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ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.,
Cantonville, Louisiana

ANNUAL FINANCIAL REPORT

June 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 FEB 5 1997

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LEGISLATIVE AUDITOR
Baton Rouge, Louisiana

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL STRUCTURE BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS**

To the Board of Directors
St. Mary Association for Retarded Citizens, Inc.
Cantonville, Louisiana 70522

We have audited the financial statements of the St. Mary Association for Retarded Citizens, Inc. (a non-profit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated December 28, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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.

The management of the St. Mary Association for Retarded Citizens, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the St. Mary Association for Retarded Citizens, Inc. for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.
Centerville, Louisiana

Statement of Cash Flow
Years Ended June 30, 1996

	<u>1996</u>
Cash Flows from Operating Activities:	
Excess of Expenditures over Revenues	\$ (9,727)
adjustments to Reconcile Excess of Revenues over	
Expenditures to Net Cash Provided by Operating Activities:	
Depreciation	18,151
Changes in operating Assets & Liabilities:	
(Increase) decrease in accounts receivable	451
Increase (decrease) in accounts payable	<u>(178)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 8,005</u>
Cash Flows from Investing Activities:	
Purchases of Property and Equipment	<u>(12,426)</u>
Net Decrease in Cash	(1,341)
Cash, Beginning of Year	<u>74,219</u>
Cash, End of Year	<u>\$ 72,878</u>

Subject to the comments contained in the Independent Auditor's report
and notes to financial statements which are an integral part hereof

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.
Centerville, Louisiana

Notes to Financial Statements
For the Years Ended June 30, 1985

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

St. Mary Association for Retarded Citizens, Inc. operates a non-profit school located in Centerville, Louisiana. The Association provides adult day services to the mentally retarded adults of St. Mary Parish. Individuals perform a wide variety of vocational activities such as recycling, horticulture, and janitorial. The Association is supported primarily through a grant from the Louisiana Department of Health and Hospitals - Office for Citizens with Developmental Disabilities. This contract is funded with 100% state general funds.

Income Tax Status:

St. Mary Association for Retarded Citizens, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for Federal income taxes.

Property and Equipment:

Property and equipment are carried at cost or its estimated fair value at the date of the gift if donated. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed using the modified accelerated cost recovery system over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Promises To Give:

Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.
Centerville, Louisiana

Notes to Financial Statements (Continued)
For the Years Ended June 30, 1986

Financial Statement Presentation.

In 1986, the Organization elected to adopt 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. In addition, the Organization is required to present a statement of cash flows. As permitted by this new statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the changes in net assets for 1986.

NOTE 2: STATE GRANT

St. Mary Association for Retarded Citizens, Inc. entered into a contract with the Louisiana Department of Health and Hospitals - Office for Citizens with Development Disabilities to provide habilitation services to mentally retarded adults in St. Mary Parish. Grant funds are paid monthly to the Association on a per diem basis until the contract amount is reached. Once the contract amount is reached, no more funds are disbursed to the Association. The Association files a monthly report of allowable expenses with the Office for Citizens with Development Disabilities. Allowable expenses are determined by the Office for Citizens with Development Disabilities.

NOTE 3: PROMISES TO GIVE

Unconditional promises to give consists of the following:

State grant	\$ 6,875
Medicaid Reimurs	<u>1,355</u>
Total	<u>\$ 8,230</u>

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.
Cedarville, Louisiana

Notes to Financial Statements (Continued)
For the Years Ended June 30, 1999

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 1999:

Buildings	\$112,417
Furniture and Fixtures	37,802
Office Equipment	6,173
Transportation Equipment	<u>88,126</u>
	244,518
Accumulated Depreciation	<u>(102,323)</u>
Total Property and Equipment	<u>\$142,195</u>

The depreciation expense at June 30, 1999 was \$18,151.

