

St. Helena Community Health Center
Greensburg, Louisiana
June 30, 2008

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.

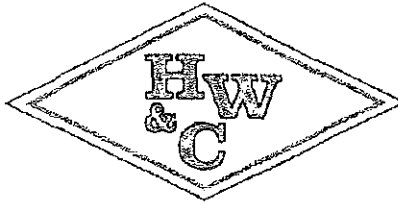
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February 2, 2009

Independent Auditor's Report

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

Members of the Board:

We have audited the accompanying statements of financial position of the

**St. Helena Community Health Center
(A Non Profit Organization)
Greensburg, Louisiana**

as of June 30, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the St. Helena Community Health Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the St. Helena Community Health Center as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2009, on our consideration of the St. Helena Community Health Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 important in assessing the results of our audit.

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

Yours truly,
Hawthorn, Waymouth & Carroll, L.L.P.

St. Helena Community Health Center
 Statements of Financial Position
 June 30, 2008 and 2007

Assets	<u>2008</u>	<u>2007</u>
Current Assets		
Cash and cash equivalents	\$1,111,075	\$474,846
Patient receivables (net of estimated uncollectibles of \$313,397 and \$247,114 at June 30, 2008 and 2007, respectively)	182,928	88,033
Grants receivable	46,585	31,889
Inventory	29,600	22,287
Prepaid expenses	37,055	20,501
Deposits	<u>14,925</u>	<u>14,925</u>
<u>Total current assets</u>	1,422,168	652,481
Property and equipment, net	1,008,905	1,082,395
Goodwill	<u>114,000</u>	<u>114,000</u>
<u>Total assets</u>	<u>2,545,073</u>	<u>1,848,876</u>
Liabilities and Net Assets		
Current Liabilities		
Current portion of notes payable related parties	30,837	31,160
Current portion of notes payable	30,518	26,330
Accounts payable	32,394	42,808
Accrued expenses	145,338	105,118
Deferred revenue	<u>624,000</u>	<u>13,000</u>
<u>Total current liabilities</u>	<u>863,087</u>	<u>218,416</u>
Long-term Debt		
Notes payable, related parties	170,569	201,407
Notes payable	<u>391,778</u>	<u>422,207</u>
<u>Total long-term debt</u>	<u>562,347</u>	<u>623,614</u>
<u>Total liabilities</u>	1,425,434	<u>842,030</u>
Net Assets		
Unrestricted	1,105,918	971,080
Temporarily restricted	<u>13,721</u>	<u>35,766</u>
<u>Total net assets</u>	1,119,639	<u>1,006,846</u>
<u>Total liabilities and net assets</u>	<u>2,545,073</u>	<u>1,848,876</u>

The accompanying notes are an integral part of these statements.

St. Helena Community Health Center
 Statements of Activities
 Years Ended June 30, 2008 and 2007

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	2008 <u>Total</u>	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	2007 <u>Total</u>
Revenue and Other Support						
Net patient revenue	\$1,263,243		\$1,263,243	\$995,182		\$995,182
Federal grant	1,941,526		1,941,526	1,395,526		1,395,526
School based clinic	288,467		288,467	367,532		367,532
Interest income from non- federal grant monies				2,707		2,707
Other	13,000		13,000	285,647		285,647
Net assets released from restrictions in satisfaction of program restrictions	<u>22,045</u>	<u>(\$22,045)</u>	<u> </u>	<u>41,840</u>	<u>(\$41,840)</u>	<u> </u>
<u>Total revenue and other support</u>	<u>3,528,281</u>	<u>(22,045)</u>	<u>3,506,236</u>	<u>3,088,434</u>	<u>(41,840)</u>	<u>3,046,594</u>
Expenses						
Program services	2,163,115		2,163,115	1,791,453		1,791,453
Management and general	<u>1,230,328</u>	<u> </u>	<u>1,230,328</u>	<u>994,150</u>	<u> </u>	<u>994,150</u>
<u>Total expenses</u>	<u>3,393,443</u>	<u> </u>	<u>3,393,443</u>	<u>2,785,603</u>	<u> </u>	<u>2,785,603</u>
Changes in Net Assets	134,838	(22,045)	112,793	302,831	(41,840)	260,991
Net Assets, beginning of year	<u>971,080</u>	<u>35,766</u>	<u>1,006,846</u>	<u>668,249</u>	<u>77,606</u>	<u>745,855</u>
Net Assets, end of year	<u>1,105,918</u>	<u>13,721</u>	<u>1,119,639</u>	<u>971,080</u>	<u>35,766</u>	<u>1,006,846</u>

