

RECEIVED  
LEGISLATIVE AUDITOR

00 JUN 27 AM 10:56

**OFFICIAL  
FILE COPY**  
**DO NOT SEND OUT**

(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

**ST. JAMES ASSOCIATION FOR  
RETARDED CHILDREN, INC.**

**DECEMBER 31, 1999**

**VACHERIE, LOUISIANA**

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 08-23-00

CONTENTS

Audited Financial Statements:

Independent Auditor's Report.....	Page 1 - 2
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7 - 8

Supplementary Information:

Independent Auditor's Report on Compliance and on the Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	9 - 10
---	--------



**Hannis T. Bourgeois, L.L.P.**

**Certified Public Accountants**

Randy J. Bonnacaze, CPA\*  
Joseph D. Richard, Jr., CPA\*  
Ronnie E. Stamper, CPA\*  
Fernand P. Genre, CPA\*  
Stephen M. Huggins, CPA\*  
Monica L. Zumo, CPA\*  
Ronald L. Gagnet, CPA\*  
Douglas J. Nelson, CPA\*  
Celeste D. Viator, CPA\*  
Laura E. Monroe, CPA

\*A Professional Accounting Corporation

2322 Tremont Drive, Suite 200  
Baton Rouge, LA 70809  
Phone: (225) 928-4770  
Fax: (225) 926-0945

*Members American Institute of  
Certified Public Accountants*

1111 S. Range Avenue, Suite 101  
Denham Springs, LA 70726

May 15, 2000

Independent Auditor's Report

To the Board of Directors  
St. James Association for Retarded  
Children, Inc.  
Vacherie, Louisiana

We have audited the accompanying Statements of Financial Position of St. James Association for Retarded Children, Inc. as of December 31, 1999 and the related Statements of Activities, Functional Expenses and Cash Flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended December 31, 1998 is presented for comparative purposes only and was extracted from the financial statements for that year, on which an unqualified opinion dated June 2, 1999 was expressed.

We conducted our audit in accordance with generally accepted auditing standards 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 audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of St. James Association for Retarded Children, Inc. as of December 31, 1999 and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated May 15, 2000 on our consideration of St. James Association for Retarded Children, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Respectfully submitted,

*Nannis T. Bourgeois, LLP*

St. James Association for Retarded Children, Inc.

STATEMENT OF FINANCIAL POSITION

as of December 31, 1999  
with comparative totals for 1998

ASSETS

	<u>1999</u>	<u>1998</u>
Current Assets:		
Cash	\$ 39,961	\$ 37,500
Accounts Receivable	12,028	20,910
Prepaid Expenses	<u>2,211</u>	<u>2,134</u>
Total Current Assets	54,200	60,544
Buildings and Equipment at Cost		
Less Accumulated Depreciation		
of \$82,762 for 1999 and \$77,053 for 1998	<u>24,346</u>	<u>16,286</u>
Total Assets	<u>\$ 78,546</u>	<u>\$ 76,830</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 463	\$ 598
Accrued Expenses	<u>8,328</u>	<u>8,324</u>
Total Current Liabilities	8,791	8,922
Net Assets:		
Unrestricted	<u>69,755</u>	<u>67,908</u>
Total Net Assets	<u>69,755</u>	<u>67,908</u>
Total Liabilities and Net Assets	<u>\$ 78,546</u>	<u>\$ 76,830</u>

The accompanying notes are an integral part of this statement.

St. James Association for Retarded Children, Inc.

STATEMENT OF ACTIVITIES

For the year ended December 31, 1999  
with comparative totals for 1998

	1999				1998
	UNRESTRICTED				
	OPERATING	SHELTER	ACTIVITY	TOTAL	
Support and Revenue:					
Contributions	\$ 5,029	\$ -	\$ -	\$ 5,029	\$ 8,621
United Way Alloca- tions	12,675	-	-	12,675	14,243
Grants	104,656	-	-	104,656	99,462
Dues	1,331	-	-	1,331	1,310
Donations from Parish	3,600	-	-	3,600	3,600
Candle Sales	-	6,333	-	6,333	7,879
Janitorial Services	-	-	7,528	7,528	6,205
Total Revenue	127,291	6,333	7,528	141,152	141,320
Expenses:					
Program Services	101,627	6,130	6,454	114,211	117,994
Management and General	25,094	-	-	25,094	26,243
Total Expenses	126,721	6,130	6,454	139,305	144,237
Change in Net Assets	570	203	1,074	1,847	(2,917)
Net Assets - Beginning of Year	64,040	598	3,270	67,908	70,825
Net Assets - End of Year	\$ 64,610	\$ 801	\$ 4,344	\$ 69,755	\$ 67,908

The accompanying notes are an integral part of this statement.

