
ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
St. John Association for Retarded Citizens, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of St. John Association for Retarded Citizens, Inc. (the Association) which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. John Association for Retarded Citizens, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule of compensation, benefits, and other payments to agency head as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2021, on our consideration of the Association'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 solely 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 effectiveness of the Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.



Metairie, Louisiana
June 29, 2021

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 1,477,567	\$ 1,224,694
Contract receivables	125,042	402,172
Receivable from St. John Parish	78,069	137,337
Other receivables	3,590	9,324
Prepaid expenses	-	8,326
	<hr/>	<hr/>
<u>TOTAL CURRENT ASSETS</u>	1,684,268	1,781,853
	<hr/>	<hr/>
<u>LONG-TERM ASSETS</u>		
Cash designated for long-term purposes	1,132,088	1,896,411
Contributed use of facility	100,451	139,213
Property and equipment, net	2,304,770	653,148
	<hr/>	<hr/>
<u>TOTAL LONG-TERM ASSETS</u>	3,537,309	2,688,772
	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	\$ 5,221,577	\$ 4,470,625
	<hr/> <hr/>	<hr/> <hr/>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accrued expenses and other payables	397,677	\$ 141,800
Short term portion of long term obligations	3,416	3,416
	<hr/>	<hr/>
<u>TOTAL CURRENT LIABILITIES</u>	401,093	145,216
	<hr/>	<hr/>
<u>LONG TERM LIABILITIES</u>		
	89,539	6,548
	<hr/>	<hr/>
<u>TOTAL LIABILITIES</u>	490,632	151,764
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Without donor restrictions	4,630,494	4,179,648
With donor restrictions	100,451	139,213
	<hr/>	<hr/>
<u>TOTAL NET ASSETS</u>	4,730,945	4,318,861
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<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 5,221,577	\$ 4,470,625
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The accompanying notes are an integral part of these financial statements.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2020

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT</u>			
Contract revenues - DHH - Medicaid	\$ 1,223,807	\$ -	\$ 1,223,807
Contract revenues - Betr-Care	29,559	-	29,559
Contract revenues - Res-Care	-	-	-
Ad valorem tax	446,861	-	446,861
Client contracts	36,832	-	36,832
Contributed rent	-	3,238	3,238
Grants	-	-	-
Client lunches	11,427	-	11,427
Miscellaneous income	45,005	-	45,005
Net assets released from restrictions	42,000	(42,000)	-
Total revenues and other support	<u>1,835,491</u>	<u>(38,762)</u>	<u>1,796,729</u>
 <u>EXPENSES</u>			
Program services:			
Adult habilitation program	719,215	-	719,215
Personal care attendant service program	613,912	-	613,912
Supporting services:			
Management and general	51,518	-	51,518
Total expenses	<u>1,384,645</u>	<u>-</u>	<u>1,384,645</u>
Change in net assets	450,846	(38,762)	412,084
<u>NET ASSETS AT BEGINNING OF THE YEAR</u>	<u>4,179,648</u>	<u>139,213</u>	<u>4,318,861</u>
<u>NET ASSETS AT END OF THE YEAR</u>	<u>\$ 4,630,494</u>	<u>\$ 100,451</u>	<u>\$ 4,730,945</u>

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

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2019

	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT</u>			
Contract revenues - DHH - Medicaid	\$ 1,233,957	\$ -	\$ 1,233,957
Contract revenues - Betr-Care	43,729	-	43,729
Contract revenues - Res-Care	5,404	-	5,404
Ad valorem tax	445,649	-	445,649
Client contracts	46,063	-	46,063
Contributed rent	42,000	139,213	181,213
Grants	43,471	-	43,471
Client lunches	16,163	-	16,163
Miscellaneous income	14,851	-	14,851
Total revenues and other support	<u>1,891,287</u>	<u>139,213</u>	<u>2,030,500</u>
<u>EXPENSES</u>			
Program services:			
Adult habilitation program	828,843	-	828,843
Personal care attendant service program	621,591	-	621,591
Supporting services:			-
Management and general	56,473	-	56,473
Total expenses	<u>1,506,907</u>	<u>-</u>	<u>1,506,907</u>
Change in net assets	384,380	139,213	523,593
<u>NET ASSETS AT BEGINNING OF THE YEAR</u>	<u>3,795,268</u>	<u>-</u>	<u>3,795,268</u>
<u>NET ASSETS AT END OF THE YEAR</u>	<u>\$ 4,179,648</u>	<u>\$ 139,213</u>	<u>\$ 4,318,861</u>

