hospital for the year ended December 31, 2012. Because of the nature of the cooperative endeavor agreement, we haphazardly selected six grant award disbursements that were disbursed from the Foundation's bank accounts during the year ended December 31, 2012.

3. For the items selected in procedure 2, we traced the six disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, we determined if the six disbursements were properly coded to the correct fund and account.

All six of the payments were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, we determined whether the six disbursements received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the appropriate level of management.

6. For the items selected in procedure 2, we determined whether the disbursements complied with the terms of the cooperative endeavor agreement:

Activities allowed or unallowed:

We reviewed the previously mentioned disbursements for types of grant awards stipulated in the cooperative endeavor agreement for activities allowed or not allowed. All six of the disbursements tested appear to be allowable under the agreement.

Reporting:

We reviewed the previously mentioned disbursements for reporting requirements. No exceptions were noted.

Meetings

- 7. We examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

We noted that the Foundation posts a notice of each meeting on a bulletin board in a prominent location in the Hospital.

Comprehensive Budget

- 8. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

The Foundation as mentioned, receives in-kind assistance from the Hospital under the terms of the cooperative endeavor agreement exceeding \$5,000 in value. We noted that the Hospital was provided with a comprehensive budget for the Foundation’s grant making programs. This budget specified the anticipated uses of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

Prior Comments and Recommendations

- 9. Not applicable.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of St. Tammany Hospital Foundation, the Legislative Auditor (State of Louisiana), and the applicable state grantor agency and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Metairie, LA 70005
April 19, 2013

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-Public Entities)

Dear Chief Executive Officer:

Attached is the *Louisiana Attestation Questionnaire* that is to be completed by you or your staff. This questionnaire is a required part of the review and attestation engagement of Louisiana quasi-public entities. Upon completion, the questionnaire must be presented to and adopted by the governing body, if any, of your organization by means of a formal resolution in an open meeting. Independently elected governmental officials should sign the document, in lieu of such a resolution. In all instances, this compliance questionnaire is to be given to the auditor at the start of the audit; it is not necessary to return the questionnaire to my office.

The completed questionnaire and a copy of the adoption instrument, if appropriate, **must be given to the auditor at the beginning of the engagement**. The auditor will, during the course of his engagement, perform certain agreed-upon procedures to the responses in the questionnaire.

Certain portions of the questionnaire may not be applicable to your organization. In such cases, it is appropriate to mark the representation "not applicable." However, you must respond to each applicable representation. A 'yes' answer indicates that you have complied with the applicable law or regulation. A 'no' answer to any representation indicates a possible violation of law or regulation and, as such, should be fully explained. These matters will be reviewed by the auditor during the course of his engagement. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Steve J. Theriot, CPA
Legislative Auditor

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)

December 31, 2012 (Date Transmitted)

LAPORTE, SEHRT, ROMIG, HAND

111 VETERANS MEMORIAL BLVD SUITE 600

METAIRIE, LA 70005 (Auditors)

In connection with your review of our financial statements as of **December 31, 2012** and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of _____ (date of completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes [] No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes [] No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [] No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [] No []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes [] No []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [] No []

Prior Year Comments

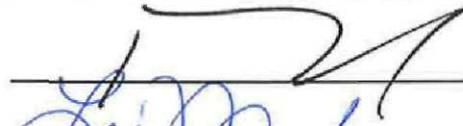
We have resolved all prior-year recommendations and/or comments.

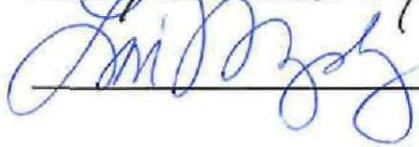
Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

Secretary _____ Date


Secretary/Treasurer 2-17-13 Date


Chairman 2/26/13 Date