The accompanying notes are an integral part of these statements.

St. Helena Community Health Center
Statements of Functional Expenses
Years Ended June 30, 2008 and 2007

	<u>June 30, 2008</u>			<u>June 30, 2007</u>		
	<u>Management</u>	<u>Program</u>	<u>Total</u>	<u>Management</u>	<u>Program</u>	<u>Total</u>
Salaries and Related Expenses						
Salaries	\$442,833	\$1,392,567	\$1,835,400	\$367,820	\$1,222,190	\$1,590,010
Employee fringe benefits	95,783	181,613	277,396	64,652	135,816	200,468
Payroll taxes	<u>34,768</u>	<u>112,861</u>	<u>147,629</u>	<u>59,147</u>	<u>80,848</u>	<u>139,995</u>
<u>Total salaries and related expenses</u>	<u>573,384</u>	<u>1,687,041</u>	<u>2,260,425</u>	<u>491,619</u>	<u>1,438,854</u>	<u>1,930,473</u>
General Expenses						
Professional fees	25,458		25,458	14,751		14,751
Supplies	67,870	121,252	189,122	56,430	84,124	140,554
Telephone	11,776	38,927	50,703	19,632	19,633	39,265
Postage	1,346	4,507	5,853	5,464	2,946	8,410
Rent	66,080		66,080	2,133	3,858	5,991
Utilities	4,718	15,794	20,512	8,709	8,709	17,418
Repairs and maintenance	12,978	139,347	152,325	65,431	68,988	134,419
Printing and publications	5,195	17,391	22,586	33,332		33,332
Travel	26,477	14,824	41,301	12,570	12,721	25,291
Conferences, conventions and meetings	3,555		3,555	2,726		2,726
Interest	49,163		49,163	46,943		46,943
Contractual services	15,823	93,558	109,381	27,042	105,370	132,412
Consulting services	44,373		44,373			
Insurance	9,615	21,625	31,240	6,388	21,282	27,670
Staff training	7,164	7,241	14,405	19,280	4,308	23,588
Contributions				20,000		20,000
Strategic planning				16,400		16,400
Professional promotion	27,598		27,598	10,178		10,178
Internet access	10,314		10,314	7,463	8,311	15,774
Miscellaneous	5,765	1,608	7,373	4,417	3,410	7,827
Bad debts	153,640		153,640	43,262		43,262
Depreciation	<u>108,036</u>		<u>108,036</u>	<u>79,980</u>	<u>8,939</u>	<u>88,919</u>
<u>Total general expenses</u>	<u>656,944</u>	<u>476,074</u>	<u>1,133,018</u>	<u>502,531</u>	<u>352,599</u>	<u>855,130</u>
<u>Total functional expenses</u>	<u>1,230,328</u>	<u>2,163,115</u>	<u>3,393,443</u>	<u>994,150</u>	<u>1,791,453</u>	<u>2,785,603</u>

The accompanying notes are an integral part of these statements.