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

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services		Total
	Day Development Work-Training Program	Individual Family Support Services	Total Program Services	Management and General	Total Supporting Services	
Compensation and related expenses						
Compensation:						
Staff	\$ 413,138	\$ 507,027	\$ 920,165	\$ 21,175	\$ 21,175	\$ 941,340
Clients	21,685	-	21,685	-	-	21,685
Employee benefits - health insurance	30,799	19,269	50,068	-	-	50,068
Payroll taxes	33,984	44,742	78,726	-	-	78,726
Worker's compensation insurance	9,370	13,101	22,471	-	-	22,471
Conference and training	2,670	-	2,670	-	-	2,670
Client lunches	32,204	-	32,204	-	-	32,204
Depreciation	8,367	1,867	10,234	16,656	16,656	26,890
Dues	-	-	-	1,728	1,728	1,728
Insurance	5,440	-	5,440	-	-	5,440
License and fees	442	2,528	2,970	750	750	3,720
Medicaid billing software and support	1,813	1,813	3,626	-	-	3,626
Occupancy:						
Utilities	18,919	652	19,571	2,175	2,175	21,746
Maintenance	6,187	213	6,400	711	711	7,111
Rent	36,540	1,260	37,800	4,200	4,200	42,000
Professional services	12,176	12,638	24,814	-	-	24,814
Supplies:						
Operating	10,515	363	10,878	1,209	1,209	12,087
Office	12,508	431	12,939	1,438	1,438	14,377
Telephone	8,145	281	8,426	935	935	9,361
Transportation expense	50,093	-	50,093	-	-	50,093
Travel and meals	-	5,113	5,113	328	328	5,441
Interest expense	-	515	515	-	-	515
Other	4,220	2,099	6,319	213	213	6,532
Total expenses	<u>\$ 719,215</u>	<u>\$ 613,912</u>	<u>\$ 1,333,127</u>	<u>\$ 51,518</u>	<u>\$ 51,518</u>	<u>\$ 1,384,645</u>

(Continued)

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

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services			Supporting Services		Total
	Day Development Work-Training Program	Individual Family Support Services	Total Program Services	Management and General	Total Supporting Services	
Compensation and related expenses						
Compensation:						
Staff	\$ 405,040	\$ 516,707	\$ 921,747	\$ 20,528	\$ 20,528	\$ 942,275
Clients	36,879	-	36,879	-	-	36,879
Employee benefits - health insurance	52,189	16,519	68,708	1,530	1,530	70,238
Payroll taxes	32,675	45,250	77,925	1,735	1,735	79,660
Worker's compensation insurance	9,417	13,771	23,188	516	516	23,704
Conference and training	2,322	2,380	4,702	-	-	4,702
Client lunches	41,582	-	41,582	-	-	41,582
Depreciation	7,253	1,867	9,120	15,767	15,767	24,887
Dues	-	-	-	1,217	1,217	1,217
Insurance	63,884	-	63,884	-	-	63,884
License and fees	815	2,945	3,760	1,728	1,728	5,488
Medicaid billing software and support	1,200	1,200	2,400	-	-	2,400
Occupancy:						
Utilities	18,649	643	19,292	2,144	2,144	21,436
Maintenance	12,122	418	12,540	1,393	1,393	13,933
Rent	36,540	1,260	37,800	4,200	4,200	42,000
Professional services	9,623	11,215	20,838	-	-	20,838
Supplies:						
Operating	11,002	379	11,381	1,265	1,265	12,646
Office	10,262	354	10,616	1,179	1,179	11,795
Telephone	9,307	321	9,628	1,070	1,070	10,698
Transportation expense	65,444	-	65,444	-	-	65,444
Travel and meals	-	4,593	4,593	-	-	4,593
Other	2,638	1,769	4,407	2,201	2,201	6,608
Total expenses	<u>\$ 828,843</u>	<u>\$ 621,591</u>	<u>\$ 1,450,434</u>	<u>\$ 56,473</u>	<u>\$ 56,473</u>	<u>\$ 1,506,907</u>

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

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 412,084	\$ 523,593
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	26,890	24,887
Non-cash contribution of use of facility	42,000	(147,000)
Discount related to contributed use of facility	(3,238)	7,787
Increase in contract receivables	277,130	(298,299)
(Increase) decrease in ad valorem tax receivable	59,268	(53,843)
Increase (decrease) in other receivable	5,734	(4,700)
(Increase) decrease in prepaid expenses	8,326	(971)
Increase (decrease) in accrued expenses and other payables	2,290	6,807
Net cash provided by operating activities	<u>830,484</u>	<u>58,261</u>
<u>INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(1,424,925)	(251,909)
Net cash used in investing activities	<u>(1,424,925)</u>	<u>(251,909)</u>
<u>FINANCING ACTIVITIES</u>		
Principal payments on capital lease	(3,416)	(3,416)
Proceeds from paycheck protection program loan	86,407	-
Net cash provided by (used in) financing activities	<u>82,991</u>	<u>(3,416)</u>
Net decrease in cash	(511,450)	(197,064)
Cash and cash designated for long-term purposes, beginning of year	<u>3,121,105</u>	<u>3,318,169</u>
Cash and cash designated for long-term purposes, end of year (Note 3)	<u>\$ 2,609,655</u>	<u>\$ 3,121,105</u>
<u>NON CASH FINANCIAL STATEMENT DISCLOSURE</u>		
In kind donation - use of facility	\$ -	\$ 189,000
Change in accrued expenses for property and equipment	<u>\$ 253,587</u>	<u>\$ 102,467</u>
Asset acquired through capital lease	<u>\$ -</u>	<u>\$ -</u>

