

ST. TAMMANY ASSOCIATION
FOR RETARDED CITIZENS, INC.
SEP 15 11 51 AM '99

**ST. TAMMANY ASSOCIATION
FOR RETARDED CITIZENS, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 1999

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 SEP 22 1999

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

St. Tammany Association for Retarded Citizens, Inc.

Slidell, Louisiana

We have audited the accompanying statement of financial position of St. Tammany Association for Retarded Citizens, Inc. (a Louisiana corporation, not for profit) as of June 30, 1999, and the related statements of activities, functional expenses, changes in net assets, 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; the standards for financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States; and the provisions of the Office of Management and Budget (OMB) Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions. Those standards and OMB Circular A-133 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 financial statements referred to above present fairly, in all material respects, the financial position of St. Tammany Association for Retarded Citizens, Inc. as of June 30, 1999, and the results of its operations 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 a report dated August 11, 1999 on our consideration of St. Tammany Association for Retarded Citizens, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our 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 schedules of federal financial assistance; activities and functional expenses by programs and supporting services; and supporting services allocated to programs for the year ended June 30, 1999 are presented for purposes of additional analysis as required by U.S. Office and Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and are not a required part of the basic financial statements. The information in those schedules have been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Skanda & Silva, LLP
August 11, 1999

St. Tammany Association for Retarded Citizens, Inc.
Statement of Financial Position
June 30, 1999

ASSETS

Current Assets

Cash and cash equivalents	\$ 321,595
Receivables	
Grants	278,533
Accounts	15,509
Prepaid expenses	<u>5,298</u>
	620,935

Property and equipment

Buildings	1,273,396
Furniture and equipment	211,648
Vehicles	274,607
Leasehold improvements	<u>2,952</u>
	1,762,603
Less accumulated depreciation	<u>(360,059)</u>
	1,402,544
Land	<u>205,730</u>
	1,608,274

Other Assets

Refundable deposits	331
Community home bed allocation, net of accumulated amortization	<u>39,250</u>
	<u>39,581</u>
Total assets	<u><u>\$ 2,268,790</u></u>

Current Liabilities	
Line of credit	\$ 184,434
Accounts payable	15,331
Accrued salaries and wages	84,235
Accrued payroll taxes	13,543
Accumulated sick leave	27,537
Current maturities of long-term debt	<u>12,409</u>
	337,489
Long-Term Liabilities	
Long-term debt, net of current maturities	340,930
Tenant security deposits	<u>2,750</u>
	343,680
Net Assets	
Unrestricted	1,089,848
Temporarily restricted	359,275
Permanently restricted	<u>138,498</u>
	<u>1,587,621</u>
Total liabilities and net assets	<u><u>\$ 2,268,790</u></u>

The accompanying notes are an integral part of this statement.

St. Tammany Association for Retarded Citizens, Inc.
Statement of Activities
For the Year Ended June 30, 1999

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Other Support				
Government grants and contracts	\$ 2,432,221	\$ -	\$ 28,000	\$ 2,460,221
Program services	155,602	-	-	155,602
Private providers	192,222	-	-	192,222
Sale of services	213,363	-	-	213,363
Donations	480,687	78,358	-	559,045
United Way allocation	-	55,604	-	55,604
United Way designation	55,857	-	-	55,857
Fundraising	40,217	-	-	40,217
Gain (loss) on sale of assets	(201)	-	-	(201)
Other	13,216	-	-	13,216
Net assets released from restrictions				
Restrictions satisfied by payments	19,779	(19,779)	-	-
	<u>3,602,963</u>	<u>114,183</u>	<u>28,000</u>	<u>3,745,146</u>
Expenses				
Program services	2,798,592	-	16,746	2,815,338
Supporting services	499,022	-	-	499,022
	<u>3,297,614</u>	<u>-</u>	<u>16,746</u>	<u>3,314,360</u>
Change in net assets	<u>\$ 305,349</u>	<u>\$ 114,183</u>	<u>\$ 11,254</u>	<u>\$ 430,786</u>

The accompanying notes are an integral part of this statement.