St. Helena Community Health Center
Statements of Cash Flows
Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$112,793	\$260,991
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	108,036	88,919
Bad debt expense	153,640	521,308
Changes in operating assets and liabilities		
(Increase) decrease in		
Patient receivables	(248,535)	(500,192)
Grants receivable	(14,696)	(28,008)
Inventory	(7,313)	(5,188)
Prepaid expenses	(16,554)	3,717
Deposits		(14,925)
Increase (decrease) in		
Accounts payable	(10,414)	9,232
Accrued expenses	40,220	(5,035)
Deferred revenue	<u>611,000</u>	<u>13,000</u>
<u>Net cash provided by operating activities</u>	<u>728,177</u>	<u>343,819</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	<u>(34,546)</u>	<u>(252,310)</u>
<u>Net cash (used by) investing activities</u>	<u>(34,546)</u>	<u>(252,310)</u>
Cash Flows From Financing Activities		
Principal reduction of long-term debt	(26,241)	(25,950)
Principal reduction of long-term debt related parties	<u>(31,161)</u>	<u>(29,349)</u>
<u>Net cash (used by) financing activities</u>	<u>(57,402)</u>	<u>(55,299)</u>
Net Increase in Cash and Cash Equivalents	636,229	36,210
Cash and Cash Equivalents, beginning of period	<u>474,846</u>	<u>438,636</u>
Cash and Cash Equivalents, end of period	<u>1,111,075</u>	<u>474,846</u>
Supplemental Disclosures		
Interest paid	<u>41,570</u>	<u>41,779</u>
Income taxes	<u>None</u>	<u>None</u>

The accompanying notes are an integral part of these statements.

St. Helena Community Health Center
Notes to Financial Statements
June 30, 2008

Note 1-Nature of Operations

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

Note 2-Summary of Significant Accounting Policies

A. Basis of Accounting and Presentation

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

The Center has adopted Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, The Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted assets. Unrestricted net assets include those net assets whose use by The Center is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Temporarily restricted net assets are those assets whose use by The Center has been limited by donors to (a) later periods of time or other specific dates, or (b) to specified purposes. Permanently restricted net assets are those net assets received with donor-imposed restrictions limiting The Center's use of the assets. The Center does not have any permanently restricted net assets.

B. Use of Estimates

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

C. Cash and Cash Equivalents

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

D. Patient Receivables and Allowance for Uncollectible Accounts

Patient receivables are carried at the original billed amount less an estimate for uncollectible accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for uncollectible accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Patient receivables are written-off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

St. Helena Community Health Center
Notes to Financial Statements
June 30, 2008

Note 2-Summary of Significant Accounting Policies (Continued)

E. Inventories of Supplies

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

F. Property and Equipment

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

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

Expenditures for major additions of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

G. Goodwill

Goodwill represents the excess of the cost of the purchased Kentwood Medical Clinic over the fair value of the net assets at the date of acquisition. In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill and intangible assets deemed to have indefinite lives will no longer be amortized, but will be subject to periodic impairment tests in accordance with the Statement. The Center will test goodwill annually for impairment. There was no change in the carrying amount of goodwill during the years ended June 30, 2008 and 2007.

H. Net Patient Revenue

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

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

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

I. Grant Revenue

Government grants, which are considered exchange transactions, are recognized as revenue when allowable costs are incurred to provide the services as provided for under the terms of the grant agreements. Advances under the grants are recorded as deferred income until such time as they are recognized as revenue.

St. Helena Community Health Center
Notes to Financial Statements
June 30, 2008

Note 2-Summary of Significant Accounting Policies (Continued)

J. Income Tax

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

K. Advertising Costs

Advertising costs are expensed as incurred.

L. Designations of Net Assets

Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments. Designations may be reversed by the board of directors at any time. There were no designated net assets as of June 30, 2008 and 2007.