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

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

St. John Association for Retarded Citizens, Inc. (the Association) is a 501 (c) (3) non-profit corporation founded for the purpose of helping citizens with mental retardation and developmental disabilities and was incorporated on October 30, 1972, under the laws of the State of Louisiana. The Association operates a Day Developmental Work-Training Center and an Individual Family Support Services program. The day developmental work-training center trains the mentally and physically handicapped citizens of the parish who are 21 years of age and older. The areas of training are geared toward helping the individuals adjust to society. The Association also provides free transportation for all activities including daily instruction classes. The individual family support service provides twenty-four hour a day in-home care by trained workers and is available for mentally handicapped citizens of all ages.

On March 13, 2020 through May 3, 2021, in response to COVID-19 and as mandated by state and local authorities, the Association closed its day patient onsite services (see Note 10).

Basis of Accounting and Financial Statement Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (US GAAP). US GAAP requires the Association to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association’s management and board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Association has net assets with donor restrictions related to the contributed use of its facility which is restricted as to time (see Note 6).

Donor restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

Cash consists of amounts held at financial institutions. For purposes of the statements of cash flows, the Association considers all highly liquid investments with initial maturity of three months or less to be cash equivalents. The Association had no cash equivalents as of June 30, 2020 and 2019.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Contract Receivables

Contract receivables are stated at unpaid balances, less an allowance for doubtful accounts, if required. The Association provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts was zero for the years ended June 30, 2020 and 2019.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost.

Donations of property and equipment are recorded as contributions at fair value on the date of donation. Such donations are reported as an increase in net assets without donor restriction unless the donor has restricted the donated asset to a specific purpose.

Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings and improvements	10-39 years
Land improvements	15 years
Equipment, furniture, and fixtures	5-20 years
Vehicles	5 years

Ad Valorem Tax

The citizens of St. John the Baptist Parish passed Proposition II on April 3, 1993. In 2012, Proposition II was renewed and will levy a one mill tax on all the property within the Parish for a period of ten years beginning with the year 2013 and ending with year 2022. The ad valorem funds are to be used for maintaining and operating the public building used to house mentally retarded persons (including payment of salaries and costs and conducting training programs for the mentally retarded and developmentally disabled citizens).

Contract Revenue

Contract revenue is recognized on the accrual basis of accounting as services are provided.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Compensated Absences

Salaried employees of the Association accrue leave time of one day for each operational month. Leave must be taken by June 30 each year or the leave time is lost. Accordingly, the financial statements do not include a provision for compensated absences.

Contributed Services

Members of the Association's board of directors and other volunteers have made significant contributions of their time to assist in the Association's operations and related charitable programs. The value of this contributed time is not recorded in these financial statements because it does not meet the criteria for recognition under US GAAP.

Functional Expenses

Expenses are charged directly to management and general or program services in general categories based on specific identification. Indirect expenses have been allocated using the following methodologies: Salaries and employee-related expenses – time and effort; occupancy and other expenses – management's estimate of usage of the leased premises.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Concentration of Credit Risk

The Association maintains cash in bank accounts in excess of insured limits periodically. The Association has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Income Taxes

The Association is exempt from income tax under IRC section 501(c)(3), though subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Association has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Association has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Accounting Pronouncements Issued but Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, Leases. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): Targeted Improvements, to simplify the lease standard's implementation. This ASU will be effective for the Association's year ending June 30, 2022.

On September 17th, the FASB issued ASU 2020-07 on Topic 958, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Association's year ending December 31, 2022.

The Association is currently evaluating the impact these pronouncements will have on the financial statements.

