

**ST. THOMAS HEALTH SERVICES, INC.
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEARS ENDED
DECEMBER 31, 2005 and 2004**

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

Release Date 11-22-06

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SILVA & ASSOCIATES, LLC

Certified Public Accountants

Craig A. Silva, CPA
Brent A. Silva, CPA
Tom A. Gurtner, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Thomas Health Services, Inc.

We have audited the accompanying statement of financial position of **St. Thomas Health Services, Inc.** (a non-profit corporation) as of December 31, 2005 and the related statements of activities functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of **St. Thomas Health Services, Inc.** Our responsibility is to express an opinion on these financial statements based on our audit. The Financial Statements of **St. Thomas Health Services, Inc.** as of December 31, 2004 were audited by other Auditors whose report dated April 25, 2005, expressed an unqualified opinion on these financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards 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 an 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 audit provides 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 **St. Thomas Health Services, Inc.** as of December 31, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
St. Thomas Health Services, Inc.
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The accompanying financial statements have been prepared assuming that **St. Thomas Health Services, Inc** will continue as a going concern. As discussed in Note 14 to the financial statements, **St. Thomas Health Services, Inc** has suffered losses from operations and has a net asset deficiency, which raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 14. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2006 on our consideration of **St. Thomas Health Services, Inc.**'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants as of and for the year ended December 31, 2005. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.



OCTOBER 31, 2006

ST. THOMAS HEALTH SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2005 AND 2004

	2005	2004
ASSETS		
Cash and cash equivalents (NOTE 13)	\$ 37,988	\$ 74,530
Grants receivable	-	58,225
Other assets	1,453	9,317
Investments	5,754	2,961
Furniture, equipment and building improvements, net of accumulated depreciation of \$756,572 and \$719,593 in 2005 and 2004 (NOTE 2)	1,953	38,931
Total assets	\$ 47,148	\$ 183,964
LIABILITIES		
Accounts payable and accrued liabilities	\$ 69,548	\$ 69,594
Notes payable (NOTE 10)	35,246	33,394
Deferred revenue	-	5,789
Total liabilities	104,794	108,777
CONTINGENCY (NOTE 11)	-	-
NET ASSETS (DEFICIT) (NOTE 2)		
Unrestricted	(84,549)	11,306
Unrestricted - fixed assets	1,953	38,931
Permanently restricted	24,950	24,950
Total net assets	(57,646)	75,187
Total liabilities and net assets	\$ 47,148	\$ 183,964

The accompanying notes are integral part of these financial statements.

ST. THOMAS HEALTH SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005			2004		
	Health Care	Management and General	Total Expenses	Health Care	Management and General	Total Expenses
Salaries, related payroll taxes and benefits	\$ 521,196	\$ 108,268	\$ 629,464	\$ 785,555	\$ 162,494	\$ 948,049
Insurance	42,018	9,475	51,493	40,173	9,614	49,787
Other	32,570	41,794	74,364	26,972	2,295	29,267
Professional fees and contract services	95,448	17,911	113,359	107,563	20,015	127,578
Repairs and maintenance	6,749	1,081	7,830	6,318	1,007	7,325
Supplies	63,527	1,696	65,223	112,482	2,884	115,366
Interest	-	2,475	2,475	-	1,967	1,967
Postage	1,226	301	1,527	1,743	432	2,175
Travel	7,442	1,232	8,674	4,834	801	5,635
Lab testing and diagnostics	10,212	-	10,212	18,496	-	18,496
Depreciation	-	36,978	36,978	-	38,560	38,560
Utilities	24,754	7,269	32,023	25,200	7,378	32,578
Meetings and conferences	1,115	431	1,546	2,384	922	3,306
Total expenses	\$ 806,257	\$ 228,911	\$ 1,035,168	\$ 1,131,720	\$ 248,369	\$ 1,380,089

The accompanying notes are an integral part of these financial statements.

ST. THOMAS HEALTH SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ (132,833)	\$ 28,712
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	36,978	38,560
Unrealized Gain on Investments	(2,793)	(475)
Change in operating assets and liabilities:		
Decrease in other assets and grants receivable	66,089	34,351
Decrease in accounts payable and accrued liabilities	(46)	(44,586)
Decrease in deferred revenue	(5,789)	-
	<u>(38,394)</u>	<u>57,512</u>
Net cash (used in) provided by operating activities		
<u>Cash Flows from Financing Activities</u>		
Repayment of notes payable	(9,854)	(1,222)
Proceeds from notes payable	(11,706)	8,428
	<u>1,852</u>	<u>7,206</u>
Net cash provided by financing activities		
Net (decrease) increase in cash	(36,542)	63,768
Cash at the beginning of the year	<u>74,530</u>	<u>10,762</u>
Cash at the end of the year	<u>\$ 37,988</u>	<u>\$ 74,530</u>
Supplemental Disclosure for Cash Flow Purposes:		
Interest paid	<u>\$ 2,302</u>	<u>\$ 1,967</u>

The accompanying notes are an integral part of these financial statements.