Note 3-Property and Equipment

A summary of property and equipment additions, retirements, and balances for the year ended June 30, 2008, is as follows:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Retire-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2008</u>
Non-depreciable Capital Assets				
Land	\$78,000			\$78,000
<u>Total non-depreciable capital assets</u>	<u>78,000</u>			<u>78,000</u>
Depreciable Assets				
Building	898,096			898,096
Furniture and fixtures	55,531	\$5,308		60,839
Office equipment	466,270	8,724		474,994
Medical equipment	218,239	12,153		230,392
Leasehold improvements	<u>3,384</u>	<u>8,361</u>		<u>11,745</u>
<u>Total depreciable capital assets</u>	<u>1,641,520</u>	<u>34,546</u>		<u>1,676,066</u>
Less Accumulated Depreciation				
Building	(103,066)	(33,837)		(136,903)
Furniture and fixtures	(42,428)	(4,199)		(46,627)
Office equipment	(305,293)	(58,262)		(363,555)
Medical equipment	(182,954)	(11,366)		(194,320)
Leasehold improvements	<u>(3,384)</u>	<u>(372)</u>		<u>(3,756)</u>
<u>Total accumulated depreciation</u>	<u>(637,125)</u>	<u>(108,036)</u>		<u>(745,161)</u>
<u>Total depreciable capital assets, net</u>	<u>1,004,395</u>	<u>(73,490)</u>		<u>930,905</u>
<u>Total capital assets, net</u>	<u>1,082,395</u>	<u>(73,490)</u>		<u>1,008,905</u>

St. Helena Community Health Center
Notes to Financial Statements
June 30, 2008

Note 3-Property and Equipment (Continued)

A summary of property and equipment additions, retirements, and balances for the year ended June 30, 2007, is as follows:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Retire-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2007</u>
Non-depreciable Capital Assets				
Land	\$78,000			\$78,000
<u>Total non-depreciable capital assets</u>	<u>78,000</u>			<u>78,000</u>
Depreciable Assets				
Building	834,294	\$63,802		898,096
Furniture and fixtures	51,281	4,250		55,531
Office equipment	307,746	158,524		466,270
Medical equipment	192,504	25,735		218,239
Leasehold improvements	<u>3,384</u>			<u>3,384</u>
<u>Total depreciable capital assets</u>	<u>1,389,209</u>	<u>252,311</u>		<u>1,641,520</u>
Less Accumulated Depreciation				
Building	(70,855)	(32,211)		(103,066)
Furniture and fixtures	(38,063)	(4,365)		(42,428)
Office equipment	(261,889)	(43,404)		(305,293)
Medical equipment	(174,014)	(8,940)		(182,954)
Leasehold improvements	<u>(3,384)</u>			<u>(3,384)</u>
<u>Total accumulated depreciation</u>	<u>(548,205)</u>	<u>(88,920)</u>		<u>(637,125)</u>
<u>Total depreciable capital assets, net</u>	<u>841,004</u>	<u>163,391</u>		<u>1,004,395</u>
<u>Total capital assets, net</u>	<u>919,004</u>	<u>163,391</u>		<u>1,082,395</u>

Note 4-Long-Term Debt

A schedule of changes in St. Helena Community Health Center's long-term debt at June 30, 2008 is as follows:

	<u>Balance</u> <u>June 30,</u> <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30,</u> <u>2008</u>	<u>Amount</u> <u>due within</u> <u>one year</u>
Note payable	\$448,537		(\$26,241)	\$422,296	\$30,518
Notes payable - related party	<u>232,567</u>		<u>(31,161)</u>	<u>201,406</u>	<u>30,837</u>
<u>Total notes payable</u>	<u>681,104</u>		<u>(57,402)</u>	<u>623,702</u>	<u>61,355</u>

St. Helena Community Health Center
Notes to Financial Statements
June 30, 2008

Note 4-Long-Term Debt (Continued)

A schedule of changes in St. Helena Community Health Center's long-term debt at June 30, 2007 is as follows:

	Balance June 30, <u>2006</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2007</u>	Amount due within <u>one year</u>
Note payable	\$474,487		(\$25,950)	\$448,537	\$26,330
Notes payable - related party	<u>261,916</u>		<u>(29,349)</u>	<u>232,567</u>	<u>31,160</u>
<u>Total notes payable</u>	<u>736,403</u>		<u>(55,299)</u>	<u>681,104</u>	<u>57,490</u>

Long-term debts consists of the following:

Note Payable

Note payable to Bank of Greensburg which was refinanced in March 2007. Interest at 6.5% secured by land and building. Payable in monthly principal and interest installments of \$4,559, with the balance of \$374,286 due March 1, 2010.

