

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

DECEMBER 31, 2002

YACHEREE, LOUISIANA

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Debris Receipt office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/28/2004

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April 30, 2004

Independent Auditor's Report

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

We have audited the accompanying Statement of Financial Position of St. James Association for Retarded Children, Inc. as of December 31, 2003 and the related Statements of Activities, Functional Expenses and Cash Flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended December 31, 2002 is presented for comparative purposes only and was extracted from the financial statements for that year, on which an unqualified opinion dated May 13, 2003 was expressed.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of St. James Association for Retarded Children, Inc. as of December 31, 2003 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 30, 2004 on our consideration of St. James Association for Retarded Children, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

Harold A. Berggren, A.C.P.

ST. JAMES ASSOCIATION FOR RETARDED CHILDREN, INC.

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2003
WITH COMPARATIVE TOTALS FOR 2002

	<u>2003</u>	<u>2002</u>
ASSETS		
Current Assets:		
Cash	\$ 24,604	\$ 38,311
Accounts Receivable	29,007	9,319
Prepaid Expenses	<u>4,857</u>	<u>2,144</u>
Total Current Assets	58,668	49,774
Buildings and Equipment at Cost Less Accumulated Depreciation of \$182,321 for 2003 and \$95,892 for 2002	<u>18,712</u>	<u>35,051</u>
Total Assets	<u>\$ 77,380</u>	<u>\$ 74,826</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 308	\$ 137
Accrued Expenses	<u>9,214</u>	<u>9,686</u>
Total Current Liabilities	9,592	9,823
Net Assets:		
Unrestricted	<u>67,788</u>	<u>65,003</u>
Total Net Assets	67,788	65,003
Total Liabilities and Net Assets	<u>\$ 77,380</u>	<u>\$ 74,826</u>

The accompanying notes are an integral part of this statement.

ST. JAMES ASSOCIATION FOR RETARDED CHILDREN, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2003
WITH COMPARATIVE TOTALS FOR 2002

	2003			2002	
	Operating	Shelter	Activities		Total
Support and Revenue:					
Contributions	\$ 10,399	\$ -	\$ -	\$ 10,399	\$ 10,668
United Way Allocations	10,000	-	-	10,000	10,000
Grants	131,274	-	-	131,274	139,032
Don.	1,471	-	-	1,471	1,436
Donations from Parish	3,600	-	-	3,600	3,600
Interest	90	-	-	90	-
Candle Sales	-	4,783	-	4,783	7,080
Additional Services	-	-	7,839	7,839	9,233
Total Revenue	156,834	4,783	7,839	169,456	171,289
Expenses:					
Program Services	134,318	5,970	7,284	147,572	138,672
Management and General	20,992	-	-	20,992	28,337
Total Expenses	155,310	5,970	7,284	168,564	167,009
Change in Net Assets	1,524	(1,187)	555	3,892	4,280
Net Assets - Beginning of Year	53,468	2,125	9,330	65,923	60,696
Net Assets - End of Year	\$ 54,992	\$ 1,938	\$ 9,885	\$ 66,815	\$ 64,976

The accompanying notes are an integral part of this statement.

ST. JAMES ASSOCIATION FOR RETARDED CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2003
WITH COMPARATIVE TOTALS FOR 2002

	2003				Total Program Services	Total Program Services and Management and General	2002
	Management and General	Program Services					
		Operating	Shelter	Activity			
Salaries	\$ 20,112	\$ 85,500	\$ 3,116	\$ 3,488	\$ 94,197	\$ 114,219	\$ 113,640
Payroll Taxes	1,740	7,490	-	-	7,490	9,230	9,095
Employee Benefits	282	1,246	-	-	1,246	1,328	1,901
Accounting	4,200	-	-	-	-	4,200	4,200
Travel/Confer- ences/Meetings	-	1,891	-	-	1,891	1,901	2,054
Depreciation	634	5,785	-	-	3,705	6,339	6,059
Dues and Sub- scriptions	-	1,809	-	-	1,809	1,809	2,685
Insurance and Utilities	1,146	10,314	-	-	10,314	11,460	9,081
Miscellaneous	-	2,931	-	-	2,931	2,931	4,519
Printing and Postage	-	238	-	-	238	238	297
Rent	360	3,240	-	-	3,240	3,600	3,600
Repair and Main- tenance	-	1,428	-	-	1,428	1,428	1,300
Supplies	-	2,058	2,834	1,798	6,818	6,818	6,440
Telephone	433	433	-	-	433	870	752
Total Expenses	\$ 38,969	\$ 124,538	\$ 5,970	\$ 7,284	\$ 157,772	\$ 166,611	\$ 168,279

The accompanying notes are an integral part of this statement.

ST. JAMES ASSOCIATION FOR RETARDED CHILDREN, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2002
WITH COMPARATIVE TOTALS FOR 2001

	<u>2001</u>	<u>2002</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 2,693	\$ 5,097
Adjustments to Reconcile Change in		
Net Cash Provided by Operating Activities:		
Depreciation	6,379	6,099
Changes in Current Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(19,797)	6,785
(Increase) Decrease in Prepaid Expenses	(2,813)	1,443
Increase (Decrease) in Accounts Payable	121	(389)
Increase (Decrease) in Accrued Expenses	(262)	1,182
Net Cash Provided by (Used in) Operating Activities	(13,717)	20,664
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	-	(9,339)
Net Cash Used in Investing Activities	-	(9,339)
Net Increase (Decrease) in Cash	(13,717)	10,325
Cash - Beginning of Year	38,321	27,996
Cash - End of Year	\$ 24,604	\$ 38,321

The accompanying notes are an integral part of this statement.

ST. JAMES ASSOCIATION FOR RETARDED CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

Note 1 - Summary of Significant Accounting Policies:

Organization

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

Basis of Accounting

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

Basis of Presentation

Financial statements presentation follows the recommendation of the Financial Accounting Standards Board on its Statement of Financial Accounting Standards (SFAS) No. 113, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 113, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable. At December 31, 2003, all the Organization's net assets are considered unrestricted.

Cash Equivalents

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

Property and Equipment

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

Promises to Give

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

Contributed Services

The Organization recognizes contribution revenue for certain services received at the fair value of those services provided those services create or enhance nonfinancial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year ended December 31, 2003, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. All contributions received during the year ended December 31, 2003 were considered unrestricted.

Contributed Facilities

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

Estimates

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

Functional Allocation of Expenses

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

Note 1 - Employee Benefit Plan -

The Organization established a Section 401(k) plan effective February 1, 2000. The plan covers all employees with a minimum of one year of service. The Organization contributes 2% of all participants regular monthly salary. Employees are 100% vested upon completion of one year of service. The expense for the year ended December 31, 2003 was \$1,528.

SUPPLEMENTARY INFORMATION

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



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April 30, 2004

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

We have audited the financial statements of St. James Association for Retarded Children, Inc. as of and for the year ended December 31, 2003 and have issued our report thereon dated April 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether St. James Association for Retarded Children, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance 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 non-compliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. James Association for Retarded Children, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Respectfully submitted,

Thomas J. Bergeron, CPA