

The cost, fair values, and par amount of investment securities held to maturity at June 30, 1996 were:

	Cost	Fair Value	Par Amount
	-----	-----	-----
Treasury Bills	\$14,811	\$14,811	\$15,000

The cost, fair values, and par amount of investment securities (treasury bills) held to maturity at June 30, 1996, by expected maturity are shown below.

	Securities Held To Maturity		
	Cost	Fair Value	Par Amount
	-----	-----	-----
Due in one year or less	\$14,811	\$14,811	\$15,000
Due after one year but less than five years	-0-	-0-	-0-
Due after five years but less than ten years	-0-	-0-	-0-
Due after ten years	-0-	-0-	-0-
	-----	-----	-----
	\$14,811	\$14,811	\$15,000
	=====	=====	=====

#### Note 4--Contributed Services

The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

#### Note 5--Contributed Facilities

The organization occupies a government owned building located at 101 Bamboo under an agreement with the St. John the Baptist Parish Council. No rent is paid by the Organization. A local real estate agent has estimated the approximate fair value of the annual rental to be \$42,000.

#### Note 6--Contributed Assets

The organization did not receive any contributed equipment or materials for the year ended June 30, 1996.

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

St. John Association For Retarded Citizens  
LaPlace, Louisiana

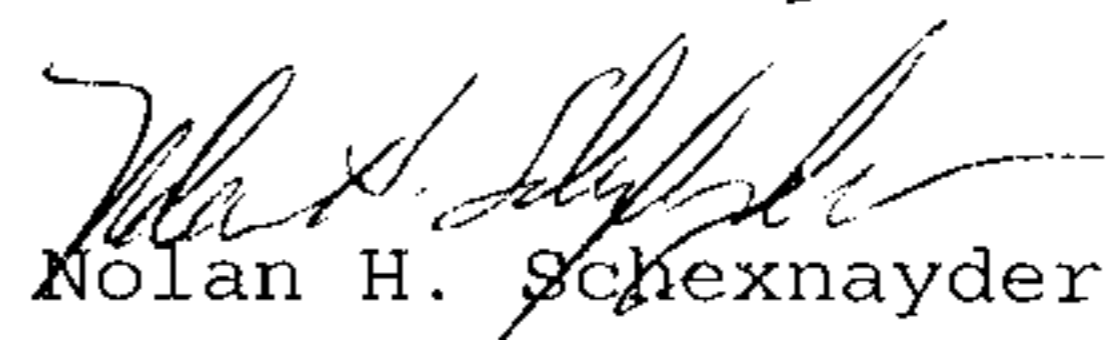
I have audited the financial statements of St. John Association For Retarded Citizens (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued my report thereon dated September 16, 1996.

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 the Guidelines for Allowable Cost in Adult Habilitation Services contracted with the DMR/DD. 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. John Association For Retarded Citizens is the responsibility of St. John Association For Retarded Citizens' management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed test of St. John Association For Retarded Citizens' compliance with certain provisions of laws, regulation, 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 under Government Auditing Standards.

This report is intended for the information of the Board of Directors, management, and the Louisiana State Planning Council on Developmental Disabilities. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

  
Nolan H. Schexnayder

September 16, 1996

EXHIBIT B

091696-4

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 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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, management, and the Louisiana State Planning Council on Developmental Disabilities. However, this report is a matter of public record and its distribution is not limited.



Nolan H. Schexnayder

September 16, 1996

EXHIBIT A

091696-4

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

St. John Association For Retarded Citizens  
LaPlace, Louisiana

I have audited the financial statements of St. John Association For Retarded Citizens (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued my report thereon dated September 16, 1996.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of St. John Association For Retarded Citizens is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements 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 my audit of the financial statements of St. John Association For Retarded Citizens, for the year ended June 30, 1996, 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.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS  
 SCHEDULE OF FUNCTIONAL EXPENSES  
 For the Year Ended June 30, 1996

	PROGRAM SERVICES	SUPPORTING SERVICES	
	Adult Habilitation Program	Management and General	Totals
Advalorem deduction		\$2,752	\$2,752
Bank Charges		211	211
Compensation and related expenses			
Compensation			
Staff	\$140,820	25,711	166,531
Clients		26,698	26,698
Employee benefits		2,357	2,357
Payroll taxes	10,792	2,021	12,813
Conference and training	403		403
Depreciation	14,191	57	14,248
Dues		2,085	2,085
Insurance			
Property	1,413		1,413
Vehicles	8,920		8,920
Worker's compensation	5,809		5,809
Liability	2,989		2,989
Occupancy			
Utilities	10,651		10,651
Maintenance	674		674
Rent	42,000		42,000
Professional Services	6,423	892	7,315
Supplies			
Operating	5,787	1,292	7,079
Office	1,953	436	2,389
Other		1,927	1,927
Telephone	1,711		1,711
Transportation	14,337		14,337
Other		378	378
Total expenses	\$268,873	\$66,817	\$335,690

See Accountant's Audit Report.