Note Payable - Related Party

Three unsecured notes payable to Carlton S. Faller, M.D., former owner and seller of Kentwood Medical Clinic and a current employee. Payable in monthly principal and interest (6%) installments of \$3,689. Two notes mature in 2009 and one note matures in 2024.

Maturities for the following five years are as follows:

2009	\$61,355
2010	399,074
2011	7,746
2012	8,224
2013	8,731
Thereafter	<u>138,572</u>
	<u>623,702</u>

Note 5-Temporarily Restricted Net Assets

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

	<u>2008</u>	<u>2007</u>
Cash received from State of Louisiana for new building	\$13,721	\$35,561
School Based Health Newsletter	<u> </u>	<u>205</u>
	<u>13,721</u>	<u>35,766</u>

St. Helena Community Health Center
Notes to Financial Statements
June 30, 2008

Note 6-Pension Plan-Defined Contribution

The Center began participating in a defined contribution plan in March, 2005 which is governed by Section 403(b) of the Internal Revenue Code. The plan covers substantially all of its employees who meet eligibility requirements. Contributions to the plan are based on 5% of the employees annual salary. The amount of the pension expense under this plan was \$42,735 and \$22,102 for the years ended June 30, 2008 and 2007, respectively.

Note 7-Medical Malpractice Claims

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

Note 8-Concentrations of Credit Risk

The Center depends significantly on grant revenue to carry out its program activities. The grant is approved through June 30, 2008. The Center is located in Greensburg, Louisiana and grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. Revenue from patients and third-party payors was as follows:

	<u>2008</u>	<u>2007</u>
Medicare	16%	19%
Medicaid	28%	19%
Sliding fee/private pay	33%	39%
Third party insurance	<u>23%</u>	<u>23%</u>
	<u>100%</u>	<u>100%</u>

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

Note 9-Contingencies - Grant Program

The Center participates in federal and state grant programs, which are governed by various rules and regulations. Costs charged to the grant programs are subject to audit and adjustment by the grantor agency; therefore, to the extent that the Center has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and The Center.

St. Helena Community Health Center
Notes to Financial Statements
June 30, 2008

Note 10-Economic Dependency

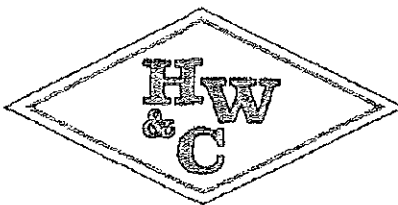
The Center receives the majority of its revenue from funds provided by the U.S. Department of Health and Human Services Community Health Center Program. All funds received under the grant are federal funds and are appropriated each year by the federal government. If significant budget cuts are made at the federal level, the amount of funds received by the Center could be reduced by an amount that could adversely impact its operations. Management is not aware of any actions that have been taken or are proposed to be taken by the federal government that will adversely impact the Center's grant for the coming fiscal year.

Note 11-Board of Directors Compensation

The Board of Directors is a voluntary board; therefore, no compensation or per diem has been paid to any Director.

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

J. CHARLES PARKER, C.P.A.
LOUIS C. McKNIGHT, III, C.P.A.
CHARLES R. PEVEY, JR., C.P.A.
DAVID J. BROUSSARD, C.P.A.



CERTIFIED PUBLIC ACCOUNTANTS

8555 UNITED PLAZA BLVD., SUITE 200
BATON ROUGE, LOUISIANA 70809
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February 2, 2009

**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Directors
St. Helena Community Health Center
Baton Rouge, Louisiana

Members of the Board:

We have audited the financial statements of St. Helena Community Health Center as of and for the year ended June 30, 2008, and have issued our report thereon dated February 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Helena Community Health Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of St. Helena Community Health Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of St. Helena Community Health Center's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant 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 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2008-1, 2008-2, 2008-3, 2008-4, 2008-5, 2008-6 and 2008-7 to be significant deficiencies in internal control over financial reporting.