ST. THOMAS HEALTH SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 Organization:

St. Thomas Health Services, Inc. (*St. Thomas*) is a community-based, nonprofit, primary health clinic that provides ambulatory health care services, including diagnostic testing and medications, to the medically indigent of the St. Thomas Irish Channel Community and other areas of New Orleans.

St. Thomas was founded in 1987 to improve the health status in the service area with major emphasis being placed on disease prevention.

Start-up funds, equipment, as well as on-going financial support for the operation of *St. Thomas* in a neighborhood where 70-80% of the residents are uninsured and where 25% of the patients are homeless, have been obtained primarily from private sources and various grants. *St. Thomas* also makes use of support services offered by neighboring social service agencies and hospital such as Hope House, Kingsley House, Bridge House and the New Orleans medical community. *St. Thomas* also lends its support through the provision of specialized laboratory testing, diagnostic services and hospitalization services at low or no cost.

St. Thomas is governed by a ten (10) member Board of Directors all of whom serve until their resignation or removal from the Board.

In order to assist in meeting its goals and mission of providing services as a primary health care clinic, *St. Thomas* has applied for and has been awarded several government grants. During the years ended December 31, 2005 and 2004, *St. Thomas* received and administered the following governmental grants and programs:

- **Maternal and Child Health Care Program**

This program, funded by a grant from the State of Louisiana, Department of Health and Hospitals, provided services as follows:

- Comprehensive Pediatric care to a defined number of children

ST. THOMAS HEALTH SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 Organization, Continued:

- **Maternal and Child Health Care Program, Continued**

- Comprehensive health care to a defined number of adult women and adolescents of child bearing age;
- Social work and nutritionist services;
- Coordination of maternal and child health services offered at *St. Thomas* with CIC and Medicaid; and
- Development of outreach programs to increase access to primary health care.

- **Community Development Block Grant**

This program funded by the City of New Orleans:

- Provides medical services;
- Identifies adolescents and their families for recruitment/ outreach services;
- Provides health education; and
- Provides counseling and referrals.

- **Family Planning**

This program funded by the State of Louisiana, Department of Health and Hospitals provides family planning service to persons requesting them. The services also include pregnancy testing and referrals.

- **Institute of Mental Hygiene**

This program funded by the Institute of Metal Hygiene provides mental health services to children, adolescents and their families.

- **Eye, Ear, Nose & Throat (EENT)**

This program funded by the EENT Foundation, a non-profit foundation, provides eye, ear, nose and throat care for qualified indigent and uninsured patients at normal costs.

ST. THOMAS HEALTH SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies:

Principles of Accounting

St. Thomas is a non-profit, community based health clinic whose financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liability at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Reporting

In accordance with the provision of Statement of Financial Accounting Standards (SFAS) No. 117 which established standards for external financial reporting by not-for-profit organizations, *St. Thomas* classifies resources for accounting and reporting purposes into three net asset categories which are unrestricted, temporarily restricted and permanently restricted net assets according to externally (donor) imposed restrictions.

A description of the three net asset categories is as follows:

- Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of *St. Thomas* are included in this category. *St. Thomas* has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of *St. Thomas* and, therefore, *St. Thomas*' policy is to record these net assets as unrestricted.

ST. THOMAS HEALTH SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Basis of Reporting, Continued

- Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor imposed restrictions have not been met.
- Permanently restricted net assets are contributions which are required by the donor- imposed restriction to be invested in perpetuity and only the income be made available for program operation in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions.

At December 31, 2005 and 2004, *St. Thomas* did not have any temporarily restricted net assets.