2. Liquidity and Availability

The table below presents the Association's financial assets available for general expenditures within one year at June 30:

	<u>2020</u>	<u>2019</u>
Total assets:	\$ 5,221,577	\$ 4,470,625
Less: non-financial assets		
Contributed use of facility	100,451	139,213
Prepaid expenses	-	8,326
Property and equipment, net	<u>2,304,770</u>	<u>653,148</u>
Financial assets	<u>\$ 2,816,356</u>	<u>\$ 3,669,938</u>
Less: funds designated for long-term purposes	1,132,088	1,896,411
Financial assets available for general expenditures over the next 12 months	<u>\$ 1,684,268</u>	<u>\$ 1,773,527</u>

The financial state of the Association is overseen by its board of directors. The Association's goal is to maintain financial assets that will meet three months operating expenses. The financial assets of the Association are held in savings or other-interest bearing accounts. In addition, the Association has a \$50,000 line of credit available to meet cash flow needs.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

3. Cash

Cash in the statements of cash flows includes the following as of June 30:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,477,567	\$ 1,224,694
Cash designated for long-term purposes	1,132,088	1,896,411
Total cash	<u>\$ 2,609,655</u>	<u>\$ 3,121,105</u>

Cash designated for long-term purposes represents funds that the Association has earmarked for the construction of a new facility.

4. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 50,412	\$ 50,412
Leasehold improvements	45,900	45,900
Land improvements	39,449	39,449
Building and improvements	121,315	121,315
Equipment	117,946	110,303
Vehicles	308,002	308,002
Construction in progress	2,122,871	452,502
Total	2,805,895	1,127,883
Less: accumulated depreciation	<u>(501,125)</u>	<u>(474,735)</u>
Property and equipment, net	<u>\$ 2,304,770</u>	<u>\$ 653,148</u>

5. Line of Credit

The Association has an unsecured line of credit of \$50,000 with a variable interest rate based on current bank prime rate. The line of credit will continue until the Association or the lender terminates the agreement. At June 30, 2020 and 2019, the balance on the line of credit was \$0 and the interest rate was 7% and 9.25%, respectively.

6. Contributed Rent

The Association occupies a parish government owned building located at 101 Bamboo Street, Laplace Louisiana under an agreement with the St. John the Baptist Parish Council at no charge. An asset related to the contributed use of the facility through the period ending December 31, 2022 has been recorded in the amount of \$100,451 and \$139,213 for the years ended June 30, 2020 and 2019, respectively, on the statement of financial position.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

7. Concentration

The Association receives approximately 67% and 65% of total revenue for the years ended June 30, 2020 and 2019, respectively, from the State of Louisiana, Department of Health and Hospitals.

8. Commitments on Construction Contracts

The Association has a contract with a construction company of approximately \$2,600,000 for the construction of a new facility of which approximately \$2,123,000 has been completed as of June 30, 2020. The new facility is expected to be completed in Summer 2021.

9. Capital Lease

The Association leases certain equipment under a capital lease expiring in July 2022. Accordingly, the equipment has been recorded as an asset at the present value of the minimum lease payments. Equipment held under the capital lease has a net book value of \$6,548 at June 30, 2020. Accumulated amortization on equipment held under the capital lease was \$10,533 at June 30, 2020. Minimum future lease payments under this lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 3,416
2022	3,132

10. Outbreak of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. As described in Note 1, the Association had to close its day-patient onsite services from March 13, 2020 through May 3, 2021. While this had a negative impact on revenues, the Association continued to receive a reduced level of support through June 30, 2020. The closure has continued to impact the operational and financial performance of the Association through fiscal 2021.

11. Paycheck Protection Program

During the year ended June 30, 2020, the Association applied for and was approved for a \$86,407 loan under the Paycheck Protection Program administered by the Small Business Administration as part of the relief efforts related to COVID-19. The loan is included within long term liabilities on the statements of financial position as of June 30, 2020. The Association was granted full forgiveness of the loan on June 7, 2021.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

NOTES TO FINANCIAL STATEMENTS

12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 29, 2021, and determined that other than the matters regarding the continuing impact of the outbreak of COVID-19 described in Note 10 and loan forgiveness described in Note 11, there were no other events occurred that require additional disclosure. No events after this date have been evaluated for inclusion in the financial statements.

SUPPLEMENTAL SCHEDULE

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS, INC.

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY
HEAD OR CHIEF EXECUTIVE OFFICER
JUNE 30, 2020**

Agency Head Name: Linda Lambert

R.S. 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2015 Regular Session which clarified that nongovernmental or not for profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer paid from public funds.

The Association is not required to report the total compensation, reimbursements, and benefits paid to the agency head as these costs are not supported by public funds.

INDEPENDENT AUDITORS' 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

To the Board of Directors of
St. John Association for Retarded Citizens, Inc.

We have audited, in accordance with the 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, the financial statements of St. John Association for Retarded Citizens, Inc. (the Association)(a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Association's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Association's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Association's financial statements are free from 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 financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Metairie, Louisiana
June 29, 2021