St. Tammany Association for Retarded Citizens, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 1999

	Program Services						Supporting Services			
	Adult Habitatation	Infant Habitatation	Residential	Supported Living	Waivered Services	Better Way Services	Total	General and Administrative	Fundraising	Total
Salaries	\$ 376,519	\$ 220,955	\$ 379,659	\$ 108,562	\$ 577,291	\$ 101,673	\$ 1,764,659	\$ 346,960	\$ -	\$ 2,111,619
Payroll taxes	30,311	17,863	30,756	8,866	46,697	8,164	142,657	28,043	-	170,700
Professional services	8,697	130,843	31,834	4,027	28,703	1,539	205,643	1,596	-	207,239
Day service charges-internal	-	-	98,687	-	-	-	98,687	-	-	98,687
State bed fees	-	-	59,715	-	-	-	59,715	-	-	59,715
Supplies	5,935	6,933	42,185	3,168	4,209	18,745	81,175	16,664	-	97,839
Interest	1,894	-	5,346	-	-	-	7,240	-	-	7,240
Telephone	5,078	2,683	6,853	2,289	3,279	1,325	21,507	11,215	-	32,722
Postage	370	832	572	228	1,144	414	3,560	3,535	-	7,095
Occupancy	51,881	17,234	45,419	4,462	7,015	17,589	143,600	30,815	-	174,415
Insurance	28,159	4,472	31,180	3,486	11,380	12,814	91,491	5,989	-	97,480
Depreciation and amortization	29,793	9,247	33,294	1,305	1,697	19,272	94,608	8,341	-	102,949
Travel	3,568	3,782	1,062	10,732	1,110	927	21,181	2,938	-	24,119
Conferences and training	6,505	9,577	9,659	2,549	15,276	-	43,566	15,222	-	58,788
Fundraising expense	-	-	-	-	-	-	-	-	13,916	13,916
Specific assistance	-	-	22,634	-	-	-	22,634	-	-	22,634
Miscellaneous	2,036	4,930	5,045	278	990	136	13,415	13,788	-	27,203
	<u>\$ 550,746</u>	<u>\$ 429,351</u>	<u>\$ 803,900</u>	<u>\$ 149,952</u>	<u>\$ 698,791</u>	<u>\$ 182,598</u>	<u>\$ 2,815,338</u>	<u>\$ 485,106</u>	<u>\$ 13,916</u>	<u>\$ 3,314,360</u>

The accompanying notes are an integral part of this statement.

St. Tammany Association for Retarded Citizens, Inc.
Statement of Changes in Net Assets
June 30, 1999

Net assets - beginning of year	\$ 1,156,835
Increase (decrease) in net assets	
Unrestricted	305,349
Temporarily restricted	114,183
Permanently restricted	<u>11,254</u>
Net assets - end of year	<u><u>\$ 1,587,621</u></u>

The accompanying notes are an integral part of this statement.

St. Tammany Association for Retarded Citizens, Inc.
Statement of Cash Flows
June 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 430,786
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>	
Depreciation and amortization	102,949
(Gain) loss on sale of property and equipment	201
 (Increase) decrease in operating assets	
Receivables	90,627
Prepaid expenses	2,868
Deposits	36
 Increase (decrease) in operating liabilities	
Accounts payable	(12,557)
Accrued liabilities	<u>35,356</u>
 Net cash provided by (used in) operating activities	650,266

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	(596,896)
Proceeds from sale of property and equipment	<u>12,074</u>
 Net cash provided by (used in) investing activities	(584,822)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long-term debt	-
Principal payments on long-term debt	<u>(185,077)</u>
Net cash provided by (used in) financing activities	<u>(185,077)</u>
Net increase (decrease) in cash and cash equivalents	(119,633)
Cash - beginning of year	<u>441,228</u>
Cash - end of year	<u>\$ 321,595</u>
Supplemental cash flow information	
Cash paid during the year for:	
Interest	<u>\$ 7,240</u>
Noncash investing and financing activities	
Fixed assets acquired through long-term debt	<u>\$ 538,435</u>

The accompanying notes are an integral part of this statement.

St. Tammany Association for Retarded Citizens, Inc.
Notes to Financial Statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

St. Tammany Association for Retarded Citizens, Inc. (the “Association”) was incorporated on June 20, 1968. The Association provides day care services, work training services, and residential housing for retarded citizens of St. Tammany Parish.

Donated Assets and Services

The Association records noncash donations as contributions at its estimated fair value at the date of donation.

The Association recognizes donated services, if significant in amount, that create or enhance non-financial assets or that require specialized skills, that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Property and Equipment

Property and equipment are recorded at cost. Acquisitions of property and equipment are made with unrestricted assets. Depreciation is provided over the estimated useful lives of the respective assets, approximately five to ten years, on a straight-line basis.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets, if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose 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. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

Functional Expense Allocation

Functional expenses are allocated among the various program services, general and administrative, and fundraising categories based on actual use or management’s best estimate.