Furniture, Equipment and Building Improvements

Furniture, equipment and building improvements of **St. Thomas** are recorded as assets and are stated at historical costs, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	5 years
Building improvements	15 years

ST. THOMAS HEALTH SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Furniture, Equipment and Building Improvements, Continued

Such assets and related accumulated depreciation consist of the following:

	<u>2005</u>	<u>2004</u>
Furniture and Fixtures	\$164,041	\$164,041
Leasehold improvements	425,677	425,677
Machinery and equipment	168,806	168,806
Accumulated depreciation	<u>(756,571)</u>	<u>(719,593)</u>
Net fixed assets	<u>\$1,953</u>	<u>\$38,931</u>

Support and Revenues

Revenues received under government grant programs are recognized when earned.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

ST. THOMAS HEALTH SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Cash Equivalents

For purposes of the Statements of Cash Flow, *St. Thomas* considers all investments purchased with a maturity of three months or less to be cash equivalents. *St. Thomas* had no cash equivalents at December 31, 2005 and 2004.

Reclassifications

Certain prior year amounts have been reclassified in these financial statements to conform to the current year's presentation.

NOTE 3 - Economic Dependency:

The primary source of revenue for *St. Thomas* is federal, state and local grants provided through various funding agencies. The continued success of *St. Thomas* is dependent upon the renewal of contracts from current funding sources as well as obtaining new funding.

NOTE 4 - Unrestricted Contributions:

Contributions consist of donations made to *St. Thomas* to provide support to the operation of *St. Thomas* as well as to fund specific projects as designed by the donor or the Board of Directors.

ST. THOMAS HEALTH SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Government Grants:

St. Thomas is the recipient of various government grants. Included in government grant revenues are funds disbursed from several funding sources to provide funds for the implementation of various community programs as well as to support the operations of *St. Thomas*. The method of payment on the grants is cost reimbursement.

NOTE 6 - Patient Revenues:

St. Thomas provides medical assistance to eligible Medicaid and medicare recipients and receives reimbursements from the State of Louisiana's Department of Health and Human Services for claims submitted in conjunction with those services provided. Reimbursements for Medicaid and medicare claims submitted for the years ended December 31, 2005 and 2004 totaled \$64,428 and \$139,617, respectively and are included in patient revenues.

NOTE 7 - Building Lease:

In January, 1991, *St. Thomas* executed a fifteen (15) year lease agreement with the Society of Redemptorists Order for the use of a building located at 1020 St. Andrew Street. The terms of the lease require *St. Thomas* to be responsible for the complete renovation of the building, upkeep and maintenance of the property, utilities and insurance coverage for the building and its contents.

ST. THOMAS HEALTH SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - Building Lease, Continued:

Additionally, *St. Thomas* will not be required to pay any monthly rental expense. The amount of the related fair value of such arrangement has not been determined at this time, therefore no amounts have been recognized in the statements of activities for donated facilities.

The building is to be used solely for the purpose of a neighborhood primary health care facility.

NOTE 8 - Pension Plan:

Certain employees of *St. Thomas* participated in a 401(k) Pension Plan which was established during January 2003. The plan is funded by employee deductions which were not required to be matched by *St. Thomas*. Due to significant turnover and curtailment of employees after Hurricane Katrina this plan was terminated in December 2005.

NOTE 9 - Income Taxes:

St. Thomas is exempt from federal income taxes through Section 501(c) (3) of the Internal Revenue Code.

NOTE 10 - Notes Payable:

The following is a summary of the notes payable at December 31, 2005:

Note payable to a bank, secured by the Executive Director with an interest rate of 8.5% paid at Maturity on January 4, 2006	\$20,146
Note payable to bank, secured by a certificate of Deposit with an interest rate of 3% with a Maturity of January 20, 2006	<u>15,099</u>
TOTAL	<u>\$35,245</u>

ST. THOMAS HEALTH SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - Contingency:

St. Thomas is a recipient of several grants and awards of Federal and State funds. These grants and awards are governed by various Federal and State guidelines, regulations, and contractual agreements.

The administration of the program and activities funded by these grants and awards is under the contract and administration of *St. Thomas* and is subject to audit and/or review by the applicable funding sources. Any grant or award funds found to be not properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

NOTE 12 - Fair Value of Financial Instruments:

The estimated fair value of all significant financial statement amount have been determined by *St. Thomas* using available market information and appropriate valuation methodologies.

St. Thomas considers the carrying amounts of cash and cash equivalents, grants receivable, and notes payable to be fair value.

NOTE 13 - Restricted Cash:

On June 28, 1996, *St. Thomas* received a \$25,000 contribution from the Fannie Mae Foundation in which the interest income is to be utilized to establish a revolving loan fund for expectant mothers who are uninsured and not eligible for federal or local government assistance with their health care. Such funds are recorded as permanently restricted net assets. The funds are maintained in a certificate of deposit included in cash and cash equivalents.