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 and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2008-3 and 2008-6 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Helena Community Health Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

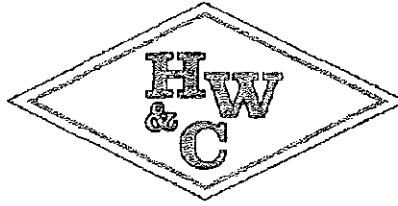
This report is intended solely for the information and use of the Board of Directors, management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised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

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.

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February 2, 2009

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

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

Members of the Board:

Compliance

We have audited the compliance of the St. Helena Community Health Center (A Non-Profit Organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. St. Helena Community Health Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of St. Helena Community Health Center's management. Our responsibility is to express an opinion on St. Helena Community Health Center's compliance based on our audit.

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

As described in item 2008-6 in the accompanying schedule of findings and questioned costs, St. Helena Community Health Center did not comply with requirements regarding cash management that are applicable to its U.S. Department of Health and Human Services Community Health Center Program. Compliance with such requirements is necessary, in our opinion, for St. Helena Community Health Center to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, St. Helena Community Health Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal over compliance that we consider to be a significant deficiency and a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2008-6 to be a significant deficiency.

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. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 2008-6 to be a material weakness.

St. Helena Community Health Center's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the St. Helena Community Health Center's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, 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 as a public document.

Yours truly,
Hawthorne, Weymouth & Carroll, L.L.P.

St. Helena Community Health Center
 Schedule of Federal Awards
 Year Ended June 30, 2008

Note 1-Basis of Presentation

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

<u>Federal Agency/Program</u>	<u>C.F.D.A. Number</u>	<u>Expenditures</u>
U. S. Department of Health and Human Services		
Community Health Center Program	93.224	\$1,941,526
Substance Abuse Clinic	93.959	<u>57,690</u>
<u>Total Department of Health and Human Services</u>		<u>1,999,216</u>
<u>Total expenditures of federal awards</u>		<u>1,999,216</u>

**St. Helena Community Health Center
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2008**

Summary of Auditor's Results

- A. The auditor's report expresses an unqualified opinion on the financial statements of St. Helena Community Health Center.
- B. Significant deficiencies 2008-1 through 2008-7 relating to the audit of the financial statements are reported in the 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*. Significant deficiencies 2008-3 and 2008-6 are considered a material weaknesses.
- C. No instances of noncompliance material to the financial statements of the St. Helena Community Health Center were disclosed during the audit.
- D. Significant deficiency 2008-6 relating to the audit of the major federal awards programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 as a material weakness.
- E. The auditor's report on compliance for the major federal award program for St. Helena Community Health Center expresses a qualified opinion.
- F. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
- G. The program tested as a major program included:

<u>Program</u>	<u>C.F.D.A. #</u>
U.S. Department of Health and Human Services Community Health Center Program	93.224

- H. The threshold used for distinguishing between Type A and B programs was \$300,000.
- I. St. Helena Community Health Center did not qualify as a low risk auditee.

St. Helena Community Health Center
Summary Schedule of Current Year Audit Findings
Year Ended June 30, 2008

Findings - Financial Statement Audit

Internal Controls

Questioned
Costs

Finding 2008-1 Lack of Documentation for Travel Expenses

Condition

Lack of documentation for employees' and board members' travel expenses. \$5,513
This is a prior year finding.

Recommendation

Attach documentation to the travel expense report.

Management's Response

Effective July 1, 2008, St. Helena Community Health Center's Board adopted new travel policies consistent with the audit recommendation mandating proper documentation prior to reimbursement to St. Helena Community Health Center employees and/or Board members.

Finding 2008-2 No Approval for Travel Expenses

Condition

Lack of approval for employees' and board members' travel expenses.
This is a prior year finding.

Recommendation

Travel expense reports should be approved by the Executive Director.

