

St. Tammany Association for Retarded Citizens, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 1995

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the Association's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Nature of Activities

St. Tammany Association for Retarded Citizens, Inc. is a United Way agency providing day care services, work training services, case management, and residential housing for retarded citizens of St. Tammany Parish.

2. Basis of Presentation of Financial Statements

The financial statements are presented on the accrual basis of accounting and conform to the standards included in the Audit of Voluntary Health and Welfare Organizations, issued by the American Institute of Certified Public Accountants.

To ensure observance of limitations and restrictions placed on the use of the resources available to the Association, the accounts are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

3. Expendable Restricted Resources

Operating and plant funds restricted by the donor, grantor, or other outside party for particular operating purposes or for property, plant, and equipment acquisitions are deemed to be earned and reported as restricted revenues of operating funds or as additions to property, plant, and equipment, respectively, when the Association has incurred expenditures in compliance with the specific restrictions. Such amounts received but not yet earned are reported as restricted deferred amounts.

St. Tammany Association for Retarded Citizens, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

NOTE H - RESTRICTED CASH

At June 30, 1996, the Association has restricted cash of \$12,716. The use of these funds is restricted by donors.

NOTE I - FUND RAISING REVENUES

Fund raising revenues are presented at gross, with related expenses presented separately in the accompanying financial statements. Net fund raising income for the period ending June 30, 1996, are \$22,362.

NOTE J - THIRD PARTY REVENUES

A substantial share of contract revenues for services to clients is derived under federal and state third-party reimbursement programs. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party providers. Retroactive adjustments, if any, would not be material to the financial position or results of operations of the Association.

NOTE K - CONTINGENCIES

The Association entered into two line of credit agreements with a local bank in November, 1995. Each line is \$40,000, payable at a rate of 9.5% and is secured by property. Any outstanding balance is due May, 1997. The outstanding balance of both lines at June 30, 1996 was zero.

NOTE L - SUBSEQUENT EVENTS

There were no subsequent events that would have a material effect on the financial statements.

St. Tammany Association for Retarded Children, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

NOTE D - COMMITMENTS - Continued

Year ending June 30,	
1997	\$ 22,729
1998	19,502
1999	19,140
2000	19,140
2001	<u>4,785</u>
Total minimum payments required	\$ 85,296

Rent expense for each leased equipment and vehicles during the year ended June 30, 1996, was \$51,684.

NOTE E - PROGRAM GRANTS

The Association was organized to promote the general welfare of the mentally retarded, to foster the development of programs in their behalf, to advise and aid parents in the solution of mentally retarded problems and to coordinate their efforts and activities. To help meet these objectives, the Association maintains and operates a training facility for persons with mental retardation.

A substantial portion of the Association's support and revenue is derived from restricted grants for the various programs conducted. The grants are approved on a year-to-year basis and generally apply for the period July 1 through June 30. Any unexpended grant funds, or unauthorized expenditures charged against the programs, must be refunded.

NOTE F - UNITED WAY ALLOCATION

The Association participates in the United Way For The Greater New Orleans Area allocation of funds process. To participate in the allocation of funds, certain restrictions were placed on the Association's ability to conduct certain fund raising activities or otherwise solicit contributions. The United Way's allocation to the Association for the year ended June 30, 1996, was \$79,463.

NOTE G - INCOME TAXES

The Association is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from State income taxes under Section 121(3) of Title 47 of the Louisiana Statutes of 1950.

St. Tammany Association for Retarded Citizens, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

NOTE C - NOTES PAYABLE - Continued

Interest expense on notes payable for the year ending June 30, 1996, was \$24,185.