St. Tammany Association for Retarded Citizens, Inc.
Notes To Financial Statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all restricted highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Use of Estimates in the Preparation of Financial Statements

The preparation of the Association's financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities as of June 30, 1999. Adjustments to the reported amounts of assets and liabilities may be necessary in the future to the extent that future estimates or actual results are different from the estimates used in the 1999 financial statements.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 116 and SFAS No. 117, the Association 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 depending on the existence and/or nature of any donor restrictions.

NOTE B - COMMUNITY BED ALLOCATION

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

NOTE C - CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Association maintains its cash balances in several financial institutions located in Slidell, Louisiana that may at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation up to \$100,000. The Association's cash balances were not in excess of the FDIC insurance at June 30, 1999. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

St. Tammany Association for Retarded Citizens, Inc.
Notes to Financial Statements

NOTE D - FAIR VALUES OF FINANCIAL INSTRUMENTS

The estimated fair values of the Association's financial instruments are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 321,595	\$ 321,595
Long-term debt	\$ 340,930	\$ 340,930

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents – the carrying amount approximates fair value because of the short maturities of those investments.

Long-term debt – the fair values of long-term debt are based on quoted market prices for the same or similar issues or on the current rates offered to the Association for debt of the same remaining maturities.

NOTE E – LINE OF CREDIT

The Association has a \$500,000 line of credit bearing interest at 9 percent, which is secured by a collateral real estate mortgage. The balance at June 30, 1999 was \$184,434.

St. Tammany Association for Retarded Citizens, Inc.
Notes to Financial Statements

NOTE F – NOTES PAYABLE

Notes payable consist of the following at June 30, 1999:

Mortgage note dated May 28, 1999, payable to a bank in 180 monthly installments of \$2,520 consisting of principal and interest accruing at a rate of 8.5% through June 28, 2010. This note is collateralized by land and building	\$ 253,339
Mortgage note dated June 21, 1999, payable to a bank in 180 monthly installments of \$944 consisting of principal and interest accruing at a rate of 7.8% through June 21, 2014. This note is collateralized by land and building	<u>100,000</u>
	<u>\$ 353,339</u>

Maturities are as follows:

2000	\$ 12,409
2001	13,820
2002	15,011
2003	16,306
2004	17,712
2005 and thereafter	<u>278,081</u>
Total minimum payments required	<u>\$353,339</u>
Current portion	\$ 12,409
Noncurrent portion	<u>340,930</u>
	<u>\$353,339</u>

Interest expense on notes payable for the year ending June 30, 1999, was \$7,240.

St. Tammany Association for Retarded Citizens, Inc.
Notes to Financial Statements

NOTE G – OPERATING LEASE OBLIGATIONS

The Association conducted a portion of its operations in leased facilities during the year ended June 30, 1999. The leases were classified as operating leases. Rent expense for such leased facilities during the year ended June 30, 1999, was \$24,308.

The Association leased certain office equipment and vehicles under leases classified as operating leases. Rent expense for such leased equipment and vehicles during the year ended June 30, 1999, was \$21,330.

During the year ended June 30, 1999, the facilities, and office equipment and vehicles were donated to the Association.

NOTE H -- 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 problems related to mental retardation, 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 I – UNITED WAY ALLOCATION/DESIGNATION

The Association participates in the United Way for the Greater New Orleans Area allocation and designation of funds process. To participate in the allocation and designation 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/designation to the Association for the year ended June 30, 1999, was \$111,460.

NOTE J – RESTRICTED CASH

At June 30, 1999, the Association had restricted cash of \$1,850. The use of these funds is restricted by donors.

St. Tammany Association for Retarded Citizens, Inc.
Notes to Financial Statements

NOTE K – 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, 1999, was \$26,301.

NOTE L – 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.

SUPPLEMENTARY INFORMATION

St. Tammany Association for Retarded Citizens, Inc.
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1999