Management's Response

Effective July 1, 2008, St. Helena Community Health Center's Board adopted new travel policies consistent with the audit recommendation. Prior approval is mandated for all employees and Board travel must be approved through full disclosure, discussion and approval by the St. Helena Community Health Center's Board.

Finding 2008-3 Reconciliation of Accounts Receivable Subsidiary to General Ledger

Condition

The Center is not reconciling the general ledger to the accounts receivable subsidiary.
The general ledger was adjusted by \$303,485 on June 30, 2008. This is a prior year finding.

Recommendation

The Center needs to reconcile general ledger to the subsidiary on a monthly basis.

Management's Response

Effective July 1, 2008, St. Helena Community Health Center hired new management for fiscal affairs and operations, and all general ledger activities are now reconciled monthly by St. Helena Community Health Center's fiscal staff and reviewed by FCG staff for accuracy and timely actions.

St. Helena Community Health Center
Summary Schedule of Current Year Audit Findings
Year Ended June 30, 2008

Findings - Financial Statement Audit (Continued)

Questioned
Costs

Internal Controls (Continued)

Finding 2008-4 No Pay Rate Authorization

Condition

An employee was being paid an hourly rate that differs from the approved pay rate in the personnel file.

Recommendation

Employees should be paid the approved rate in their personnel file.

Management's Response

All personnel files are under review for salary and wage descriptions, updated job descriptions and St. Helena Community Health Center's Board will consider approval of an updated step-based salary and wage scale at February meeting. All pay increases and pay assignment (new hires) require review and approval by the CEO.

Finding 2008-5 Lack of a Complete Set of Minutes

Condition

The Center could not locate minutes for the May board meeting.

Recommendation

The Center should keep minutes for all board meetings.

Management's Response

Effective July 1, 2008, all St. Helena Community Health Center's Board minutes are maintained in a designated Board file, as well as the CEO office file, and in a data format in a secure administrative folder on St. Helena Community Health Center's network.

Finding 2008-6 Excess Draw Down of Grant Award

Condition

Grant funds have been drawn down in excess of amount awarded.

Recommendation

The Center should prepare a financial status report quarterly and determine whether additional funds should be requested.

Management's Response

St. Helena Community Health Center disagrees with this finding. The amount drawn down was based on funds availability as demonstrated in the DPMS-272 reports and system (complete documentation was provided to auditors). The interim management made a

St. Helena Community Health Center
Summary Schedule of Current Year Audit Findings
Year Ended June 30, 2008

Findings - Financial Statement Audit (Continued)

Questioned
Costs

Internal Controls (Continued)

Finding 2008-6 Excess Draw Down of Grant Award (Continued)

Management's Response (Continued)

decision to fund obligations relative to previous and planned operational services (dental, management, provider recruitment, equipment). These obligations have now been paid or pending payment (Albany dental site renovation). The NOGA referenced serves only as authorization for what has been obligated by BPHC for the budget period indicated, but does not serve as the sole source of what can and cannot be spent by the St. Helena Community Health Center (i.e. rollover or carry-over of prior period funding) during a fiscal period.

Finding 2008-7 Late Filing

Condition

The audit report is to be submitted to the Legislative Auditor's office no more than six months after the end of the fiscal year.

Recommendation

Planning and preparation should be made to anticipate circumstances which would delay report beyond the required filing date.

Management's Response

Current St. Helena Community Health Center's management and the St. Helena Community Health Center's Board will address timely engagement of auditor to assure timely filing for all local, state and federal compliance.

St. Helena Community Health Center
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2008

Findings - Financial Statement Audit

Internal Controls	Questioned <u>Costs</u>
<i>Finding 2007-1 Lack of Documentation for Travel Expenses</i>	
Condition	
Lack of documentation for employees' and board members' travel expenses. This is a prior year finding.	\$2,437
Recommendation	
Attach documentation to the travel expense report.	
Management's Response	
All travel related documentation will be attached to the travel expense report along with approval and a copy of any checks paid to the employees and/or board members.	
Status	
This finding repeats as finding 2008-1 in 2008.	