Maturities are as follows:

1997	\$ 31,254
1998	21,282
1999	10,966
2000	10,128
2001	8,257
2002 and after	<u>112,610</u>

Total minimum payments required \$ 194,617

Current portion \$ 31,254

Noncurrent portion 163,363

\$ 194,617

NOTE D - COMMITMENTS

The Association conducts a portion of its operations in leased facilities. The leases are classified as operating leases. The following is a schedule by years of minimum rental payments under such operating leases:

Year ending June 30,	
1997	\$ 28,950
1998	28,950
1999	28,950
2000	28,950
2001	28,950
2002 and thereafter	<u>2,621,800</u>

Total minimum payments required \$2,786,250

Rent expense for such leased facilities during the year ended June 30, 1996, was \$30,163. The Association leases certain office equipment and vehicles under leases classified as operating leases. The following is a schedule by years of minimum rental payments under such operating leases which expire at various dates through November 30, 2000.

St. Tammany Association for Retarded Citizens, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

NOTE C - NOTES PAYABLE

Notes payable consist of the following, at June 30, 1996:

Mortgage note dated January 12, 1996, payable to a bank in 180 monthly installments of \$732 consisting of principal and interest accruing at a rate of 10.0% through January 12, 2010. This note is collateralized by land and buildings.	\$ 66,187
Note dated December 22, 1994, payable to an employee in monthly installments of \$940 consisting of principal and interest accruing at a rate of 8% through December 22, 1997. This note is unsecured.	15,686
Mortgage note dated January 12, 1996, payable to a bank in 180 monthly installments of \$923 consisting of principal and interest accruing at a rate 10.0% through January 12, 2010. This note is collateralized by land and buildings.	81,989
Note dated August 30, 1995, payable to a credit company in monthly installments of \$513 consisting of principal and interest accruing at a rate of 20.0% through August 1, 1997. This note is collateralized by a Bobcat used in the recycling program.	10,975
Note dated November 7, 1985, payable to AT&T in monthly installments of \$545 consisting of principal and interest accruing at a rate of 11.0% through July 1, 2000. This note is collateralized by a telephone system.	13,915
Note dated May 29, 1996 payable on demand, but no later than June 1, 1999 to CRRS Foundation. This note is collateralized by a commercial washer and dryer.	7,255
	\$ 186,012

SUPPLEMENTAL INFORMATION

St. Tammany Association for Retarded Citizens, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

4. Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost. The Association follows the practice of capitalizing all expenditures for property, plant, and equipment of \$500 and greater. The fair value of donated fixed assets is similarly capitalized.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on the straight line method.

5. Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of support and revenue and functional expenses for the various programs conducted by the Association. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related payroll expenses are distributed based upon the time spent for each function. Distribution of all other expenses is based upon management's estimates of usage applicable in conducting the various functional activities.

6. Donated Materials and Services

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Association's program services and in its fund raising campaigns.

7. Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Interest paid in cash during the year is \$24,385.

St. Tammany Association for Retarded Citizens, Inc.

STATEMENT OF CASH FLOWS

For The Year Ended June 30, 1996

	Unrestricted	Restricted	Total
Cash flows from operating activities:			
Excess of revenues over expenses	\$ 147,368	\$ 40,121	\$ 187,489
Adjustments to reconcile to cash provided by operating activities:			
Depreciation and Amortization	64,397	0	64,397
Decrease in accounts receivable	54,478	0	54,478
Increase in prepaid expenses	(4,715)	0	(4,715)
Increase in taxes payable	624	0	624
Decrease in refundable deposits	481	0	481
Increase in accrued salaries	14,459	0	14,459
Increase in accounts payable	4,503	0	4,503
Total adjustments	134,207	0	134,207
Net cash provided by operating activities	281,575	40,121	321,696
Cash flows from financing activities:			
Advances on notes payable	58,029	0	58,029
Principal payments on capital lease	(4,314)	0	(4,314)
Principal payments on notes	(43,485)	0	(43,485)
Net cash provided by financing activities	10,230	0	10,230
Cash flows from investing activities:			
Purchases of property and equipment	(119,318)	(41,237)	(160,555)
Sale of property and equipment	28,697	0	28,697
Net cash used by investing activities	(90,621)	(41,237)	(131,858)
Net increase (decrease) in cash and cash equivalents	201,523	(1,116)	200,407
Cash - beginning of year	43,785	13,836	57,621
Cash - end of year	\$ 249,302	\$ 12,720	\$ 262,022

The accompanying notes are an integral part of this statement.