DESCRIPTION	CFDA NUMBER	GRANT NUMBER	GRANT PERIOD FROM	GRANT PERIOD THROUGH	TOTAL GRANT AWARD	ACCRUED/ (DEFERRED) REVENUE		ASSISTANCE RECEIVED DURING YEAR		ACCRUED/ (DEFERRED) REVENUE JUNE 30, 1999	TOTAL REVENUE RECOGNIZED	EXPENDITURES		TOTAL EXPENDITURES
						JUNE 30, 1998	JUNE 30, 1999	GRANTS	OTHER			FEDERAL	OTHER	
U.S. Department of Education Passed through from Louisiana State Department of Education	84.181	98-H3-YC-S-C	07/01/98	06/30/99	\$ 295,580	\$ 37,223	\$ -	\$ 249,392	\$ -	\$ 27,843	\$ 240,012	\$ -	\$ 240,012	\$ 240,012
Special Education - Grants for Infants and Families with Disabilities					295,580	37,223	-	249,392	-	27,843	240,012	-	240,012	240,012
Total passed through Louisiana State Department of Education											240,012		240,012	240,012
U.S. Department of Transportation Passed through from Louisiana State Department of Transportation	20.513	LA-16-0026	07/01/98	06/30/99	\$ 35,000	\$ 53,084	\$ -	\$ 53,084	\$ -	\$ 28,000	\$ 28,000	\$ -	\$ 35,000	\$ 35,000
Urban Mass Transportation					35,000	53,084	-	53,084	-	28,000	28,000	-	35,000	35,000
Total passed through Louisiana State Department of Transportation											28,000		35,000	35,000
Total					\$ 330,580	\$ 90,307	\$ -	\$ 302,476	\$ -	\$ 55,843	\$ 268,012	\$ -	\$ 275,012	\$ 275,012

St. Tammany Association for Retarded Citizens, Inc.
Schedule of Revenues, Other Support and Expenses By Program and Supporting Services
For the Year Ended June 30, 1999

	Program Services							Services	
	Adult Habilitation	Infant Habilitation	Residential	Supported Living	Waivered Services	Better Way Services	Program Services Total	General and Administrative Fund Raising	Total
Revenues and Other Support									
Government grants and contracts	\$ 401,882	\$ 351,959	\$ 727,905	\$ 139,846	\$ 810,629	\$ -	\$ 2,432,221	\$ 28,000	\$ 2,460,221
Private providers	187,362	2,360	-	-	-	-	189,722	2,500	192,222
Program service fees	15,275	41,500	98,827	-	-	-	155,602	-	155,602
Sale of services	-	-	-	-	-	213,363	213,363	-	213,363
Donations	1,597	4,517	274	226	1,787	-	8,401	550,644	559,045
United Way allocation	15,779	23,200	16,625	-	-	-	55,604	-	55,604
United Way designation	-	-	-	-	-	-	-	55,857	55,857
Fundraising	-	-	-	-	-	-	-	40,217	40,217
Other income	867	-	-	-	-	1	868	12,348	13,216
Gain (loss) on disposition of assets	-	-	-	-	-	-	-	(201)	(201)
Total revenues and other support	622,762	423,536	843,631	140,072	812,416	213,364	3,055,781	689,365	3,745,146
Expenses									
Salaries	376,519	220,955	379,659	108,562	577,291	101,673	1,764,659	346,960	2,111,619
Payroll taxes	30,311	17,863	30,756	8,866	46,697	8,164	142,657	28,043	170,700
Professional services	8,697	130,843	31,834	4,027	28,703	1,539	205,643	1,596	207,239
Day service charges-internal	-	-	98,687	-	-	-	98,687	-	98,687
State bed fees	-	-	59,715	-	-	-	59,715	-	59,715
Supplies	5,935	6,933	42,185	3,168	4,209	18,745	81,175	16,664	97,839
Interest	1,894	-	5,346	-	-	-	7,240	-	7,240
Telephone	5,078	2,683	6,853	2,289	3,279	1,325	21,507	11,215	32,722
Postage	370	832	572	228	1,144	414	3,560	3,535	7,095
Occupancy	51,881	17,234	45,419	4,462	7,015	17,589	143,600	30,815	174,415
Insurance	28,159	4,472	31,180	3,486	11,380	12,814	91,491	5,989	97,480
Depreciation and amortization	29,793	9,247	33,294	1,305	1,697	19,272	94,608	8,341	102,949
Travel	3,568	3,782	1,062	10,732	1,110	927	21,181	2,938	24,119
Conferences and training	6,505	9,577	9,659	2,549	15,276	-	43,566	15,222	58,788
Fundraising expense	-	-	-	-	-	-	-	13,916	13,916
Specific assistance	-	-	22,634	-	-	-	22,634	-	22,634
Miscellaneous	2,036	4,930	5,045	278	990	136	13,415	13,788	27,203
Total expenses	550,746	429,351	803,900	149,952	698,791	182,598	2,815,338	499,022	3,314,360
Change in net assets	\$ 72,016	\$ (5,815)	\$ 39,731	\$ (9,880)	\$ 113,625	\$ 30,766	\$ 240,443	\$ 190,343	\$ 430,786

St. Tammany Association for Retarded Citizens, Inc.
Schedule of Revenues, Support and Expenses Allocated to Programs
For the Year Ended June 30, 1999