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

091696-5

Note 7-- Contract Revenues

The organization entered into a contract with the Office for Citizens with Developmental Disabilities, Department of Health and Hospitals to provide training to the mentally and developmentally handicapped citizens over 22 years of age in St. John the Baptist Parish. The areas of training include self-help, social skills, pre-vocational, independent living, mobile work crews, and behavioral skills. Under the agreement, the Department of Health and Hospitals will pay \$53,892 in equal amounts per month over the life of the contract. The remaining contract dollars, (\$29,050), will be paid based on the type of service provided to each individual client and the complexity of the individual's needs.

The organization also entered into a contract with Betr-Care, Inc. and Res-Care, Inc. (residential providers) to provide day training at \$30.00 and \$28.00 per client day respectfully. The training provided is explained in the preceding paragraph.

The organization also receives revenues for providing training to medicaid clients.

Note 8-- Contract Receivable

Contract receivable consists of services provided but not yet paid as of June 30, 1996. Contract receivable is made up of the following:

Contract Receivable

Department of Health and Hospitals	\$ 4,807
Department of Health and Hospitals-Medicaid	2,737
Betr-Care, Inc.	12,845
Res-Care, Inc.	7,000
	-----
	\$27,389
	=====

Note 9-- Income Tax Status

St. John Association For Retarded Citizens is exempt from federal income tax under Section 501 (C)(3) of the Internal Revenue Code. In addition, the organization qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Note 10-- Economic Dependency

The organization depends on the Department of Health and Hospitals for a major portion of its operation.

Nolan H. Schexnayder

Certified Public Accountant

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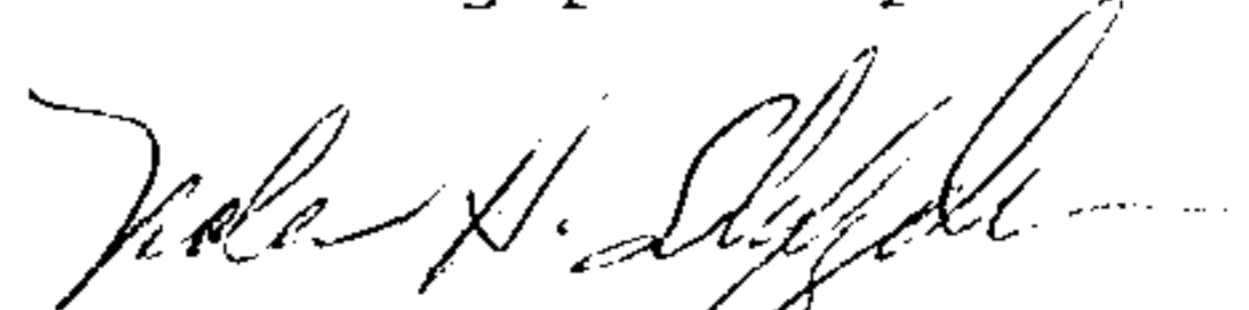
**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
St. John Association For Retarded Citizens  
LaPlace, Louisiana

I have audited the accompanying statement of financial position of St. John Association For Retarded Citizens (a nonprofit corporation) as of June 30, 1996, 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. 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. Those standards require that I 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. 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. John Association For Retarded Citizens as of June 30, 1996, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.



Nolan H. Schexnayder

September 16, 1996

091696-4

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 DEC 04 1996

Financial Statement Presentation - 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 change in net assets for the year ended June 30, 1996.

Contributions - The Organization also elected to adopt SFAS No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. This reclassification had no effect on the change in net assets for the year ended June 30, 1996.

Contracts receivable - Management believes that all contracts receivable as of June 30, 1996, are fully collectible; therefore, no allowance for doubtful accounts are recorded. Betr-Care, Inc. is in arrears in the amount of \$9,785, which is less than the amount in arrears last year. The amounts in arrears are over 120 days past due.