St. Tammany Association for Retarded Citizens, Inc.
Statement of Support and Revenues, Expenses, and Changes in Fund Balance
For the Twelve Months Ended June 30, 1996

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Public Support and Revenues			
Government Grants and Contracts	\$ 1,824,533	\$ 22,480	\$ 1,847,013
Private Providers	124,299	-	124,299
Sale of Services	376,593	-	376,593
Donations	58,529	17,721	76,250
United Way Allocation	36,247	-	36,247
United Way Organization	43,216	-	43,216
Fundraising	49,080	-	49,080
Other Income	43,751	-	43,751
	<u>3,947,248</u>	<u>40,201</u>	<u>3,987,449</u>
Total Public Support and Revenues			
	3,947,248	40,201	3,987,449
Expenses			
Program Services			
Adult Habilitation	359,276	-	359,276
Infant Habilitation	193,184	-	193,184
Respite/Residential	780,723	-	780,723
Kit Mail	22,353	-	22,353
Waived Services	456,518	-	456,518
Care Management	33,032	-	33,032
Booster Day Services	416,435	-	416,435
	<u>2,178,628</u>	<u>-</u>	<u>2,178,628</u>
Total Program Services			
	2,178,628	-	2,178,628
Supporting Services			
	<u>473,478</u>	<u>-</u>	<u>473,478</u>
Total expenses			
	2,743,998	-	2,743,998
Excess (Deficiency) of Public Support and Revenue over Expenses before Depreciation and Amortization			
	<u>203,262</u>	<u>40,201</u>	<u>243,463</u>
Depreciation and Amortization			
	<u>55,807</u>	<u>-</u>	<u>55,807</u>
Excess (Deficiency) of Public Support and Revenue over Expenses			
	<u>147,455</u>	<u>40,201</u>	<u>187,656</u>
Fund Balance—beginning of period			
	<u>889,614</u>	<u>88,479</u>	<u>978,093</u>
Fund Balance—end of period			
	<u>\$ 1,034,970</u>	<u>\$ 138,680</u>	<u>\$ 1,173,650</u>

The accompanying notes are an integral part of this statement.

St. Tammany Association for Retarded Citizens Inc.
Balance Sheet
 June 30, 1992

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Liabilities and Fund Balance			
Current Liabilities			
Salaries Payable	\$ 65,210	\$ -	\$ 65,210
Accounts Payable	4,908	-	4,908
Taxes Payable	5,828	-	5,828
Current Portion of Capital Lease	4,761	-	4,761
Current Portion of Notes Payable	<u>31,254</u>	<u>-</u>	<u>31,254</u>
Total Current Liabilities	111,683	-	111,683
Long-Term Liabilities			
Longterm Notes Payable	183,263	-	183,263
Capital Lease	<u>40,174</u>	<u>-</u>	<u>40,174</u>
Total Long Term Liabilities	223,437	-	223,437
Total Liabilities	335,210	-	335,210
Fund Balance	726,979	128,600	855,579
Total Liabilities & Fund Balance	<u>\$ 1,062,189</u>	<u>\$ 128,600</u>	<u>\$ 1,190,789</u>

The accompanying notes are an integral part of this statement.