Finding 2007-2 No Approval for Travel Expenses

Condition	
Lack of approval for employees' and board members' travel expenses. This is a prior year finding.	
Recommendation	
Travel expense reports should be approved by the Executive Director.	
Management's Response	
There were a couple of checks which had missing forms approving the travel expenses, but the expenses were reviewed upon signing the check to pay for the expenses. All checks will have an attached signed approval sheet in their accounts payable file to accompany the check stub.	
Status	
This finding repeats as finding 2008-2 in 2008.	

St. Helena Community Health Center
 Summary Schedule of Prior Year Audit Findings
 Year Ended June 30, 2008

Findings - Financial Statement Audit (Continued)

Questioned
Costs

Internal Controls (Continued)

Finding 2007-3 Reconciliation of Accounts Receivable Subsidiary to General Ledger Condition

The Center is not reconciling the general ledger to the accounts receivable subsidiary. The general ledger balance at June 30, 2008 was \$301,189 different than the subsidiary ledger balance. This is a prior year finding.

Recommendation

The Center needs to reconcile general ledger to the subsidiary on a monthly basis.

Management's Response

The general ledger will be reconciled to the subsidiary on a monthly basis by the Chief Financial Officer.

Status

This finding repeats as finding 2008-3 in 2008.

Finding 2007-4 Irregularities

Condition

The following items are attributable to one former employee:

- | | |
|---|---------|
| a) A check was signed by someone other than the Executive Director. Per discussion with the Executive Director, it is believed that the former employee forged the signature. | \$144 |
| b) Insufficient FICA and Medicare taxes were being withheld from the former employee's paycheck. | \$550 |
| c) The former employee's personnel file was missing. | |
| d) The former employee made \$28,323 of personal purchases using a Center credit card. The Center is only responsible for \$9,765 of this amount. Additionally, he applied for another credit card in the Center's name and made charges of \$9,215 which the Center is not responsible for and will not have to pay. | \$9,765 |
| e) The former employee stole two paychecks by altering the direct deposit information from one bank account into his own bank account. | \$6,967 |
| f) Upon termination from the Center, the former employee was paid for 62 hours more vacation than he earned. | \$942 |

Recommendation

- a) Bank statements should be received unopened by the Executive Director, and the cancelled checks should be reviewed for reasonableness and proper authorization.
- b) The payroll should be reviewed to determine that correct withholding amounts are withheld.

St. Helena Community Health Center
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2008

Findings - Financial Statement Audit (Continued)

Questioned
Costs

Internal Controls (Continued)

Finding 2007-4 Irregularities (Continued)

Recommendation (Continued)

- c) Personnel files should be kept in a secure area by the Executive Director.
- d) Credit cards should only be used by approved personnel and all expenditures should be reviewed by management.
- e) All electronic fund transfers should be reviewed and approved by management.
- f) Management should review vested vacation time paid to employees upon termination.

Management's Response

- a) Bank statements will be given to the Executive Director unopened for review and approval of its contents prior to anyone else receiving the statements.
- b) We have outsourced our payroll function to a third party company so as to have more controls in place.
- c) Personnel files will be locked up by the Executive Director.
- d) We no longer have any company credit cards.
- e) We outsourced our payroll and will confirm with the bank the amount of fund transfers after each payroll.
- f) We have outsourced our payroll function to a third party company so as to have company so as to have more controls in place.

Status

This finding does not repeat in 2008.

Finding 2007-5 No Pay Rate Authorization

Condition

An employee was being paid an hourly rate that differs from the approved pay rate in the personnel file. We feel that this is an isolated incidence.

Recommendation

Employees should be paid the approved rate in their personnel file.

Management's Response

Personnel Action Authorization Forms will be put into all employee files to document pay increases. Management feels that this is an isolated incidence.

Status

This finding repeats as finding 2008-4 in 2008.