Cash Flows - For purposes of the statement of cash flows, the organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Functional Expenses - Expenses are charged directly to program or management in general categories based on specific identification. Indirect expenses have been allocated based salary expenditures.

#### Note 2--Cash and Cash Equivalents

At June 30, 1996, the organization had cash and cash equivalents totaling \$198,590. These deposits are stated at cost, which approximates market. These deposits are secured from risk by federal depository insurance.

#### Note 3-- Investments

At June 30, 1996, the investment securities portfolio was comprised of securities classified as held to maturity, in conjunction with FASB 115, resulting in investment securities held to maturity being carried at cost.



ST. JOHN ASSOCIATION FOR RETARDED CITIZENS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1996

Note 1--Summary of Significant Accounting Policies

The significant accounting policies followed are described to enhance the usefulness of the financial statements to the reader. The financial statements of St. John Association For Retarded Citizens (a nonprofit organization) have been prepared on the accrual basis; therefore, certain revenues and the related assets are recognized when earned rather than when received and certain expenses are recognized when the obligation is incurred rather than when paid. These policies have been consistently applied in the preparation of the financial statements. The corporation has no capital stock.

Nature of Activities - St. John Association For Retarded Citizens (a nonprofit organization) trains the mentally and physically handicapped citizens over 22 years of age of the parish. The areas of training are geared toward helping the individuals adjust to society. The areas of training include self-help, social skills, pre-vocational, independent living, mobile work crews, personal hygiene, daily living skills - making change, telling time, safety - recognition of danger signs, physical training and maximization of individual potential. The organization also provides free transportation for all activities including daily instruction classes.

Recognition of Donor Restrictions - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires 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, temporarily restricted net asset are reclassified to unrestricted net assets.

Property and Equipment - Property and equipment purchased are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS  
STATEMENT OF FINANCIAL POSITION  
June 30, 1996

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$198,590
Investments (Note 3)	14,811
Contract Receivable (Note 8)	27,389
Accounts Receivable	2,229
Accrued Interest	79
Ad Valorem Tax Receivable	104

TOTAL CURRENT ASSETS	243,202
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PROPERTY & EQUIPMENT (Note 1)

Land Improvements	27,661
Building	5,695
Fixed Equipment	46,189
Major Moveable Equipment	11,083
Vehicles	89,655
Accumulated Depreciation	(70,761)

TOTAL PROPERTY & EQUIPMENT	109,522
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OTHER ASSETS

Deposit	200
---------	-----

TOTAL OTHER ASSETS	200
--------------------	-----

TOTAL ASSETS	\$352,924
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LIABILITIES & NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$3,770
Accrued Expenses	1,998

TOTAL LIABILITIES	5,768
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NET ASSETS

Unrestricted	
Undesignated	306,156
Board designated	41,000

TOTAL NET ASSETS	347,156
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TOTAL LIABILITIES & NET ASSETS	\$352,924
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See Accountant's Audit Report.  
The accompanying notes are an integral part of these financial statements.  
091696-1

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 1996

UNRESTRICTED NET ASSETS

REVENUES AND SUPPORT

Contract Revenues-Department of Health and Hospitals (Note 7)	\$82,942
Contract Revenues-DHH-Medicaid (Note 7)	36,820
Contract Revenues-Betr-Care (Note 7)	38,070
Contract Revenues-Res-Care (Note 7)	38,556
Ad Valorem Tax (Note 13)	68,738
Client Contracts	32,532
Indirect Public Support	6,572
Contributed Facilities (Note 5)	42,000
Dues	385
Other	723
Interest Earnings	4,922
	-----
	352,260

EXPENSES

Program Services	
Adult Habilitation Program	268,873
Supporting Services	
Management and General	66,817
	-----
	335,690
	-----

INCREASE (DECREASE) IN NET ASSETS 16,570

NET ASSETS AT BEGINNING OF YEAR 330,586

NET ASSETS AT END OF YEAR \$347,156

See Accountant's Audit Report.