NOTE 14- Going Concern

The accompanying financial statements have been prepared assuming that *St. Thomas* will continue as a going concern. *St. Thomas* has suffered losses from operations and has a net asset deficiency, which raise substantial doubt about its ability to continue as a going concern. Management's plan in regard to this matter is to vigorously continue to obtain grants and contributions and control the expenditures. Subsequent to year end *St. Thomas* has received several grants that will allow them to operate until early 2007. Continued support will be necessary in order for *St. Thomas* to continue operations at it current level.

SILVA & ASSOCIATES, LLC

Certified Public Accountants

Craig A. Silva, CPA
Brent A. Silva, CPA
Tom A. Gurtner, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
St. Thomas Health Service, Inc.

We have audited the financial statements of **St. Thomas Health Services, Inc. (St Thomas)** as of and for the year ended December 31, 2005, and have issued our report thereon dated October 31, 2006. 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.

Compliance

As part of obtaining reasonable assurance about whether *St. Thomas'* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

Substantially all of St. Thomas records relating to compliance as well as substantially all corroborating evidence in support of compliance with grants were destroyed or lost as a result of Hurricane Katrina. The records that remain are not sufficient to permit the application of auditing procedures that would be adequate for determining compliance with the grant requirements.

The results of our audit procedures disclosed instances of noncompliance with the requirements referred to above, and in accordance with Government Audit Standards are reported in the accompanying "Schedule of Findings and Questioned Costs."

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Thomas' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amount that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting with we have reported to management of St. Thomas in a separate letter October 31, 2006.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, federal awarding agencies, and pass-through entities and it's 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.

Silva & Associates, LLC

October 31, 2006

ST. THOMAS HEALTH SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Section 1 – Summary of Auditor’s Results

1. Type of report issued on the financial statements: **Unqualified.**

2. Did the audit disclose any reportable conditions in internal control: **None Reported.**

3. Were any of the reportable conditions material weaknesses: **Not Applicable.**

4. Did the audit disclose any noncompliance which is material to the financial statements of the organization: **None Reported.**

5. Did the audit disclose any reportable conditions in internal control over major programs: **Not Applicable.**

6. Were any of the reportable conditions in internal control over major programs material weaknesses: **Not Applicable.**

7. Type of report issued on compliance for major programs: **Not Applicable.**

8. Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a): : **Not Applicable.**

9. The following is an identification of major programs: **Not Applicable.**

ST. THOMAS HEALTH SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Section 1 – Summary of Auditor’s Results, Continued

10 The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 520(b) was \$300,000.

11 Did the auditee qualify as a low-risk auditee under OMB Circular A-133, Section 530:
Not Applicable.

Section II – Financial Statement Findings

No matters reported.

Section III – Findings and Questioned Costs

Finding No. 06-1

Statement of Condition: The Grant Administration files have been destroyed or lost as a result of Hurricane Katrina.

Criteria: Several grants require certain restrictive uses and have certain reporting requirements.

Effect of Condition: The documents were not available to verify compliance with grant regulations.

Cause of Condition: The effects of Hurricane Katrina destroyed grant files.

Recommendation: The management of the facility should comply with requirements of all grants during 2006.

ST. THOMAS HEALTH SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Section III – Findings and Questioned Costs, Continued

Finding No. 06-2

Statement of Condition: The facility did not timely file its required reports with the Legislative Auditor as a result of Hurricane Katrina.

Criteria: Regulations require statements and reports to be filed 180 days after year end.

Effect of Condition: Compliance with filing deadlines has not been met.

Cause of Condition: Reconstruction of accounting records for the Fiscal year was delayed due to the effects of Hurricane Katrina.

Recommendation: The management of the facility should adhere to the policies in 2006.

ST. THOMAS HEALTH SERVICES, INC.
STATUS OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Resolved</u>	<u>Unresolved</u>
Financial Statement Findings		
None reported		
Federal Awards Findings and Questioned Costs		
None reported		
Management Letter Comments		
04-MLC-01 Operating Deficits		X
04-MLC-02 Employee Advances	X	
04-MLC-03 Fixed Assets		X

ST. THOMAS HEALTH SERVICES, INC.

EXIT CONFERENCE

An exit conference was held with the following in attendance:

ST. THOMAS HEALTH SERVICES, INC.

Dr. Donald Erwin	--- Executive Director
Ms. Kim Beetz	--- Operations Manager
Mr. Charles Hirling	--- Accountant

SILVA & ASSOCIATES, LLC, CERTIFIED PUBLIC ACCOUNTANTS

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