INDEPENDENT AUDITOR'S REPORTS REQUIRED
BY GOVERNMENT AUDITING STANDARDS

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.
Centerville, Louisiana

Statement of Functional Expenses
Year Ended June 30, 1998

	PROGRAM SERVICES		SUPPORTING SERVICES	
	ADULT REHABILITATION	MANAGEMENT AND GENERAL		TOTAL
Salaries	\$109,268	-		\$109,268
Payroll Taxes	8,701	-		8,701
Total Salaries and Related Expenses	117,969	-		117,969
Professional Fees	4,458	-		4,458
Supplies	3,482	-		3,482
Telephone	323	-		323
Postage	86	718		211
Transportation	12,181	-		12,181
Conference and Meetings	-	8,128		8,128
Insurance	14,238	475		14,713
Repairs and Maintenance	5,289	-		5,289
Licenses	210	-		210
Utilities	5,127	-		5,127
Miscellaneous	-	118		118
Dees	-	4,483		4,483
Office Expense	827	103		1,930
Total Expense Before Depreciation	182,518	6,486		175,518
Depreciation Expense	18,251	-		18,251
Total Expenses	\$191,269	\$ 6,486		\$197,755

Subject to the comments contained in the independent Auditor's report
and notes to financial statements which are an integral part hereof

in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize and report financial data in a manner that is consistent with the assertions of management in the financial statements.

The reportable condition noted is as follows:

Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the St. Mary Association for Retarded Citizens, Inc. did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

No response is considered necessary.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is a material weakness.

This report is intended for the information of the St. Mary Association for Retarded Citizens, Inc.'s Board of Directors and the Louisiana

St. Mary Association for Retarded Citizens, Inc.
Internal Control Structure
Page Three

Department of Health and Hospitals - Office for Citizens with
Development Disabilities. However, this report is a matter of public
record, and its distribution is not limited.

Bailey & Chavira

Certified Public Accountants

Franklin, Louisiana
December 20, 1998

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED
ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
St. Mary Association for Retarded Citizens, Inc.
Centerville, Louisiana 70522

We have audited the financial statements of St. Mary Association for Retarded Citizens, Inc. (a non-profit organization) as of and for the year ended June 30, 1998, and have issued our report thereon dated December 20, 1998.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller-General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to St. Mary Association for Retarded Citizens, Inc. is the responsibility of their management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of St. Mary Association for Retarded Citizens, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

This report is intended for the information of the St. Mary Association for Retarded Citizens, Inc.'s Board of Directors, management, and the Louisiana Department of Health and Hospitals - Office for Citizens with Development Disabilities. However, this report is a matter of public record, and its distribution is not limited.

Querry & Chavin
Certified Public Accountants

Franklin, Louisiana
December 20, 1998

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.
Centerville, Louisiana

Statement of Financial Position
June 30, 1988

ASSETS	<u>1988</u>
Cash and cash equivalents	\$ 72,800
Unconditional promises to give Unrestricted	<u>8,210</u> 81,300
Property and equipment	<u>121,263</u>
TOTAL ASSETS	<u>311,573</u>
LIABILITIES	
Accounts payable	<u>3,436</u>
TOTAL LIABILITIES	<u>3,436</u>
NET ASSETS	
Unrestricted	<u>178,925</u>
TOTAL NET ASSETS	<u>178,925</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$182,361</u>

Subject to the comments contained in the Independent Auditor's report
and notes to financial statements which are an integral part hereof

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.
Centerville, Louisiana

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ST. MARY ASSOCIATION FOR RETARDED CITIZENS, Inc.
 Centerville, Louisiana

Statement of Activities
 For the Year Ended June 30, 1986

UNRESTRICTED NET ASSETS	<u>1986</u>
SUPPORT	
State Grant	\$109,845
Medicaid Waivers	16,715
Program Service Fees	29,334
Contributions	19,911
United Way	625
Interest Income	1,322
Gain on Sale of Assets	<u>200</u>
TOTAL UNRESTRICTED SUPPORT	<u>177,842</u>
Expenses	
Program Services	
Adult Rehabilitation	181,289
Supporting Services	
Management and General	<u>8,628</u>
TOTAL EXPENSES	<u>189,917</u>
DECREASE IN UNRESTRICTED ASSETS	(12,075)
NET ASSETS AT BEGINNING OF YEAR	<u>188,602</u>
NET ASSETS AT END OF YEAR	<u>\$176,527</u>

Subject to the comments contained in the Independent Auditor's report and notes to financial statements which are an integral part hereof

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
St. Mary Association for Retarded Citizens, Inc.
Centerville, Louisiana 70522

We have audited the accompanying statement of financial position of the St. Mary Association for Retarded Citizens, Inc. (a nonprofit organization) as of June 30, 1998, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and the Guidelines for Allowable Costs for Audit Rehabilitation Programs funded by the Division of Mental Retardation and Developmental Disabilities. 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 statements 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 the St. Mary Association for Retarded Citizens, Inc. as of June 30, 1998 and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Cherry & Chapman
Certified Public Accountants

Franklin, Louisiana
December 29, 1998