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

091696-2

*Nolan H. Schexnayder*

*Certified Public Accountant*

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September 23, 1996

Board of Directors  
St. John Association For Retarded Citizens  
101 Bamboo Road  
LaPlace, LA 70068

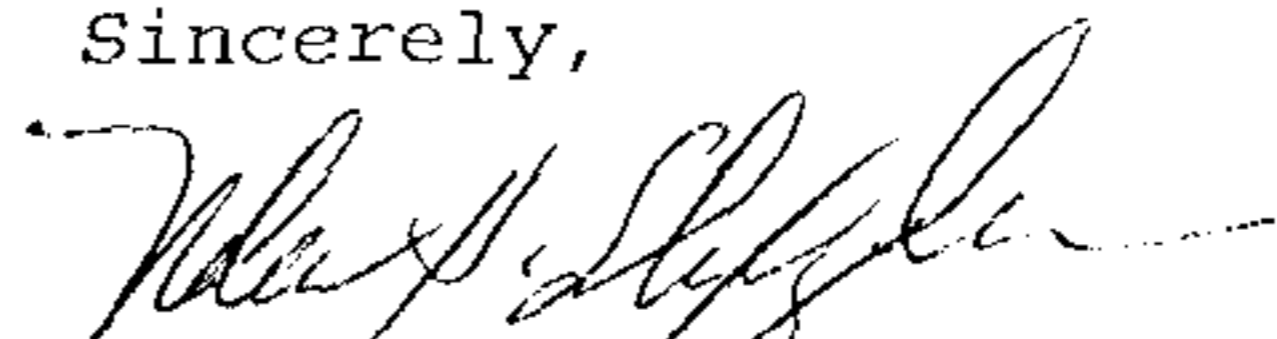
To the Board of Directors:

The following observations and recommendation are provided to improve the operating efficiency of the organization.

According to the Department of Health and Hospitals, clients that perform service for the organization are considered employees of that organization. Form W-2s and other payroll related forms should be filed. There should be fica and income tax withheld on these wages. This comment was addressed in last year's management letter

If you have any questions, please call me at (504) 652-2877.

Sincerely,



Nolan H. Schexnayder

ST. JOHN ASSOCIATION FOR RETARDED CITIZENS  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 1996

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$16,570
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	14,248
(Increase) Decrease in operating assets	
Receivables	7,205
Increase (Decrease) in operating liabilities	
Accounts payable	(4,208)
Accrued liabilities	23
Payroll taxes payable	(553)
	-----
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	33,285
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(8,742)
Proceeds from sale of investments	128,162
Purchase of investments	(89,123)
	-----
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	30,297
	-----
 NET INCREASE (DECREASE) IN CASH	63,582
 CASH AT BEGINNING OF YEAR	135,008
	-----
CASH AT END OF YEAR	\$198,590
	=====

SUPPLEMENTAL DISCLOSURES

Cash paid during the year for:	
Interest	\$ -0-
Income taxes	\$ -0-
 Noncash investing and financing transactions:	
Cost of property and equipment	\$8,742
Equipment loan	-0-
	-----
Cash downpayment for property and equipment	\$8,742
	=====

See Accountant's Audit Report.

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

091696-3

Note 11-- Financial Instruments with Off-Balance-Sheet Risk

St. John Association for Retarded Citizens extends a substantial amount of credit to several nonprofit and state agencies such as Department of Health and Hospitals, Betr-Care, Inc., and Res-Care, Inc.

Note 12-- Proposition I

Proposition I was passed by the citizens of St. John the Baptist Parish on April 3, 1993. Proposition I allows the parish to incur debt and issue bonds to the amount of Five Hundred Thousand Dollars (\$500,000) to run fifteen (15) years from the date thereof, with interest at rate not exceeding nine per centum (9%) per annum, for the purpose of acquiring, constructing, improving and renovating public buildings to house a work training center for mentally retarded and developmentally disabled persons, title to which shall be in the public. The bonds will be general obligations of the Parish and payable from ad valorem taxes to be levied and collected in the manner provided by Article VI, Section 33 of the Constitution of the State of Louisiana of 1974, and statutory authority supplemental thereto. St. John Association for Retarded Citizens occupied the public building in January, 1995.

Note 13-- Proposition II

Proposition II was passed by the citizens of St. John the Baptist Parish on April 3, 1993. Proposition II allows St. John the Baptist Parish to levy a one-half (1/2) mill tax on all the property subject to taxation with said Parish for a period of ten (10) years beginning with the year 1993 and ending with year 2002, for the purpose of maintaining and operating public building used to house mentally retarded persons (including payment of salaries and cost of conducting training programs for the mentally retarded and developmentally disabled citizens).

Note 14-- Subsequent Event

Subsequent to June 30, 1996, the organization has acquired real estate for \$50,000. The seller has agreed to donate \$9,000 to the purchase of the real estate.