St. James Association for Retarded Children, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 1999  
with comparative totals for 1998

	1999				TOTAL PROGRAM SERVICES	TOTAL PROGRAM SERVICES AND MANAGEMENT AND GENERAL	1998
	MANAGEMENT AND GENERAL	PROGRAM SERVICES OPERATING	SHELTER	ACTIVITY			
Salaries	\$ 17,075	\$ 67,411	\$ 3,496	\$ 6,454	\$ 77,361	\$ 94,436	\$ 94,098
Payroll Taxes	1,660	6,837	-	-	6,837	8,497	8,774
Accounting	4,200	-	-	-	-	4,200	4,700
Travel/Confer- ences/Meetings	-	807	-	-	807	807	1,373
Depreciation	571	5,138	-	-	5,138	5,709	4,876
Dues and Sub- scriptions	-	1,637	-	-	1,637	1,637	2,555
Insurance and Utilities	932	8,391	-	-	8,391	9,323	9,339
Miscellaneous	-	4,962	-	-	4,962	4,962	6,707
Printing and Postage	-	256	-	-	256	256	121
Rent	360	3,240	-	-	3,240	3,600	3,600
Repair and Main- tenance	-	185	-	-	185	185	1,956
Supplies	-	2,467	2,634	-	5,101	5,101	5,578
Telephone	296	296	-	-	296	592	560
Total Expenses	\$ 25,094	\$101,627	\$ 6,130	\$ 6,454	\$114,211	\$139,305	\$144,237

The accompanying notes are an integral part of this statement.

St. James Association for Retarded Children, Inc.

STATEMENT OF CASH FLOWS

For the year ended December 31, 1999  
with comparative totals for 1998

	<u>1999</u>	<u>1998</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 1,847	\$ (2,917)
Adjustments to Reconcile Change in Net Cash Provided by Operating Activities:		
Depreciation	5,709	4,876
Changes in Current Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	8,882	(6,344)
(Increase) Decrease in Prepaid Expense	(77)	(175)
Increase (Decrease) in Accounts Payable	(135)	413
Increase (Decrease) in Accrued Expenses	<u>4</u>	<u>1,033</u>
Net Cash Provided by (Used in) Operating Activities	16,230	(3,114)
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	<u>(13,769)</u>	<u>(1,050)</u>
Net Cash Used in Investing Activities	(13,769)	(1,050)
Net Increase (Decrease) in Cash	2,461	(4,164)
Cash - Beginning of Year	<u>37,500</u>	<u>41,664</u>
Cash - End of Year	<u>\$ 39,961</u>	<u>\$ 37,500</u>

The accompanying notes are an integral part of this statement.



St. James Association for Retarded Children, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

Note 1 - Summary of Significant Accounting Policies -

Organization

St. James Association for Retarded Children, Inc. ("the Organization") is a nonprofit corporation organized under the laws of the State of Louisiana for the purpose of providing various developmental programs to mentally and physically handicapped citizens. The Organization performs daily activities and exercises with the citizens, as well as supervises jobs performed by the citizens for the community, such as candle-making and janitorial services. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board on its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization 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 net assets, as applicable. At December 31, 1999, all the Organization's net assets are considered unrestricted.

Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents for purposes of reporting cash flows.

Property and Equipment

Expenditures for the acquisition of property and equipment are capitalized at cost. The fair value of donated property and equipment is similarly capitalized. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

### Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

### Contributed Services

The Organization recognizes contribution revenue for certain services received at the fair value of those services provided those services create or enhance nonfinancial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year ended December 31, 1999, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

### Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. All contributions received during the year ended December 31, 1999 were considered unrestricted.

### Contributed Facilities

The Organization occupies, without charge, the land upon which their counseling center is located. The estimated fair rental value (\$3,600) of the land is reported as support and expense in these financial statements.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Concentrations of Credit Risk

Included in receivables are amounts due from contracts with the State of Louisiana Department of Health and Hospitals.

### Functional Allocation of Expenses

Certain costs have been allocated among the program and supporting services benefited based on the percentage of salaries in each category.

SUPPLEMENTARY INFORMATION

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



**Hannis T. Bourgeois, L.L.P.**

**Certified Public Accountants**

Randy J. Bonnecaze, CPA\*  
Joseph D. Richard, Jr., CPA\*  
Ronnie E. Stamper, CPA\*  
Fernand P. Genre, CPA\*  
Stephen M. Huggins, CPA\*  
Monica L. Zuno, CPA\*  
Ronald L. Gagnet, CPA\*  
Douglas J. Nelson, CPA\*  
Celeste D. Viator, CPA\*  
Laura E. Monroe, CPA

2322 Tremont Drive, Suite 200  
Baton Rouge, LA 70809  
Phone: (225) 928-4770  
Fax: (225) 926-0945

*Members American Institute of  
Certified Public Accountants*  
1111 S. Range Avenue, Suite 101  
Denham Springs, LA 70726

May 15, 2000

\*A Professional Accounting Corporation

To the Board of Directors  
St. James Association for  
Retarded Children, Inc.  
Vacherie, Louisiana

We have audited the financial statements of St. James Association for Retarded Children, Inc. as of and for the year ended December 31, 1999 and have issued our report thereon dated May 15, 2000. We conducted our audit in accordance with generally accepted auditing standards 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. James Association for Retarded Children, Inc.'s 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. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. James Association for Retarded Children, Inc.'s 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 amounts 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 the internal control over financial reporting that we have reported to the management of St. James Association for Retarded Children, Inc. in a separate letter dated May 15, 2000.