	Program Services						Supporting Services		Total
	Adult Habilitation	Infant Habilitation	Residential	Supported Living	Waived Services	Better Way Services	Program Services Total	General and Administrative Fund Raising	
Revenues and Other Support									
Government grants and contracts	\$ 401,882	\$ 351,959	\$ 727,905	\$ 139,846	\$ 810,629	\$ -	\$ 2,432,221	\$ 28,000	\$ 2,460,221
Private providers	187,362	2,360	-	-	-	-	189,722	2,500	192,222
Program service fees	15,275	41,500	98,827	-	-	-	155,602	-	155,602
Sale of services	-	-	-	-	-	213,363	213,363	-	213,363
Donations	1,597	4,517	274	226	1,787	-	8,401	550,644	559,045
United Way allocation	15,779	23,200	16,625	-	-	-	55,604	-	55,604
United Way designation	-	-	-	-	-	-	-	55,857	55,857
Fundraising	-	-	-	-	-	-	-	40,217	40,217
Other income	867	-	-	-	-	1	868	12,348	13,216
Gain (loss) on disposition of assets	-	-	-	-	-	-	-	(201)	(201)
Allocation of supporting service revenues	622,762	423,536	843,631	140,072	812,416	213,364	3,055,781	689,365	3,745,146
	275,746	82,724	172,341	20,681	137,873	-	689,365	(689,365)	-
Total revenues and other support	898,508	506,260	1,015,972	160,753	950,289	213,364	3,745,146	-	3,745,146
Expenses									
Compensation expenses	406,830	238,818	410,415	117,428	623,988	109,837	1,907,316	375,003	2,282,319
Occupancy	51,881	17,234	45,419	4,462	7,015	17,589	143,600	30,815	174,415
Travel	3,568	3,782	1,062	10,732	1,110	927	21,181	2,938	24,119
Other direct program expenses	88,467	169,517	347,004	17,330	66,678	54,245	743,241	90,266	833,507
Allocation of supporting service expenses	550,746	429,351	803,900	149,952	698,791	182,598	2,815,338	499,022	3,314,360
	199,609	59,883	124,756	14,971	99,804	-	499,022	(499,022)	-
Total expenses	750,355	489,234	928,656	164,923	798,595	182,598	3,314,360	-	3,314,360
Change in net assets	\$ 148,153	\$ 17,026	\$ 87,317	\$ (4,170)	\$ 151,694	\$ 30,766	\$ 430,786	\$ -	\$ 430,786

OTHER INDEPENDENT AUDITOR'S REPORT

Skarda & Silva, L.L.P.

Certified Public Accountants

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Mandeville, LA 70471

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS AND OFFICE OF MANAGEMENT
AND BUDGET (OMB) CIRCULAR A-133**

Board of Directors

St. Tammany Association for Retarded Citizens, Inc.

Slidell, Louisiana

We have audited the financial statements of St. Tammany Association for Retarded Citizens, Inc. as of and for the year ended June 30, 1999, and have issued our report thereon dated August 11, 1999.

We conducted our 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 Office of Management and Budget (OMB) Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions. Those standards and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether St. Tammany Association for Retarded Citizens, Inc. 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. Tammany Association for Retarded Citizens, 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

Internal Control Over Financial Reporting, (continued)

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.

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


August 11, 1999

Skarda & Silva, L.L.P.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133

Board of Directors

St. Tammany Association for Retarded Citizens, Inc.

Slidell, Louisiana

We have audited the compliance of St. Tammany Association for Retarded Citizens, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. St. Tammany Association for Retarded Citizens, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of St. Tammany Association for Retarded Citizens, Inc.'s management. Our responsibility is to express an opinion on St. Tammany Association for Retarded Citizens, Inc.'s compliance based on our audit.

We conducted our audit of compliance 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 Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about St. Tammany Association for Retarded Citizens, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of St. Tammany Association for Retarded Citizens, Inc.'s compliance with those requirements.

In our opinion, St. Tammany Association for Retarded Citizens, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of St. Tammany Association for Retarded Citizens, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered St. Tammany Association for Retarded Citizens, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the finance committee, management, the Department of Health and Human Services, the Department of Transportation, 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.



August 11, 1999

St. Tammany Association for Retarded Citizens, Inc.

Schedule of Questioned Costs

June 30, 1999

**WE NOTED NO QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1999**

St. Tammany Association for Retarded Citizens, Inc.
 Summary Schedule of Prior Audit Findings
 For the Year Ended June 30, 1999

Fiscal Year Finding Initially Occurred	Description	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken	Additional Explanation
Ref.No.				

There were no prior audit findings for the year ended June 30, 1998.