St. Tammany Association for Retarded Citizens, Inc.
Balance Sheet
June 30, 1998

	Unrestricted	Restricted	Total
Assets			
Current Assets			
Cash	\$ 249,381	\$ 12,718	\$ 262,099
Accounts Receivable	283,563	-	283,563
Prepaid Expenses	<u>11,212</u>	<u>-</u>	<u>11,212</u>
Total Current Assets	544,156	12,718	556,874
Property and Equipment			
Land	75,326	-	75,326
Buildings	336,000	-	336,000
Equipment-Furniture	38,669	87,653	126,322
Vehicles	47,848	27,866	75,714
Leasehold Improvements	300,084	-	300,084
Less Accumulated Depreciation	<u>(358,489)</u>	<u>(79,629)</u>	<u>(438,118)</u>
Total Property and Equipment	442,328	115,890	558,218
Other Assets			
Refundable Deposits	380	-	380
Comm. Home Del. Allow (Net)	<u>64,750</u>	<u>-</u>	<u>64,750</u>
Total Other Assets	65,130	-	65,130
Total Assets	\$ 1,052,192	\$ 128,608	\$ 1,180,800

The accompanying notes are an integral part of this statement.

TIM RATULIFF, CPA

A Professional Accounting Corporation

INDEPENDENT AUDITOR'S REPORT

Board of Directors
St. Tammany Association for Retarded Citizens, Inc.
Briarfield Citizens, Inc.
Slidell, Louisiana

I have audited the accompanying balance sheet of St. Tammany Association for Retarded Citizens, Inc. (a Louisiana corporation, not for profit) as of June 30, 1998, and the related statements of: support, revenues and expenses; changes in fund balance; and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes counting, 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Tammany Association for Retarded Citizens, Inc. at June 30, 1998, and the results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Governmental Auditing Standards, I have also issued a report dated November 16, 1998 on my consideration of St. Tammany Association for Retarded Citizens, Inc.'s internal control structure and a report dated November 16, 1998 on its compliance with laws and regulations.

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St. Tammany Association
for Retarded Citizens, Inc.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

June 30, 1990

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, orally and other appropriate public officials. This 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 JAN 22 1991

St. Tammany Association for Retarded Citizens, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 1996

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

A. Community Bed Allocation

The intangible asset created by the purchase of a community bed allocation is being amortized over ten years using the straight line method.

NOTE B - CAPITAL LEASE

The following is an analysis of the leased property under capital lease by major classes at June 30, 1996:

Building	\$ 75,000
Less: Accumulated amortization	<u>15,852</u>
	\$ 59,148

The following is a schedule by years of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of June 30, 1996:

Year ending June 30,	
1997	\$ 9,000
1998	9,000
1999	9,000
2000	9,000
2001	9,000
2002 and thereafter	<u>17,250</u>
Total minimum payments required	62,250
Less: Amount representing interest	<u>13,315</u>
Present value of net minimum lease payments	\$ 48,935
Current portion	\$ 4,760
Non-current portion	<u>44,175</u>
	\$ 48,935

The amount necessary to reduce net minimum lease payments to present value is calculated at the Association's incremental borrowing rate at the inception of the lease.

St. Tammany Association for Retarded Citizens, Inc.
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 For The Year Ended June 30, 1996

Federal Grants/Pass-through Grants/Program Title.....	Federal CFDA #	Federal Expenditures
Major Program.....		
U. S. Department of Education: Pass-through from State Department of Education		
Special Education - Grants for Infants and Families with Disabilities	84.180	\$ 175,992
Non-major Program.....		
U. S. Department of Education: Pass-through from State Department of Health and Hospitals		
Infant Rehabilitation#9-313	84.0098	\$ 12,571
U. S. Department of Transportation: Pass-through from State Department of Transportation		
Urban Mass Transportation	20.500	\$ 18,900

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

Board of Directors
St. Tammany Association for Retarded Citizens, Inc.
Retarded Citizens, Inc.
Slidell, Louisiana

I have audited the financial statements of St. Tammany Association for Retarded Citizens, Inc. as of and for the year ended June 30, 1990, and have issued my report thereon dated November 18, 1990.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of D&B Circular A-133, *Audit of Institutions of Higher Education and Other Nonprofit Institutions*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of St. Tammany 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 the 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 my audit of the financial statements of St. Tammany Association for Retarded Citizens, Inc. for the year ended June 30, 1990, I obtained an understanding of the internal control structure,

With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific 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. I noted no matters involving the internal control structure and its operations that I consider to be material weaknesses as defined above.