This report is intended for the Board of Directors, management, the Office of the Louisiana Legislative Auditor and any cognizant agency and should not be used for any other purpose.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*

ST. JAMES ASSOCIATION FOR  
RETARDED CHILDREN, INC.

MANAGEMENT LETTER

DECEMBER 31, 1999



**Hannis T. Bourgeois, LLP**

**Certified Public Accountants**

Randy J. Bonnecaze, CPA\*  
Joseph D. Richard, Jr., CPA\*  
Ronnie E. Stamper, CPA\*  
Fernand P. Genre, CPA\*  
Stephen M. Huggins, CPA\*  
Monica L. Zumo, CPA\*  
Ronald L. Gagnet, CPA\*  
Douglas J. Nelson, CPA\*  
Celeste D. Viator, CPA\*  
Laura E. Monroe, CPA

\*A Professional Accounting Corporation

2322 Tremont Drive, Suite 200  
Baton Rouge, LA 70809  
Phone: (225) 928-4770  
Fax: (225) 926-0945

*Members American Institute of  
Certified Public Accountants*

1111 S. Range Avenue, Suite 101  
Denham Springs, LA 70726

May 15, 2000

To the Board of Directors  
St. James Association for  
Retarded Children, Inc.  
Vacherie, Louisiana

In planning and performing our audit of the financial statements of St. James Association for Retarded Children, Inc. for the year ended December 31, 1999, we considered the Organization's internal control structure to plan our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and operational matters that are presented for your consideration. (We previously reported on the Organization's internal control structure in our report dated May 15, 2000.) This letter does not affect our report dated May 15, 2000, on the financial statements of the Organization.

#### **PAYROLL AND PAYROLL TAXES**

##### *Finding:*

During the course of our prior year audit it was noted that wages were paid to clients through the Organization's shelter and activity accounts for candle making and janitorial services. Based on our discussions with your personnel, we were informed that payroll taxes were not paid on these wages.

##### *Recommendation:*

We recommended that in an effort to avoid any potential delinquent payroll tax liabilities, your Organization should research if wages paid to these clients are excludable for payroll tax purposes.



To the Board of Directors  
St. James Association for  
Retarded Children, Inc.  
May 15, 2000  
Page 2

*Corrective Action Taken:*

The Organization responded to this finding in a letter dated August 31, 1999. The Organization stated they reviewed this matter, and based on the fact the average paid to clients is \$500 or less, they do not feel it was necessary to withhold payroll taxes.

*Finding:*

During the course of our prior year audit, it was noted that state unemployment payroll tax reports (SUTA) were being prepared incorrectly resulting in an overpayment of SUTA taxes. Upon further discussion with the Organization's personnel, it was noted that SUTA tax reports were also prepared incorrectly in prior years.

*Recommendation:*

In prior year, SUTA payroll tax reports were in the process of being amended for the past three years (maximum time period allowed by Louisiana Department of Labor). We also discussed the proper method of preparing SUTA payroll tax forms with your personnel, so that future reports are accurate. We recommended that all future reports be prepared correctly.

*Corrective Action Taken:*

During our current year audit, it was noted SUTA reports appear to have been prepared correctly. We also noted the Organization received a refund of \$3,661.53 for overpaid SUTA relating to the above mentioned amended reports.

**ORGANIZATIONAL STRUCTURE**

*Finding:*

As we noted in the prior year and again in the current year, the size of the Organization's accounting and administrative staff precludes certain internal control that would be preferred if the office staff were large enough to provide for adequate segregations of duties. This situation dictates that the Board of Directors be actively involved in the financial affairs of the Organization to provide oversight and review functions.

*Recommendation:*

We recommended that the Organization's Board of Directors continue to be actively involved in the financial affairs of the Organization.

*Corrective Action Taken:*

The Organization's Board of Directors is aware of this situation and will continue to be actively involved in the financial affairs of the Organization.

To the Board of Directors  
St. James Association for  
Retarded Children, Inc.  
May 15, 2000  
Page 3

**GENERAL LEDGER**

*Finding:*

During the course of our prior year audits, it came to our attention that the transactions occurring in the Organization's shelter and activity checking accounts were not being recorded in the general ledger. These transactions were then scheduled and were properly included in our audit report.

*Recommendation:*

We recommended that the Organization begin including the transactions occurring in these two checking accounts in the general ledger.

*Corrective Action Taken:*

During our current year audit, it was noted that the Organization recorded the shelter and activity accounts' transactions in the general ledger.

**BUDGET**

*Finding:*

During the course of our prior year audit, it was noted that an annual operating budget was not prepared.

*Recommendation:*

We recommended that an annual budget be prepared on a timely basis. This budget should then be compared to actual revenues and expenses periodically, in order to better monitor revenues and expenses of the Organization.

*Corrective Action Taken:*

The Organization is preparing a budget, which it uses in review of its revenues and expenses.

This report is intended for the Board of Directors, management, the Office of Louisiana Legislative Auditor and any cognizant agency and should not be used for any other purpose.

Respectfully submitted,

*Hannis T. Bourgeois, LLP*