This report is intended for the information of the finance committee, management, the Department of Health and Human Services, The United Way, and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.



November 16, 1996

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Board of Directors
St. Tammany Association for
Retarded Citizens, Inc.
Slidell, Louisiana

I have audited the financial statements of St. Tammany Association for Retarded Citizens, Inc. as of and for the year ended June 30, 1996, and have issued my report thereon dated November 16, 1996.

I conducted my audit in accordance with generally accepted auditing standards; the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of OMB Circular A-133. Those standards require that I 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. Tammany Association for Retarded Citizens, Inc. is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of St. Tammany Association for Retarded Citizens, Inc.'s compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of the finance committee, management, the Department of Health and Human Services, the United Way, and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



November 16, 1996

TIM RATCLIFF, CPA

A Professional Accounting Corporation

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Board of Directors
St. Tammany Association for
Retarded Citizens, Inc.
Slidell, Louisiana

I have audited the financial statements of St. Tammany Association for Retarded Citizens, Inc. as of and for the year ended June 30, 1990, and have issued my report thereon dated November 16, 1990. I have also audited St. Tammany Association for Retarded Citizens, Inc.'s compliance with requirements applicable to major federal programs and have issued my report thereon dated November 16, 1990.

I conducted my audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the Office of Management and Budget (OMB) Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions*. These standards and OMB Circular A-133, require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether St. Tammany Association for Retarded Citizens, Inc. complied with laws and regulations, compliance with which would be material to a major federal program.

In planning and performing my audit for the year ended June 30, 1990, I considered the Association's internal control structure in order to determine my auditing procedures for the purpose of expressing my opinions on the Association's financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed policies and procedures relevant to my audit of the financial statements in a separate report dated November 16, 1990.

The management of St. Tammany Association for Retarded Citizens, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of an internal control structure used in administering federal financial assistance programs are to provide management with reasonable, but not absolute, assurance that, with respect to federal financial assistance programs, resource use is consistent with laws, regulations, and policies; assets are safeguarded against loss from unauthorized use or disposition; 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, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure of 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.

For the purposes of this report, I have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories: cash receipts, cash disbursements, payroll, accounts receivable, accounts payable, property and equipment, general ledger, nonfederal share, political activity, civil rights, cash management, federal financial reports, allowable costs, day-to-day work place, administrative requirements, eligibility, reporting, financial reports, claims for advances and reimbursements, and special requirements. For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and I assessed control risk.

During the year ended June 30, 1986, St. Tammany Association for Retarded Citizens, Inc. expended 180 percent of its total federal financial assistance under major federal financial assistance programs.

I performed tests of controls, as required by OMB Circular A-133 to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with grant requirements that are applicable to the Association's major programs, which is identified in the accompanying schedule of federal financial assistance. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

My consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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 noncompliance with laws and regulations that would be material to a federal awards program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operations that I consider to be material weaknesses as defined above.

This report is intended for the information of management, and the Department of Health and Human Services, The United Way, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



November 16, 1996

TIM RATULIFF, CPA

A Professional Accounting Corporation

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Board of Directors
St. Tammany Association for Retarded Citizens, Inc.
Baton Rouge, Louisiana
Slidell, Louisiana

I have audited the financial statements of St. Tammany Association for Retarded Citizens, Inc. as of and for the year ended June 30, 1996, and have issued my report thereon dated November 14, 1996.

I have applied procedures to test St. Tammany Association for Retarded Citizens, Inc.'s compliance with the following requirements applicable to its federal programs, which are identified in the schedule of federal financial assistance for the year ended June 30, 1996. For the purpose of this report I have classified the general requirements applicable to St. Tammany Association for Retarded Citizens, Inc.'s major federal financial assistance programs as political activity, civil rights, cash management, allowable costs, drug-free work place, administrative requirements, and federal financial reports.

My procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on St. Tammany Association for Retarded Citizens, Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of my procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused us to believe that St. Tammany Association for Retarded Citizens, Inc. has not complied, in all material respects, with those requirements.

This report is intended for the information of the finance committee, management, and the Department of Health and Human Services, The United Way, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.



November 16, 1996

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO
MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Directors
St. Tammany Association for Retarded Citizens, Inc.
Baton Rouge, Louisiana

I have audited the financial statements of St. Tammany Association for Retarded Citizens, Inc. as of and for the year ended June 30, 1986, and have issued my report thereon dated November 16, 1986.

I have also audited St. Tammany Association for Retarded Citizens, Inc.'s compliance with the requirements governing types of services allowed or unallowed, eligibility, matching, level of effort, or monitoring, reporting, cost allocations, claims for advances and reimbursements, amounts claimed or used for matching, and other special tests and provisions that are applicable to its major federal financial assistance programs which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1986. The management of St. Tammany Association for Retarded Citizens, Inc. is responsible for the center's compliance with these requirements. My responsibility is to express an opinion on compliance with these requirements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audit of Institutions of Higher Education and Other Nonprofit Institutions*. These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence of St. Tammany Association for Retarded Citizens, Inc.'s compliance with these requirements. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, St. Tammany Association for Retarded Citizens, Inc. complied, in all material respects, with the requirements governing types of services allowed or unallowed, eligibility, matching, level of effort, monitoring, reporting, cost allocation, monitoring sub-recipients, claims for advances and reimbursements, amounts claimed or used for matching, and special tests that are applicable to its major federal financial assistance programs for the year ended June 30, 1986.

This report is intended for the information of management, the Department of Health and Human Services, The United Way, and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report which is a matter of public record.

Jim K. [Signature] CIA (AMA)

November 30, 1996

TIM RATCLIFF, CPA

A Professional Accounting Corporation

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Board of Directors
St. Tammany Association for
Retarded Citizens, Inc.
Slidell, Louisiana

I have audited the financial statements of St. Tammany Association for Retarded Citizens, Inc. as of and for the year ended June 30, 1996, and have issued my report thereon dated November 16, 1996.

In connection with my audit of the financial statements of St. Tammany Association for Retarded Citizens, Inc. and with my consideration of St. Tammany Association for Retarded Citizens, Inc.'s internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-133, *Audit of Institutions of Higher Education and Other Non-Profit Organizations*, I selected certain transactions applicable to certain non-major federal financial assistance programs for the year ended June 30, 1996.

As required by OMB Circular A-133, I performed auditing procedures to test compliance with the requirements governing eligibility, reporting, financial reports, claims for advances and reimbursements, and special requirements. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on St. Tammany Association for Retarded Citizens, Inc.'s compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of my procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that St. Tammany Association for Retarded Citizens, Inc. had not complied, in all material respects, with these requirements.

This report is intended for the information of management, the Department of Health and Human Services, the United Way, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Tim Ratcliff, CPA (MAA)

November 16, 1996

St. Tammany Association for Retarded Citizens, Inc.

SCHEDULE OF QUESTIONED COSTS

June 30, 1986

I NOTED NO QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1986

TIM RATCLIFF, CPA

A Professional Accounting Corporation

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

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

My report on my audit of the basic financial statements of the St. Tammany Association for Retarded Citizens, Inc. for the year-ended June 30, 1986, appears on page three. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of: federal financial assistance; support, revenue and expenses by program, support services, and summary of program and support services are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



November 16, 1986

My audit was made for the purpose of forming an opinion on the basic financial statements of St. Tammany Association for Retarded Citizens, Inc. taken as a whole. The accompanying Schedule of Federal Financial Assistance for the year ended June 30, 1996 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

John R. ... CPA (CAAA)

November 16, 1996